

# Leicester City Council

Revenues & Benefits Service

The Council Tax Reduction Scheme (CTRS)

## Impact Assessment (IA)

Version 5.2

September 2014

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# Executive Summary

On 1<sup>st</sup> April 2013 the Government replaced Council Tax Benefit with Council Tax Reduction. The purpose of this report is to assess, one year on, the effect the Council's local Council Tax Reduction Scheme has had 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 the scheme.

The Government made a 10% cut in the costs of Council Tax Benefit which in the City's case was £3m. This was consequently a key consideration in the design of Leicester's local scheme.

An Oxfam Research paper "Multiple Cuts for the Poorest Families" states.

*These cuts to benefits are not uniform. Whether a family is affected and by how much depends on a range of factors. For Council Tax support, it depends on the local authority the family lives in. For the overall benefit cap it largely depends on family size and housing costs. For the under-occupation penalty it depends on the number of bedrooms in the property. For the LHA changes it depends on the cost and demand for rented housing in the local area.*

*But all of these cuts apply irrespective of a family's income or their ability to cope. Of affected families, 1.75 million are among the poorest, with incomes that are low enough to qualify for a basic cash benefit. This is the minimum level of support provided by the welfare state to the poorest families to cover normal day to day living expenses. If their other benefits are cut, this basic level of support is compromised.*

*There ceases to be an 'absolute minimum' provided by government to prevent people from having to walk the breadline. It now varies in different parts of the country and in different tenures in unpredictable ways.*

*This absolute minimum needs to be instated and it should apply regardless of local authority or tenure; and it must be high enough to mean that those at the minimum level are not forced to walk the breadline. The government must first commit to the principle and then decide its level.*

As Welfare Reforms have now begun to impact across the city it is time to reflect upon the scheme purpose and objects as a single policy.

# 1 Introduction and Overview

## 1.1 Background

In 2011, the Government made a commitment to implementing the most significant changes to national welfare systems that have been seen in at least thirty years. The changes to Council Tax Benefit took effect from April 2013.

## 1.2 This Report

The purpose of this report is to assess the impact after one year of the local Council Tax Reduction Scheme adopted by the Council, on the different groups who are protected under the Equality Act. By identifying the actual effects, the report seeks to ensure that the Council is meeting its public sector equality duty. This report is constructed to enable the council to understand the policy and its impact upon the client group and the council's recovery capacity.

# 2 The Council Tax Reduction Scheme

## 2.1 Overview

This section explains the key points about the Council Tax Reduction scheme which needed to be implemented from April 2013, It is to be stressed that the Government has attempted the most significant changes to welfare that have been seen for at least 30 years. In summary, the changes to welfare are as follows:

- From **April 2013**, the Council implemented a replacement scheme for Council Tax Benefit;
- From **April 2013**, the Council introduced Local Welfare Provision as Community Support Grant with a budget of £1.6m. This support combines financial assistance to both welfare and low income households as crisis payments and support payments for specific purposes.
- From **April 2013** Removal of the Spare Room Subsidy (RSRS) was introduced, popularly known as the 'bedroom tax.' This change limits the Housing Benefit award in social housing where the household is under occupying the premises. Average loss per household in the City is £11 per week for a single room reduction and £19 per week for one or more rooms. This affected over 3,000 residents in the city.
- From **11th August 2013** the Benefit Income Cap was introduced in Leicester. This change reduces the Housing Benefit award where income from working-age benefits exceeds £500 per week for families and £350 for a single adult, although claimants receiving Working Tax Credits or disability benefits demonstrating an inability to work are excluded from this restriction. The Benefit Income Cap is applied through a reduction in Housing Benefit entitlement to a minimum of 50 pence per week, affecting on average 160 households in Leicester.

It is likely that affected households will have to use money from their other benefits to pay towards the rent for their home. Currently other benefits will be paid in full and will not be reduced - therefore total income from benefits may still exceed the benefit cap threshold. Once Universal Credit is introduced the Benefit Income Cap will be applied in full by restricting Universal Credit payments to the level of the cap.

## 2.2 The Council Tax Reduction Scheme

### Overview

The Government administers welfare support through two different Departments; the Department for Work and Pensions (DWP), and the Department for Communities and Local Government (DCLG). The DCLG have driven the programme for the reform of Council Tax Benefit.

Under DCLG proposals, Council Tax Benefit (CTB) was abolished from April 2013, and by that time each Council needed to have in place a local scheme for the administration of Council Tax Reduction, as the replacement scheme is known. Previously, Government grant for Council Tax Benefit was designed to match actual expenditure, and was claimed at the end of the year. Grant for the Council Tax Reduction scheme is cash limited, and is intended to cost the Government 10% less than the Council Tax Benefit scheme. Local schemes are therefore expected to be less generous than the Council Tax Benefit scheme.

### Overall Financial Impact: The Council

Under Council Tax Benefit arrangements, which have applied since 1993, the lowest income households identified by a statutory means test were entitled to a maximum of 100% benefit award against Council Tax Liability.

The Government decided to make savings in this area, and has calculated a 10% cut in the overall cost of Council Tax Benefit which has been applied to each Council. However, the Government has made it clear that regulations will protect key claim groups from the impact of this saving, including in particular pensioners.

So while the overall saving has been applied to the whole cost of Council Tax Benefit awards, some client groups (called "Vulnerable People") have been protected from the impact. This group includes pensioners and other groups we determine locally. There have as a consequence been Council Tax payers who are disproportionately affected by this change, some of whom may not have been responsible for Council Tax payments previously. Under the adopted scheme, it has been the working age claimants who have broadly, been the claim group that have borne the burden of the savings applied under this scheme.

### Overall Financial Impact: Claim Groups

Leicester's Council Tax Reduction Scheme claims analysis by age overall is:

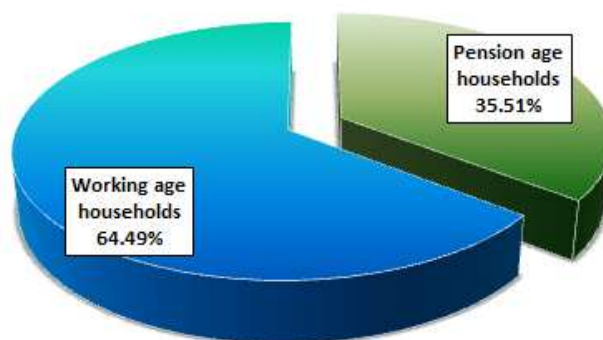


Figure 1: Overall Claim Distribution

In very broad terms, and with the working age population being 64.49% of the Council's caseload, the effect of a 10% saving on the whole budget is around 16% if no vulnerable groups are defined locally.

## 2.3 Welfare Support

From April 2013, the Council became responsible for the disbursement of two additional discretionary payments, some of which have previously been administered by other agencies. The payments under the “Welfare Support” package of changes include:

- Responsibility for the payment of Crisis Loans and Community Care grants previously administered by the DWP actual value £1.61m; and
- Continuing responsibility for the administration of Discretionary Housing Payments (DHP) with the DWP, actual value £813,252.

In addition, there are also locally administered funds under section 117 of the Housing Act, and other discretionary disbursements including those completed by the Council’s Adults and Children’s Social Care teams. There are also a range of third sector organisations which are active within the City and which administer a range of different funds on behalf of different client groups.

## 2.4 Other Changes in Welfare from 2013

From October 2013, the DWP’s proposed changes to national welfare payments under the Universal Credit system began in earnest.

Under current Government plans, transitional arrangements to the new Universal Credit system began October 2013, with a phased implementation by claim type. New claimants from October 2013 were the first to go through the new system in isolated pilot sites, with other claim groups including existing claimants of working and of pensionable age coming later from November 2014. Under current government proposals, Universal Credit is a single payment to successful claimants for all living costs, including for housing costs (rent) where applicable.

| Welfare Reform Time table |                                |   |
|---------------------------|--------------------------------|---|
| Date                      | Change                         | Notes   |
| April 2014                | Help to Work                   | Claimants returning from the Work Programme will go onto one of three intensive modes of support, determined by JCP advisor |
| April 2014                | Local Housing Allowance        | Uprating limited to 1%  |
| October 2015              | Personal independence payments | Reassessment of remaining DLA caseload for PIP begins   |
| April 2016                | Retirement pension             | New single tier pension to be implemented   |
| 2017                      | Universal credit               | Every eligible person to be claiming UC   |

Table 1: Welfare reform timetable

## 2.5 Summary of the Council's Adopted Scheme

During the summer of 2012, the Council used the impact analysis process to complete a series of models and to reach interim conclusions of the most appropriate approach for the Local Scheme. The Council's final proposed scheme was adopted for formal consultation on 5<sup>th</sup> September 2012, and in accordance with published DCLG intended requirements, the Council issued a formal invitation to the Major Precepting Authorities shortly before consultation commenced. The Council formally adopted Leicester's scheme on 31st January 2013.

The Council's scheme contains the following elements which are designed as the primary means by which the savings under the scheme are delivered:

1. The application of a maximum eligible amount of Council Tax within the calculation of 80% of the total tax due; and
2. Additionally, 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. That the amount of capital held by the claimant may not exceed £6,000;
4. That the scheme for Second Adult Rebate will be discontinued for working age households only;
5. That the approach for backdated awards was retained;
6. That the minimum amount of Benefit which will be payable may be set at £3.60 per week.
7. That the disability premiums held within Council Tax Benefit legislation were retained to financially support disabled households.
8. That Child Care income disregards were retained to support working households remain in work.
9. That income from War Widows pensions continued to be disregarded to support this vulnerable group.



## 3 Overall Impact Assessment

### 3.1 Overview

This section attempts to summarise the key impacts which the council considered may have arisen following the implementation of the Council’s Local Scheme. This approach attempts to consider those impacts, where it is possible, with reference to the “Protected Characteristics” which the Council has a duty to consider.

### 3.2 Summary of Impacts by Household Type

Within the following table, we summarise the impacts which may be considered in relation to segments of the local population eligible to receive Council Tax Benefit and Council Tax Reduction. There are some impacts of the overall scheme which are likely to be common to all people receiving Council Tax Reduction under the Council’s Local Scheme from April 2013, and those are shown at section 3.3 below.

The Council’s summary of impacts shown in this section is underpinned by a variety of data sources, including:

- The research which has been completed by the Council to support the preparation of the Impact Analysis of the Council Tax Reduction scheme;
- The research completed by the Council for the individual household impacts of the CTR scheme, and to profile a detailed analysis of more than 20 different household types, explaining key impacts of the proposed changes on those households<sup>1</sup>; and
- Other sources of appropriate external and internal research which are, where referenced, specifically explained with footnotes or otherwise.

The data within the following table is drawn from the Council’s Revenues and Benefits records at the 31<sup>st</sup> March 2014.

| No.                                      | Household Type         | Equality Implications for consideration   | Protected Characteristic of those affected | Potential Number Estimated June 2012 | Actual Number     |
|--|------------------------|---|--|--------------------------------------|-------------------|
| <b>Pensioner Age Claimant Households</b> |                        |   |  |                                      |                   |
| 1.                                       | Pensioner Claims (All) | None. Under Government proposals, pensioners will receive full protection from the changes. The Council has no discretion over the decision to protect pensioners | Age<br><br>Disability                      | 15,278                               | 15,564<br><br>715 |

<sup>1</sup> Leicester City Council, 2012 “The Introduction of CTR: Customer Scenarios”

| No.                                    | Household Type    | Equality Implications for consideration   | Protected Characteristic of those affected             | Potential Number Estimated June 2012 | Actual Number   |
|--|-------------------|---|--|--------------------------------------|---|
| <b>Working Age Claimant Households</b> |                   |   |  |                                      |   |
| 2.                                     | Working Age (All) | <p>The whole working Age population has borne the impacts of the scheme equally.</p> <p>However some groups with protected characteristics face the greatest barriers to work and as such are disproportionately represented within the claims population. This includes people with disabilities, people with responsibility for young children, and people who may struggle with English.</p> | <p>Age</p> <p>Disability</p> <p>Gender</p> <p>Race</p> | 25,037                               | <p>27,948</p> <p>1525</p> <p>9819</p> <p>13,666</p> <p>4463</p> <p>3715</p> <p>1487</p> <p>27</p> <p>7962</p> <p>367</p> <p>479</p> <p>13,241</p> |

| No.       | Household Type                  | Equality Implications for consideration   | Protected Characteristic of those affected | Potential Number Estimated June 2012 | Actual Number |      |
|-----------|---------------------------------|---|--|--------------------------------------|---------------|------|
| 3.        | Single Parent, up to 2 children | Single parent families have higher numbers of claimants who are female. Women who are single parents and receiving CTR may therefore disproportionately receive the impacts of payment of the tax, and of enforcement actions taken to recover unpaid tax. <sup>2</sup><br><br>Their ability to find sustainable and meaningful work is exacerbated three fold. | Age  | 12,361 <sup>3</sup>                  | 6,317         |      |
|           |                                 |   | Disability                                 | This data was estimated.             | 148           |      |
|           |                                 |   | Gender                                     | Female                               | 170           | 5116 |
|           |                                 |   |  | Male                                 |               | 326  |
|           |                                 |   |  | Not Known                            |               | 875  |
|           |                                 |   | Race                                       | Asian                                |               | 471  |
|           |                                 |   |  | Black                                |               | 396  |
|           |                                 |   |  | Chinese                              |               | 5    |
|           |                                 |   |  | White                                |               | 2220 |
|           |                                 |   |  | Mixed heritage                       |               | 90   |
| Other     |                                 | 2965  |  |                                      |               |      |
| Not Known |                                 |   |  |                                      |               |      |

<sup>2</sup> Warwick Business School and Coventry Women's' Voices, 2011

<sup>3</sup> Figure is for all working age single parent households

| No. | Household Type                    | Equality Implications for consideration   | Protected Characteristic of those affected   | Potential Number Estimated June 2012 | Actual Number   |
|-----|-----------------------------------|---|--|--------------------------------------|---|
| 4.  | Single parent, 3 or more children | In addition, there is some evidence that welfare reforms are likely to give greater financial impact upon households with higher numbers of children. Their ability to find sustainable and meaningful work is exacerbated three fold.<br><br>Some BME households have higher numbers of children, and women are more likely to be a primary carer. | Age<br>Disability<br>Gender<br><br>Female<br>Male<br>Not Known<br><br>Race<br><br>Asian<br>Black<br>Chinese<br>White<br>Mixed heritage<br>Other<br><br>Not Known |                                      | 2,017<br>59<br>6899<br>385<br>1051<br>154<br>231<br>0<br>697<br>40<br>34<br>862 |
| 5.  | Couple, no children               | No equality issues identified other than at 2. above.   |  | Not calculated                       | 1,898   |
| 6.  | Couple, up to 2 children          | No equality issues identified other than as 2. above.   |  |                                      | 2,315   |

| No. | Household Type                             | Equality Implications for consideration   | Protected Characteristic of those affected   | Potential Number Estimated June 2012 | Actual Number  |
|-----|--|---|--|--------------------------------------|--|
| 7.  | Couple 3 or more children                  | There is some evidence that welfare reforms are likely to give greater financial impact upon households with higher numbers of children. Some BME households have higher numbers of children, and women are more likely to be a primary carer.                | Gender<br><br>Race<br><br>Asian<br>Black<br>Chinese<br>White<br>Mixed heritage<br>Other<br><br>Not Known | 1,498                                | 937<br><br><br><br><br><br><br><br><br><br>143<br>66<br>0<br>281<br>8<br>27<br><br>412 |
| 8.  | Households with a disabled adult/ children | The impact of the payment of Council Tax upon households which are dealing with disability. The barriers which people with disability have to the workplace. The requirements specific to the enforcement of unpaid tax and of goods protected from distress. | Disability   | 4,225                                | 2,239  |

| No. | Household Type  | Equality Implications for consideration  | Protected Characteristic of those affected | Potential Number Estimated June 2012                                   | Actual Number  |
|-----|---|--|--|--|--|
| 9.  | New and emergent community: People who may struggle with English    | The barriers which are present to the workplace for those who do not have or who struggle with English. The issues in relation to enforcement of unpaid tax for households in which there is limited understanding of English. | Race                                       | See appendix 2 for overall ONS estimates of diversity at December 2012 | Same as previous estimate. In appendix 2 please find a heat map which shows the population distribution in the city where speaking English well or not at all. |
| 10  | Pregnancy and maternity   | The barriers to the workplace which may be present to women who are pregnant or have recently given birth.   | Pregnancy and maternity                    | 17 cases currently in payment  | 71 cases currently in payment  |
| 11  | Households responsible for caring for others including for children | The barriers which may be present to the workplace and with regard to those households with responsibility for caring for others including for disabled children. Estimates shown are in respect of all carers in payment.     | Age,<br>Disability                         | 352 Carers in payment  | 396  |

**Table 2: Impacts by Household Type**

There are additional protected characteristics under the Equality Act which could also be disproportionately represented within the claims population because of barriers they are likely to experience to work, but for which the Council currently does not have sufficient data within Revenues and Benefits records to reach any conclusions. These include gender reassignment; pregnancy and maternity; religion or belief and sexual orientation. The Council asks charge payers to supply this information however the charge payer may decline to do so.

### 3.3 The Impacts of the changes: All Households

The Local Scheme seeks not to disadvantage any particular group. However, people facing Council Tax liabilities under the changes will experience negative impacts because of the requirement that they contribute towards Council Tax. People with disabilities, people with responsibility for young children (which includes greater numbers of women as the primary carer) and people who are very recent migrants to the UK and who may have little knowledge of English all face greater barriers to the workplace.

Nonetheless the principle impacts which are faced by all claimants under the Council's proposed scheme may be summarised as follows:

- It is highly likely that the overall impact of the whole package of welfare reforms will affect some households more than others. Pensioner households, for example, continue to enjoy greater national political support for welfare, while the financial pressure of change will most keenly be felt by working age families. **The Council's research suggests that younger families, and single younger claimants may face greater losses than older pensioner claimants;**
- Under the Council's scheme, all of those in receipt of Council Tax Reduction will be required to pay something towards their Council Tax. Under current Government proposals, claimants facing such changes do not receive any additional payments. There is therefore the issue of **how those households receiving Council Tax Reduction pay their Council Tax;**
- **% of Economically Active People (working age)**

|            | Leicester |       | EM    | GB    |
|------------|-----------|-------|-------|-------|
| Jan-Dec 04 | 131,900   | 69.3% | 76.7% | 76.3% |
| Jan-Dec 05 | 136,200   | 69.7% | 77.5% | 76.4% |
| Jan-Dec 06 | 148,500   | 74.1% | 78.3% | 76.7% |
| Jan-Dec 07 | 150,700   | 73.7% | 77.5% | 76.5% |
| Jan-Dec 08 | 145,900   | 71.4% | 78.2% | 76.7% |
| Jan-Dec 09 | 146,500   | 70.6% | 77.9% | 76.7% |
| Jan-Dec 10 | 146,500   | 70.1% | 76.5% | 76.2% |
| Jan-Dec 11 | 148,400   | 70.7% | 77.3% | 76.3% |
| Jan-Dec 12 | 153,000   | 72.8% | 77.7% | 76.9% |
| Jan-Dec 13 | 155,300   | 73.2% | 77.5% | 77.4% |

EM East Midlands GB Great Britain

Source: Nomisweb.co.uk, Nomis labour market statistics

**Table 3:% of economically active people (working age)**

- All of the households affected by the changes will be low income households. This is an inevitable impact of Government changes to national welfare systems. As a consequence there may be **issues of debt management, and how households avoid further debt burdens or additional costs through non-payment;**
- When Council Tax which becomes due under the Council's scheme is not paid, the Council is still obliged to collect and recover that tax. **The impacts of those enforcement measures may be disproportionately felt by people in the claims population with disabilities, people with responsibility for young children, and women.** This observation arises as a simple consequence of the fact that the claims

population has higher numbers of people within it who face the greatest barriers to work. It is contended that, for different reasons, people with disabilities, people with responsibility for young children, and people who may struggle with English all face greater barriers to work;

- Some households have fallen out of entitlement to Council Tax Reduction as a result of the changes, **and as a consequence also fail to receive other benefits which are payable to households receiving help with Council Tax Payments**. This includes entitlement to free school meals, assistance with the cost of dental care and other support systems available to those in receipt of Benefits;
- The Government's reforms intend that people in work should always be better off than people in receipt of welfare. There is a presumption that, over time, greater numbers of working age claimants who are workless will enter the paid employment workplace. However it is suggested that when the UK begins to exit the recession, the recovery will most likely be centred on London and the South East. Additionally Council research confirms that the Council's population has a relatively low reading age and low numerical competency. **The location of the recovery is most likely to be centred on London, and the nature of jobs which are created may not be accessible to the Council's residents, both by location and by the type of work;**
- While, therefore, some parts of the UK may receive local economic benefits from the national recovery from the recession, most likely located in London and the South East, Leicester is less likely to do so. As a consequence, the expansion of the number of local jobs will be more dependent on local co-ordinated efforts to stimulate regeneration and economic development.

### **3.4 The Impacts by Options within the proposed Scheme**

At section 2.5 above, the actual scheme is summarised and there are, in total; 9 variable elements to the scheme. Within the following table we describe the actual impacts of the different elements of the scheme.



| Element of the Local Scheme              | Actual Claims Affected | Impact of option            | Equality Implication for consideration  | Protected Characteristic of those affected by Household:  |
|--|------------------------|-----------------------------|---|---|
| 1: 80% Maximum amount of CTR             | 26,077                 | Increased amounts of CT due | Debt management within household;<br>How to pay.  | Gender<br>Male 9,192<br>Female 12,754<br>Not Known 4,131<br>Disability 1,381<br>Children 13,700<br>Race<br>Asian 3,006<br>Black 1,522<br>Chinese 18<br>White 7,812<br>Mixed heritage 420<br>Other 520<br>Not Known 12,779 |
| 2: Band B Cap applies to the claim award | 1,871                  | Increased amounts of CT due | Band Cap may impact upon larger households whose needs require larger properties. They may live in properties above Band B. | Gender<br>Male 627<br>Female 912<br>Not Known 332<br>Disability 143<br>Children 1251<br>Race<br>Asian 335<br>Black 121<br>Chinese 1<br>White 282  |

| Element of the Local Scheme   | Actual Claims Affected  | Impact of option                           | Equality Implication for consideration  | Protected Characteristic of those affected by Household:   |
|-------------------------------|---|--|---|--|
|                               |   |  |   | Mixed heritage 17<br>Other 34<br>Not Known 1081  |
| 3: Capital Limit £6,000       | 95  | If rule applies, no award will be payable. | Savings are depleted  | Gender<br>Male 37<br>Female 27<br>Not Known 36<br>Disability 0<br>Children 41<br>Race<br>Asian 16<br>Black 3<br>Chinese 0<br>White 21<br>Mixed heritage 0<br>Other 0<br>Not Known 55 |
| 4. Remove Second Adult Rebate | Unable to identify household therefore analysis is unavailable. |  | None identified   | Unable to identify household therefore analysis is unavailable.  |
| 5. Remove backdating          | Unable to identify household therefore analysis is unavailable. |  | It may be argued that people with no familiarity with UK benefits systems are more likely to require backdating | Unable to identify household therefore analysis is unavailable.  |

| Element of the Local Scheme   | Actual Claims Affected | Impact of option          | Equality Implication for consideration | Protected Characteristic of those affected by Household:  |
|---|------------------------|---------------------------|--|---|
| 6. Minimum award  | 599                    |                           | Non identified                         | Gender<br>Male 156<br>Female 309<br>Not Known 134<br>Disability 38<br>Children 475<br>Race<br>Asian 91<br>Black 37<br>Chinese 1<br>White 154<br>Mixed heritage 9<br>Other 14<br>Not Known 293 |
| 7. Retain disability premiums from Council Tax Benefit legislation. | 1525                   | Reduced amounts of CT due | None identified                        | Gender<br>Male 658<br>Female 674<br>Not Known 193<br>Children 656<br>Race<br>Asian 192<br>Black 61<br>Chinese 1<br>White 489<br>Mixed heritage 17   |

| Element of the Local Scheme                 | Actual Claims Affected | Impact of option          | Equality Implication for consideration | Protected Characteristic of those affected by Household:  |
|---|------------------------|---------------------------|--|---|
|   |                        |                           |  | Other 26<br>Not Known 739   |
| 8. Retain disregard of child care income.   | 249                    | Reduced amounts of CT due | None identified                        | Gender<br>Male 5<br>Female 235<br>Not Known 9<br>Disability 11<br>Children 249<br>Race<br>Asian 13<br>Black 44<br>Chinese 0<br>White 69<br>Mixed heritage 6<br>Other 5<br>Not Known 112 |
| 9. Retain disregard of War Widows pensions. | 24                     | Reduced amounts of CT due | None identified                        | Gender<br>Male 7<br>Female 17<br>Disability 11<br>Children 1<br>Race<br>White 17<br>Not Known 7   |

Table 4: Impacts of options within the scheme

### 3.5 Adverse impacts and mitigating actions

Within the defined scope of the Council Tax Scheme there are no mitigating actions that can be taken that would reduce or remove the adverse equality impacts identified above. However, there were actions that the Council and its partners could take to mitigate the extent of equality impacts predicted as a result of the implementation of the Council Tax Scheme. These are explored in greater detail in section 6 of the report.

### 3.6 Financial Implications

Since April 2013, with the introduction of the Government welfare reforms, the Council has been required to introduce a Council Tax Reduction scheme (CTRS). This has resulted in low income taxpayers being required to contribute to their Council Tax for the first time. Prior to April 2013, under the Council Tax Benefit arrangements, the lowest income households identified by a statutory means test were entitled to a maximum of 100% benefit award against the Council Tax liability. In practice, this was reimbursed by Department for Works and Pensions (DWP).

Therefore, for the first time, in the financial year 2013/14, the Council received a Council Tax Reduction grant which included a 10% cut at national level. DWP reimbursement has ceased. The new grant was also cash limited (did not vary if claimant numbers increase). This reduction imposed by the Government was significant. If the Council chose not to pass the cost of the cut to claimants, then money had to be found from other Council resources which are already cash strapped. In 2013/14 this grant was paid as part of our Revenue Support Grant (RSG), but as a separately identified component.

Since 2014/15, this grant is no longer visible as a separate financial envelope. Table 5 below shows how “settlement funding assessment” (SFA), which is used to calculate RSG has been substantially reduced since 2013/14.

|                               | 2013/14<br>£m | 2014/15<br>£m | 2015/16<br>£m | Cuts 13/14 to<br>15/16 |
|-------------------------------|---------------|---------------|---------------|------------------------|
| Settlement Funding Assessment | 221.6         | 198.9         | 169.7         | 23.4%                  |

Table 5: Settlement Funding Assessment (SFA)

Therefore, by implication, the Council Tax Reduction grant has been reduced in line with the reduction in SFA and is therefore now much more than the 10% figure originally quoted by government.

Based on the above SFA funding proportions and the Council Tax Reduction grant within it, the table below calculates the potential Council Tax Reduction grant the council is receiving in 2014/15 and beyond.

| Settlement Year   | Notional Leicester City CTRS Funding<br>£m |
|---|--|
| 2013/14   | 22.7 (separately identified in the RSG)    |
| 2014/15   | 20.4                                       |
| 2015/16   | 17.4                                       |
| <b>Notional reduction in Council Tax Reduction Scheme funding since 2013/14</b> | <b>5.3</b>                                 |

**Table 6: Notional CTR Grant in proportion to SFA settlement**

(Please note that in the above notional calculation, the 2013/14 figure already reflects the 10% cut that has already been made).

Table 6 shows a notional reduction of £5.3m for the Council Tax Reduction Scheme since 2013/14 on top of the cut made in that year. The Government disputes this interpretation, and claims that Council Tax support has been protected. If this were so, the residual impact on other services is a bigger cut than Government has claimed. Nonetheless, the cost of the Council Tax support grant now has to be met from an ever reducing amount of Revenue Support Grant, as if it were any other Council service.

For 2014/15 we are currently projecting a total spend (as a billing authority) on the scheme of £25.3m. Our share of the CTRS is estimated to be £21.4m. Based on the notional grant that we receive for this, it leaves the Council with a shortfall of £1m for 2014/15.

### 3.7 Interim Conclusions

The interim conclusions from the Impact Analysis of the proposed Local Scheme may be summarised as follows:

- The Government's policy to "Localise" decision making in local welfare relief on Council Tax was made at the same time as a cut in funding. As a direct consequence of the Government's decision to protect Pensioners from the impact of change, the cost of the change is borne entirely by the Working Age part of the claim population;
- As a consequence of the way that the UK welfare systems have operated in the past, the profile of people who received Council Tax Benefits contained higher numbers of households in which there is no work, or in which there is low income;
- People facing the greatest barriers to work are represented in higher numbers in the claims population. That includes people with disabilities; women, people with responsibility for young children (predominantly lone parents) and people who may struggle with English;
- It may therefore be argued that the implication of the scheme may be borne disproportionately by these groups, simply as a product of their higher representation within the claims population;
- Under the Council's scheme, all Working Age households receiving Council Tax Benefit and transferring to Council Tax Reduction will be required to pay towards their Council Tax. It is likely that all households, whether those over represented in the claim population or not, will face similar impacts;

## *Impact Analysis for the Council Tax Reduction Scheme*

- Those impacts include how the discount will be paid, the risks of indebtedness and dealing with debt, the impacts of enforcement action taken for unpaid tax and the extent to which it will be harder for people in Leicester to get back into work than it may be for people in other cities or in London;
- Nonetheless, the Council is obliged to determine whether a Local Scheme for Council Tax Reduction is fair and equitable. Irrespective of the direct consequence of the financial determination which has been made by the DCLG, i.e. their decision to cut funding available for awards of Council Tax Reduction by at least 10%.

## 4 The Local Scheme: Trend Analysis and Context

### 4.1 Summary of section

This section brings together the analysis which is designed to demonstrate the predicted and actual impacts of the local scheme for Council Tax Reduction. The Council's research is designed to blend local sources of research and information with where appropriate, the use of nationally published statistics which support key trend analysis.

### 4.2 Overall Approach to Impact Analysis

The overall approach which has been taken to the analysis is summarised as follows:

- At para 4.3 the Council summarises the overall claim profile, with reference to ethnic background of the household;
- At para 4.4 the Council explains the overall trend analysis of Council Tax Benefit and Council Tax Reduction costs, with reference to datasets made available by the DWP and DCLG;
- At para 4.5 the Council summarises key trends which can be derived from the Office of National Statistics Census;
- At para 4.6 the Council demonstrates key trends within the Council's property database, and with reference to published national datasets by the DCLG;
- At para 4.7 the Council profiles the weekly costs for households under the scheme; and
- At para 4.8 the Council explains the overall conclusions which may be drawn.

### 4.3 Ethnic background of Claims

The following tables demonstrate the breakdown of the claims caseload by the ethnic background. Please note that the Benefits Service have been capturing information to record ethnic background for some years now, but that response rates are still incomplete, with information held for just over 46% of the overall claims database.

The City Council holds discretionary information with Revenues and Benefits records and which enables a summary of the ethnic background of all claimants, and separately of Working Age claimants. That data is summarised within the two tables below.

Of the total claims database of just over 43,000 claimants, just fewer than 20,000 households have made a statement of their ethnic background.



### Ethnic Background, All Claimants

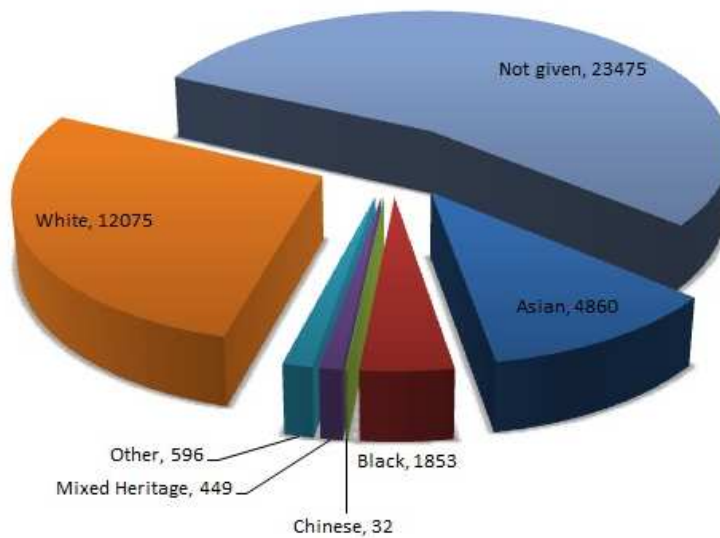


Figure 2: Ethnic Background of Claimants, All claimants

### Ethnic Background, Working Age

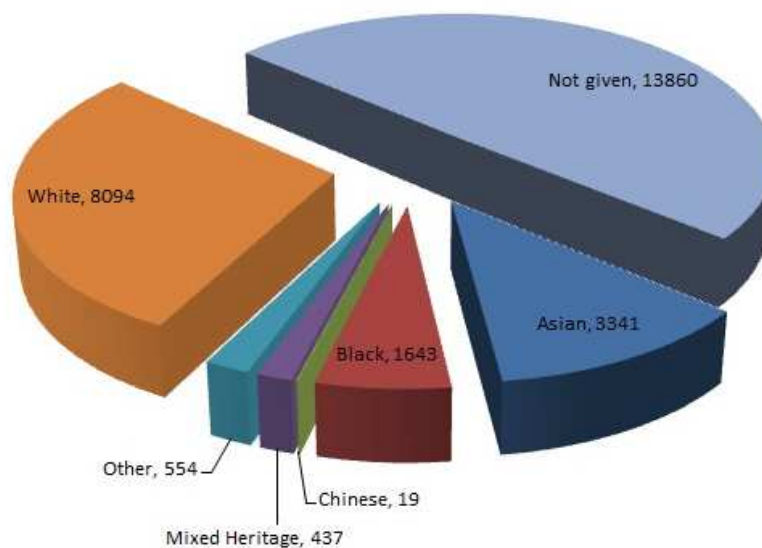


Figure 3: Ethnic background of Working Age Claimants

#### 4.4 Increase in claims, All England and Leicester

Government statistics demonstrate that the national value of awards under Council Tax Benefit has been increasing. Between 1997 and 2011, the total value of awards for Council Tax Benefit more than doubled from £2,014 to £4,299m. Within the following table, and using the Government's data, we summarise the growth in national claims and Leicester since 2005<sup>4</sup>. It must be stressed that the figures provided by the DWP and DCLG summarise simply the overall increase in Council Tax Benefit payments, which includes increases both in claimant numbers as well as the increasing cost of Council Tax.

<sup>4</sup> DWP Research published May 2012 by DCLG within "Council Tax Reduction Funding Consultation"

|  | England <sup>5</sup> |       | Leicester <sup>6</sup> |        |
|--|----------------------|-------|------------------------|--------|
|  | £m                   | %     | £m                     | %      |
| 2005-06  | 3,230                | 6     | 25.1                   | 0      |
| 2006-07  | 3,385                | 5     | 26.7                   | 6.4    |
| 2007-08  | 3,471                | 3     | 27.1                   | 1.5    |
| 2008-09  | 3,672                | 6     | 29.3                   | 8.1    |
| 2009-10  | 4,095                | 12    | 32.6                   | 11.3   |
| 2010-11  | 4,299                | 5     | 34.6                   | 6.1    |
| 2011-12  | 4,291                | -0.01 | 35.0                   | 1.2    |
| 2012-13  | 4,290                | 0     | 36.9                   | 5.4    |
| <b>Local Council Tax Reduction Schemes replace Council Tax Benefit from 1/4/13</b> |                      |       |                        |        |
| 2013-14  |                      |       | 25.6                   | -30.9% |

Table 7: Overall Council Tax Benefit Spend, England and Leicester

### Conclusions:

- While DWP projections claim that the value of awards paid for Council Tax will fall from 2013, the national trend since 1997 has been that the value of awards has increased;
- Following the introduction of Council Tax Reduction Scheme awards in Leicester City have seen a reduction in spend compared to 12/13 Council Tax Benefit awards of £11.4m (30.9%).

### 4.5 Population profile

The approach for local support of Council Tax from April 2013 required new approaches to financial planning and forecasting because of key changes that the Government have made. One of the key elements which Councils considered was the make-up of the local population, and with regard to factors including the balance between the working and pensioner populations of claimants.

Fully understanding the likely developments in the population profile now matters very much to the Council because, under CTR proposals, pensioner claims groups will be fully protected from the cost of change; and increases in claims which the Council will receive may not be funded by the Government for at least two years.

The following data tables begin to describe the population analysis of the City Council.

The following table explains the Council's overall distribution of claimants between pensioner and working age, based on all successful claims<sup>5</sup> made throughout the year<sup>7</sup>.

<sup>5</sup> Data from HMG budget tables. 2013/14 data not currently available.

<sup>6</sup> 2005-2012 figures from annual subsidy return. 2013/14 figure from end of year out-turn report

<sup>7</sup> Leicester City Council, Council Tax Benefit records, 2011/12

| Age range   | No.    | Percentage | Value       |
|-------------|--------|------------|-------------|
| Pension Age | 15,392 | 35.5%      | £11,531,502 |
| Working Age | 27,948 | 64.5%      | £14,045,980 |
| Total       | 43,340 | 100%       | £25,577.482 |

Table 8: Working age and pensioner analysis 2013/14 CTR caseload

The “Split” of claims between the working and pensioner age claimants now matters to the Council. While the cut in grant is applied to the **whole cost** of the awards for Council Tax Reduction, under Government rules, pensioner claimants will receive full protection from the cost of change, and will continue to receive a maximum award of 100%.

The cost of the cut is therefore disproportionately borne by the working age population and a greater impact upon our finances due to the caseload for CTR increasing within the working age category. The Council anticipates this trend will remain.

The following table is derived from the Office of National Statistics Census data<sup>8</sup>. The table demonstrates the overall age profile of the population. The three East Midlands cities are shown alongside the regional level summaries which can be derived from the data.

|                 | 0-19     |        | 20-64    |        | 65+     |        | Total    |
|-----------------|----------|--------|----------|--------|---------|--------|----------|
| Derby           | 64300    | 25.85% | 146800   | 59.03% | 37700   | 15.16% | 248700   |
| Leicester       | 89800    | 27.22% | 203000   | 61.53% | 37200   | 11.28% | 329900   |
| Nottingham      | 79400    | 25.97% | 190700   | 62.38% | 35600   | 11.65% | 305700   |
| East Midlands   | 1078200  | 23.78% | 2682100  | 59.17% | 773000  | 17.05% | 4533200  |
| England & Wales | 13430600 | 23.95% | 33422400 | 59.60% | 9223000 | 16.45% | 56075900 |

Table 9: Population age profile

The following table draws upon the high level population changes which can be drawn by comparing the 2011 census with the data from 2001.

|                 | Census Total |          |         |        |
|-----------------|--------------|----------|---------|--------|
|                 | 2001         | 2011     | Growth  | %      |
| Derby UA        | 230700       | 248700   | 18000   | 7.80%  |
| Leicester UA    | 282800       | 329900   | 47100   | 16.65% |
| Nottingham UA   | 268900       | 305700   | 36800   | 13.69% |
| England & Wales | 52360000     | 56075900 | 3715900 | 7.10%  |

Table 10: Overall change, 2001-2011

<sup>8</sup> Census 2011

### Conclusions:

- While the average rate of increase in population for the whole of England and Wales is just over 7%, the rate of increase in Leicester is much higher at over 16%;
- While this represents the actual rate of growth over the last ten years, the Council's Research and Intelligence Team have now completed an initial analysis of recently released ONS data and which enables forecasting for the demographic profile over the next ten years. That prediction is shown at figure 4 below.
- Working age CTR claimants will increase over the coming years. Claim increase was estimated at 1% based on the previous two years' claim growth. This trend did not continue; the average number of claims during 2013/14 decreased by 7.8%

| Year    | Average caseload in period | % Change |
|---------|----------------------------|----------|
| 2010/11 | 39,397                     |          |
| 2011/12 | 39,805                     | +1.03%   |
| 2012/13 | 40,262                     | +1.14%   |
| 2013/14 | 37,123                     | -7.8%    |

Table 11: Average caseload 2010-2013

The following table, drawn from the ONS census, shows age distribution in three broad blocks, separating working age from pensionable age and separately showing young people under 20.

|            | 0-19     |        | 20-64    |        | 65+     |        |
|------------|----------|--------|----------|--------|---------|--------|
| Derby      | 64300    | 25.85% | 146800   | 59.03% | 37700   | 15.16% |
| Leicester  | 89800    | 27.22% | 203000   | 61.53% | 37200   | 11.28% |
| Nottingham | 79400    | 25.97% | 190700   | 62.38% | 35600   | 11.65% |
| top 25     | 2617000  | 25.22% | 6318600  | 62.15% | 1363700 | 12.63% |
| England    | 13430600 | 23.95% | 33422400 | 59.60% | 9223000 | 16.45% |

Table 12: Comparison of other similar cities, young people

### Conclusions:

- The population distribution is more similar to the "top 25" peer group than to some other comparisons;
- Within the top 25 losers, Leicester is among only 5 authorities in that group with more than 27% of the population aged 0-19 (Enfield, Newham, Birmingham, and Bradford are the other Authorities);
- It might be argued that those Councils with higher numbers of young people entering the job market face greater risks of increases in claims, as young people face higher rates of unemployment at the current time.
- Leicester has not only a comparatively large cost of Council Tax Benefits/Support, but also an increased percentage of young people under 20. Therefore unless this group attain work this increasing cohort of young individuals will continue to be a financial burden to the city's finances.

The Council has also now completed an initial assessment of the projections which may be inferred from the ONS release of further data during September 2011, and which supports more accurate forecasting.

It is stressed that the analysis below represents the initial analysis which has been completed by the Council’s Research and Intelligence Team. Further analysis may be completed, and therefore forecasts updated as necessary. As at August 2014, no more recent collated data is available.

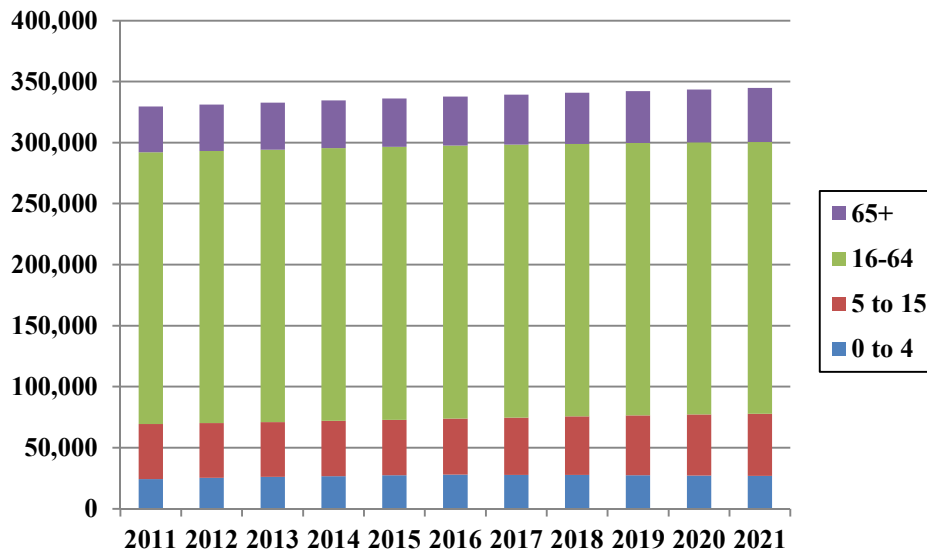


Figure 4: Population growth, ten year forecast

**Conclusions:**

- The construction of the age ranges available within the census data mean that assumptions have to be made in order to enable analysis to help with the forecasting of Council Tax Reduction;
- In particular, the construction of Council Tax Reduction produces a priority to understand the balance between the working age and pensioner population. Within the above table, the fit to “working Age” assumes a start at 16.
- Significantly, for the profiling of Council Tax Reduction, the Council’s projected balance between working age and pensioners is forecast to change over the next ten years;
- It is forecast that, over the ten year period, the working age population reduces from 67.4% of the population to 64.6; while pensioners increase from 11.3% to 12.8%;
- Council Tax Reduction protects pensioners from the cost of change, and places the cost of change on the Working Age claimants. If the Council Tax Reduction continues in the current form, and the population forecasts are accurate, then the burden of the cut on the working age population will increase in relative terms;
- The Council may wish to carefully monitor the profile of rising pensioner caseload, as one of the key costs of the new scheme over which the Council will have no control, i.e. that pensioner claims will continue to receive a maximum entitlement of 100%.

**4.6 Council Tax Band distribution**

The tables in this section have been profiled from the statistics published by the HMRC Valuation Office Agency (VOA), together with the DCLG. The VOA have previously published the data tables in full, enabling a complete analysis of Council Tax bands at both national level, and with analysis possible down to individual Billing Authority. Under current policy, national and regional

statistics are no longer published, making comparisons more difficult. The following table shows the percentage distribution at March 2012 and March 2014<sup>9</sup>.

| Percentage of properties by Council Tax Band |        |        |        |        |       |       |       |       |         |
|--|--------|--------|--------|--------|-------|-------|-------|-------|---------|
|  | A      | B      | C      | D      | E     | F     | G     | H     | Total   |
| Derby UA                                     | 51.79% | 19.06% | 14.89% | 7.64%  | 3.93% | 2.05% | 0.59% | 0.05% | 100%    |
| Leicester UA                                 | 59.69% | 19.41% | 11.78% | 5.09%  | 2.42% | 1.10% | 0.47% | 0.05% | 100%    |
| Nottingham UA                                | 64.38% | 16.08% | 11.59% | 4.88%  | 1.73% | 0.75% | 0.53% | 0.08% | 100%    |
| England                                      | 24.81% | 19.61% | 21.76% | 15.31% | 9.44% | 4.98% | 3.50% | 0.57% | 100%    |
| East Midlands                                | 37.64% | 22.49% | 17.98% | 10.67% | 6.29% | 3.05% | 1.73% | 0.15% | 100%    |
| "Top 25" Losers                              | 27.50% | 20.22% | 21.97% | 15.04% | 8.55% | 3.88% | 2.49% | 0.36% | 100%    |
| Percentage of properties by Council Tax Band |        |        |        |        |       |       |       |       |         |
|  | A      | B      | C      | D      | E     | F     | G     | H     | Total   |
| Derby UA                                     | 51.73% | 19.08% | 14.95% | 7.64%  | 3.94% | 2.05% | 0.58% | 0.04% | 100.00% |
| Leicester UA                                 | 59.87% | 19.40% | 11.67% | 5.08%  | 2.39% | 1.10% | 0.46% | 0.04% | 100.00% |
| Nottingham UA                                | 63.88% | 16.46% | 11.67% | 4.91%  | 1.73% | 0.75% | 0.52% | 0.08% | 100.00% |
| England                                      |        |        |        |        |       |       |       |       |         |
| East Midlands                                |        |        |        |        |       |       |       |       |         |
| "Top 25" Losers                              |        |        |        |        |       |       |       |       |         |

**Table 13: Summary of Council Tax Bands March 2012 and March 2014**

### Conclusions:

- The property databases of the East Midlands cities are skewed very heavily to Bands A and B. If all the properties within bands A and B are totalled, then Leicester and Nottingham have very similar levels of properties within these two bands, with Nottingham at 80.34% and Leicester at 79.27%.
- Council Tax valuation bands are based upon capital value at April 1991. As a direct consequence the distribution of bands varies nationally, and generally speaking property bands in London and the South East are higher than in the cities of the midlands and the north.

The following table shows the rate of increase which has been shown in Council Tax properties between 2008 and 2012. Further analysis to demonstrate the rate of change over a longer period is not possible because the VOA/DCLG no longer publish the full data-tables which enables both high level analysis and also down to the level of individual Billing Authority.

|            | Change in CT Properties |                          |         |       |
|------------|-------------------------|--------------------------|---------|-------|
|            | 2008                    | 01/04/2014               | Change  | %     |
| England    | 22,506,624              | 23,236,000 <sup>10</sup> | 729,376 | 3.24% |
| Derby      | 104,437                 | 107,602                  | 3,165   | 3.03% |
| Leicester  | 123,985                 | 131,206                  | 7,221   | 5.82% |
| Nottingham | 129,791                 | 13,3609                  | 3,818   | 2.94% |

**Table 14: Increase in Council Tax Properties, 2008-2012**

### Conclusions:

- Leicester's rate of increase in properties is above the national average, and there is an extent to which this increase has similarities with the increase in population which has also been found from ONS data above, although not at the same rate;

<sup>9</sup> Department of Communities and Local Government, March 2012 Council Tax Bands

<sup>10</sup> Dwelling stock estimates in England: 2014 – DWP

#### 4.7 Weekly impact of the scheme

The scheme has been successfully adopted; the Council began the collection and enforcement stages to recover amounts of Council Tax due from households under the scheme. To assist with an analysis of the financial impact of the scheme for 2013/14, the following table demonstrates the weekly equivalent payment which households paying the minimum 20% charge have been required to make<sup>11</sup>.

| Band   | Tax 13/14 | Max Reduction | Due     | per week |
|--------|-----------|---------------|---------|----------|
| A, DPR | 824.39    | 659.51        | 164.88  | 3.16     |
| A      | 989.27    | 791.42        | 197.85  | 3.79     |
| B      | 1154.15   | 923.32        | 230.83  | 4.43     |
| C      | 1319.02   | 923.32        | 395.70  | 7.59     |
| D      | 1483.90   | 923.32        | 560.58  | 10.75    |
| E      | 1813.66   | 923.32        | 890.34  | 17.08    |
| F      | 2143.42   | 923.32        | 1220.10 | 23.40    |
| G      | 2473.17   | 923.32        | 1549.85 | 29.72    |
| H      | 2967.81   | 923.32        | 2044.49 | 39.21    |

Table 15: Weekly payments, maximum CT reduction

#### Conclusions:

- The weekly financial impact of the 80% maximum amount together with the Band B limit produces an increasing financial impact upon those households in occupying accommodation above Band B. While there may well be only 20% of the property database above Band B in the City, the financial impacts upon those households is disproportionate; 1,871 households were affected by this rule in 2013/14.
- Some households affected may be homeowners, and in those cases the Council Tax collection rules provide for the application of a charging order for unpaid tax. However those provisions cannot apply to households who are renting properties.

#### 4.8 Overall Conclusions

The overall findings from the impact assessment are summarised:

- The Council's analysis does not suggest that the changes within the local CTR scheme have or will continue to impact upon any group for whom the Council has a statutory duty under the Equality Act disproportionately, other than the natural distribution of those groups within the existing claims caseload;
- The claims caseload contains a greater incidence of people facing greater barriers to escape worklessness. In the City, the Council's research concludes that key groups which are affected in this way include people with disabilities; people with responsibility for young children with particular impact on lone parents; of people from ethnic minority backgrounds, particularly in which the migration to this country is relatively recent;
- The changes to the claims caseload which are possible over coming years must now be carefully managed and tracked to enable effective financial planning and control, as the old "demand led" nature of Council Tax Benefit grant payment is replaced;

<sup>11</sup> Source: Leicester City Council

- The Council's claim caseload in the first year of management has demonstrated a change in claim behaviour driven by claim administration. Council Tax reduction claim assessment is linked to the processing of Housing Benefit; therefore there is no change at this juncture on cost of administration. However the claim application route has split and this has had a significant impact on claimants and subsequently collection. This is primarily driven by DWP because Council Tax Reduction no longer forms part of the claim route for DWP benefits including Housing Benefit. Therefore the CTR application route is now fractured and this can delay recovery in some cases. However the service has recognised this and put in place mechanisms to address the issue.
- The staff costs for administering the Council Tax Reduction only are £1.944m per year and the staff costs for the Housing Benefit element are £2.024m i.e. roughly a 50/50 split in costs between HB & CTR.
- The staff costs for administering Council Tax are £1.294m excluding Council Tax Reduction.



## 5 Vulnerability

### 5.1 Overview

This section discusses a critical new element of the scheme. The Government has decided that some households will be protected from the impact of the overall cut in Council Tax Benefits, and the term “vulnerable groups” has been introduced to describe claim groups which will be protected, in whole or in part, from any increased liability for Council Tax as a result of the changes.

Some vulnerable groups will be specified by the DCLG, while the Council must also consider other groups which should receive protection from the changes. Currently only pensioner households are exempted by regulations, with decisions about other groups left to Councils. However, the Council must also consider the greater the concessions made to vulnerable groups, the greater the corresponding impact on the remaining working age claim population.

### 5.2 Overall Equality Requirements

Under the Equality Act 2010, the Council is required by law to “have due regard” to the need to:

- a) Eliminate discrimination;
- b) Advance equality of opportunity between protected groups and others;
- c) Foster good relations between protected groups and others.

Advancing equality of opportunity includes removing and minimising disadvantage, meeting the needs of protected groups which are different to others (particularly the disabled) and encouragement to participate in public life.

Protected groups under the Equality Act are characterised by:

- Age (including children and young persons);
- Disability;
- Gender;
- Gender re-assignment;
- Pregnancy and maternity;
- Race;
- Religion or belief; and
- Sexual orientation.

The needs of pensioners under the Act have largely been addressed by legislation. The key protected group to whom the Council must “have regard” in designing the scheme is the disabled.

### 5.3 The Government position

The DCLG has made it clear that pensioner claim groups will continue to be protected from the impact of the cut in CTR. The definition of “pensioner” is such that it will apply to all pensioner claim households, whether at pensionable age now, or achieving that age later on within the scheme. Such protection is in full, i.e. that pensioner households will continue to receive a maximum of 100% relief, in those cases in which the household qualifies for maximum support.

The Council has no discretion over this protection, and therefore the Council has made ongoing provision for the cost of pensioner benefit/support payments at 100%, notwithstanding DCLG grant payments at a lower rate. The initial indications from the DCLG suggested a less than

generous assessment of this cost, and which is likely to have a progressively adverse impact as the population naturally ages, and lives longer.

In addition, the DCLG have suggested that the following groups of claimants should be considered by local authorities when determining which additional groups to classify as vulnerable:<sup>12</sup>

- Disabled households and claimants;
- Households identified as having risk of child poverty;
- Households falling within the “Armed Forces Covenant”, including those in receipt of War Widows allowances for example; and
- Households at risk of homelessness.

In addition to whatever national protection is stipulated by the DCLG, the Council will therefore be obliged to consider which working age claim groups will also receive full protection because of vulnerability.

#### **5.4 Summary of options: Vulnerable Groups**

Prior to the development of the scheme, the leading options for the adoption of “vulnerable groups” were considered.

For each group the Council’s estimate of the potential cost of benefit paid was estimated. Adopting the group as “vulnerable” means that the client group would be protected (fully or partially) from the impact of the saving in Council Tax Reduction.

While some information for profiling the cost and impact of changes below was held within Council systems (including for example the Council Tax Benefit records) other information was not so readily available. To ensure that the report gave the best information possible, it was necessary to cast a wider net, capturing data from a range of sources.

The following table summarises the groups which the Council identified for consideration as “vulnerable” and potentially protected from cuts. It shows the estimated cost of benefit paid to these groups in 2012/13, and the impact on the savings shown in section 3 above if any given group was exempted in full, e.g. if families on Income Support with children are exempted in full, the effect is to reduce the savings quoted for a change to the scheme by an estimated 13%.

These estimates are on the basis that the claim profile of each group is the same as the claim profile for all claimants. The impact of determining that more than one group is vulnerable cannot be assessed by adding figures (as some people will be in more than one group).

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<sup>12</sup> DCLG 2012: Localising Support for Council Tax Vulnerable People, Key Local Authority Duties

| <u>Vulnerable Group</u>   | <u>2012/13 Estimated Benefit Cost £m</u> | <u>Impact on Reduction Measures</u> |
|---|--|-------------------------------------|
| Disability, depending on the extent of disability required to qualify   | £1m - £3.7m                              | Up to 28%                           |
| Dependent children under 5 (parent or parents on income support)  | £0.9m - £3.4m                            | 13%                                 |
| Other groups, including:-<br>- care leavers<br>- hostel leavers<br>- claimants fleeing domestic violence<br>- supported by Forced Marriage Unit<br>- war widows<br>- drug/alcohol dependent<br>- foster carers<br>- ex-offenders under MAPPA arrangements | £0.3m                                    | 2%                                  |
| Those adversely affected by specific welfare reform proposals   | £2m                                      | See below                           |

Table 16: Summary of Vulnerable People

## 5.5 Consultation and Policy Determinations

Following identification of the above ‘vulnerable groups,’ the Council consulted on whether vulnerable people should be protected under its CTR scheme and 73 per cent of respondents agreed they should be. The scheme retained key elements of the CTB scheme which allowed disregards from certain types of income relating to vulnerable groups within the calculation of awards, including but not limited to Child Benefit; Disability Living Allowance; Income Support and War Widows pensions/disablement benefits and by continuing the allowances within the calculation for carers and child care. This has provided a financial buffer from the full effects of the change. This protection has been allowed within costs of the scheme design.

In addition to this, the council reviewed the Council Tax Discretionary Relief policy to allow additional protection to the most severe impacts of these reforms on vulnerable persons who face exceptional financial hardship. The relief reduces the Council Tax payable after taking into account eligibility for any national benefits, discounts, reliefs and exemptions. This additional protection will be an assessed reduction which can be applied to an individual in exceptional circumstance. The Executive considered which individuals are included in the vulnerable category and approved a fund of £315,000 (with financial contributions from the precepting authorities Fire £11,559 and Police £37,650).

## 5.6 Identified Vulnerable Groups 2013/14 – Impacts & Actions

Within the above table, the summary terms used include the following client groups. More detailed analysis for each of the following client groups including the high level ward analysis of the distribution of customers is shown at appendix 2.

## 1. People with disability

The total maximum benefit cost of £4m included households in the following sub-groups, for which more recent data on number of claimants in Leicester are also provided:

| <u>Disability benefit</u>  | <u>2012/13 Estimated Benefit Cost</u> | <u>Number of claimants in Leicester (February 2014)</u> |
|--|---------------------------------------|---|
| Disability Living Allowance with a 'care' component at a 'higher' rate | £0.8m                                 | 2,690   |
| Disability Living Allowance with a 'care' component at a 'middle' rate | £1.0m                                 | 3,870   |
| A support component of Employment and Support Allowance                | £0.5m                                 | 6,290   |
| Carer's Allowance in payment   | £0.2m                                 | 4,780   |

### Impact

Each of the above four client groups receives a welfare benefit which is currently payable by the DWP in respect of households in which there is a disabled person who qualifies under the appropriate rules for that payment. In some cases the statutory test includes the completion of an assessment by an appointed qualified doctor. In all cases the assessment and qualification of the disabled person for the qualifying benefit is completed by the DWP, not the Council.

The above tests therefore give the Council a means by which households in which there is a disabled person present can be objectively assessed. In very general terms, a greater level of disability will be present in those households in which the higher care component is paid as opposed to the middle component.

The Council is required to consider the needs of disabled people within its proposed scheme. Under Government guidance, disabled people will face greater challenges to join the working population.

### Actions

The Council considered that the following exceptions were considered to be an appropriate level of protection for disabled claimants of Council Tax Reduction, in line with similar allowances made under the previous Council Tax Benefit scheme:

- Awards of Disability Living Allowance, Personal Independence Payments, Carer's Allowance and Attendance Allowance were fully disregarded as income;
- Additional disability premiums allowed disregarding a set amount of non-qualifying income, dependant on whether the disability income allowed was considered moderate or severe, including the support element of Employment & Support Allowance;
- 'Passporting' of a maximum 80% reduction to recipients of Employment & Support Allowance (income-based);
- Non-dependant deductions for recipients of Disability Living Allowance with a 'care' element assessed as 'moderate' or 'higher' disallowed, to allow adults to live with and provide care for disabled claimants without penalty.

In addition to the above, claimants receiving disability income or caring for children with disabilities were also granted 'protected characteristic' status for the purposes of making assessments through the Council Tax Reduction Discretionary Relief fund. Where financial hardship could also be demonstrated, the difficulties experienced by households adversely affected by disability are reflected through the increased likelihood of a discretionary award.

Figure 5 below demonstrates the increased proportion of Council Tax Discretionary Relief offered 2013/14 (31.18%) in direct comparison to both the proportion of the existing Housing Benefit & Council Tax Reduction caseload (17.7%) and the general population of the Leicester area (7.89%), demonstrating that the intended objectives of the Discretionary Relief policy are being met.

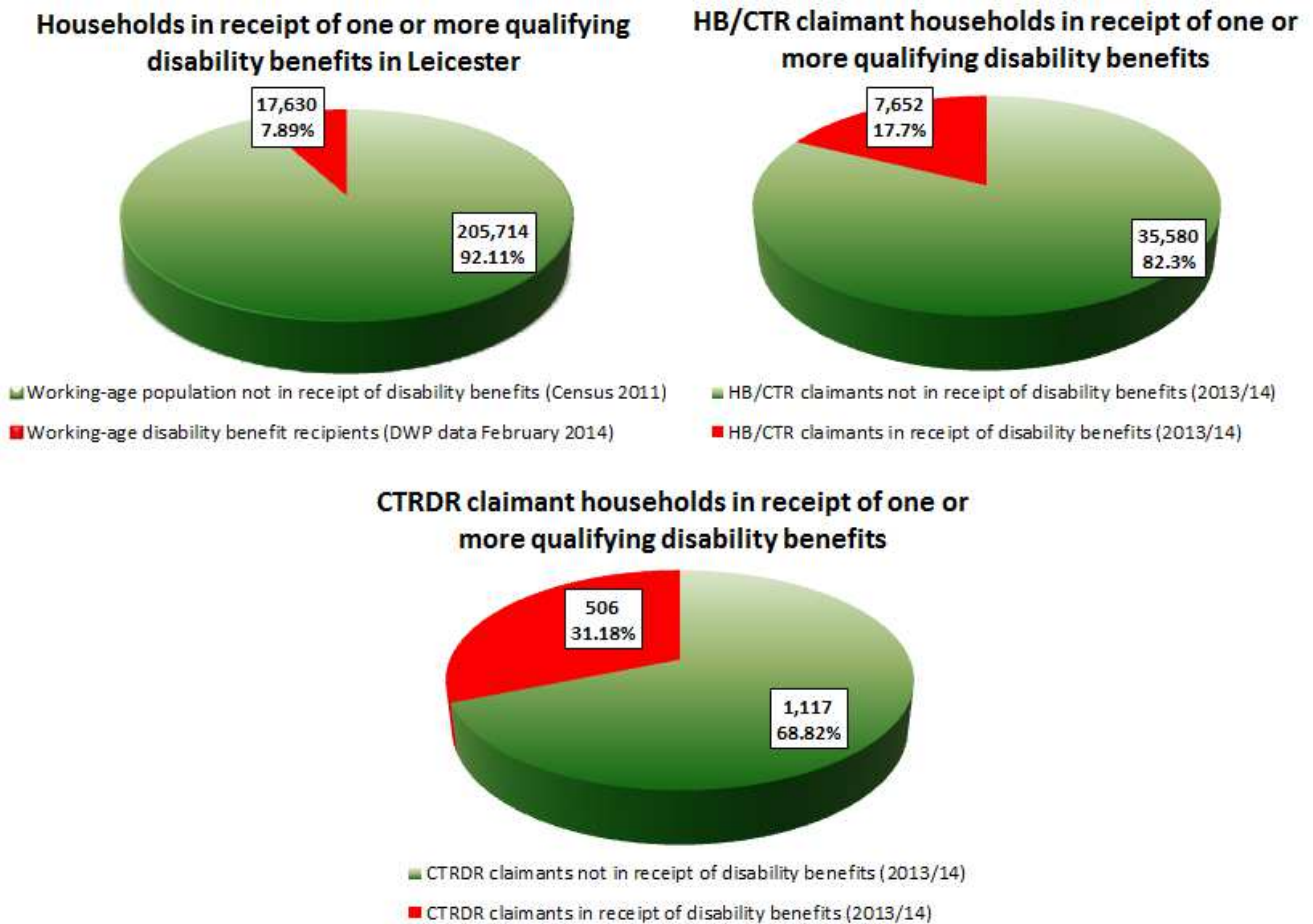


Figure 5: Disability assistance analysis

## 2. Households with responsibility for young children

The total maximum cost of £2.4m includes households in the following sub-groups, for which more recent data on number of claimants in Leicester are also provided:

| <u>Disability benefit</u>   | <u>2012/13 Estimated Benefit Cost</u> | <u>Number of claimants in Leicester (February 2014)</u> |
|---|---------------------------------------|---|
| Income Support payable for a single person with responsibility for children <sup>13</sup> | £1.0m                                 | 3,550   |
| Income Support payable for a couple with responsibility for children*                     | £0.35m                                | 1,150   |

### Impact

Again, the above potential client groups were identified using qualification for welfare benefits administered by the DWP. Coupled with an analysis of the Council's existing records, the above clients groups gave the Council, where known, details of low income households in which there is responsibility for looking after young children.

The Council considered the protection of some or all of these to be argued to be consistent with the Council's responsibilities to take steps to mitigate against child poverty. Conversely, restricting protection only to claimants in receipt of Income Support may have created a disincentive to find work.

### Actions

The Council considered that the following exceptions were considered to be an appropriate level of protection for parents with young children, in line with similar allowances made under the previous Council Tax Benefit scheme:

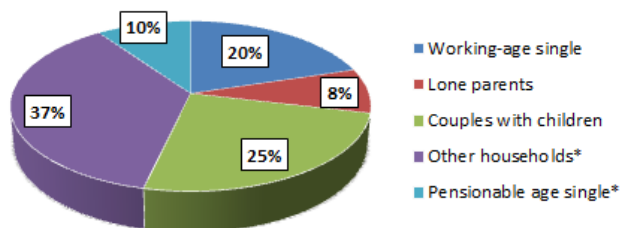
- Awards of Child Benefit, Disability Living Allowance received for children and Carer's Allowance were fully disregarded as income;
- Increased allowances of income for claimants with dependent children, and additional premiums disregarding a further set amount of non-qualifying income where the claimant was a lone parent;
- Expenditure on childcare costs disregarded in full from non-qualifying income, and monies received for child maintenance also disregarded;
- 'Passporting' of a maximum 80% reduction to recipients of Income Support.

In addition to the above, claimants caring for young children were also awarded 'protected characteristic' status for the purposes of making assessments through the Council Tax Reduction Discretionary Relief fund, with pregnant mothers and lone parents given maximum priority. Where financial hardship could also be demonstrated, the difficulties experienced by households adversely affected by families with young children are reflected through the increased likelihood of a discretionary award for lone parents are demonstrated by Figure 6 below (21%) compared with both the Housing Benefit & Council Tax Reduction caseload (19%) and the general population (8%).

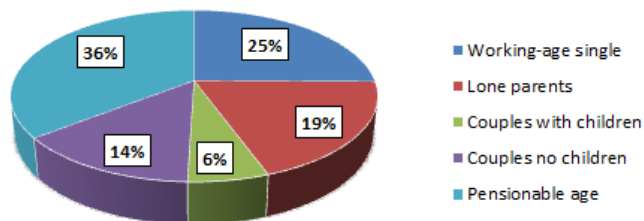
<sup>13</sup> Of 6,040 Income Support claimants in Leicester, 3,080 have at least one child under 5

Impact Analysis for the Council Tax Reduction Scheme

Household composition of Leicester's general population (Census 2011)



Household composition of Leicester's Housing Benefit & Council Tax Reduction awards (2013/14)



\*Note - Census data did not distinguish between couples without children and pensionable age households with multiple occupants.

Household composition of Leicester's Council Tax Reduction Discretionary Relief awards (2013/14)

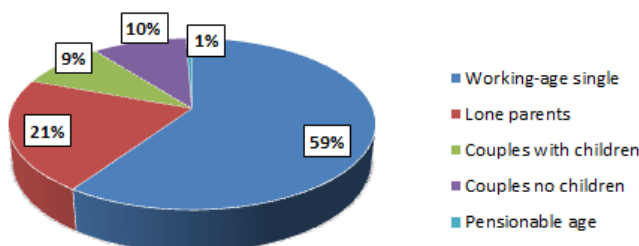


Figure 6: Household composition analysis

### 3. Protecting other groups

The above table summarises a short list of other potential groups which may be considered for protection, through vulnerability.

#### Impact

The total maximum cost of £0.3m is distributed throughout the group as follows:

- Care leavers (£7k);
- Hostel leavers (£10k);
- Claimants fleeing domestic violence (£56.5k);
- War widows allowances (£6k);
- Drug and alcohol dependency (109k);
- Foster carer allowances (£68k);
- Some ex-offenders (£7k).

#### Actions

It was considered that groups above may be considered under the Council's duties to take steps to mitigate against homelessness. A number of relevant exceptions in line with similar allowances made under the previous Council Tax Benefit scheme, for example the disregard of payments relating to foster carers were applied, and the disregard of allowances for war widows also meets the Council's responsibilities under the Armed Forces Covenant.

The Council also elected to ensure an appropriate level of protection for the above groups through the policy implemented for consideration of Council Tax Reduction discretionary relief.

The following are examples of prescribed circumstances qualifying as 'A' value protected characteristics:

- In care or is a carer;
- Care leaver up to the age of 22 or 25 and at university;
- Resettlement or enablement into the community;
- Suffering from domestic violence, sexual violence or trafficking;
- Ex-offender (MAPPA level 2/3);
- Pregnancy;
- New arrival or member of an emerging community.

The following are examples of prescribed circumstances qualifying as 'B' value protected characteristics:

- In foster care, a foster carer or adoption issues;
- Alcohol or substance misuse;
- English not first spoken language.

Whilst all of the above have formed an active role in the consideration of Discretionary Relief awards – and assessors are also asked to bear in mind all of their obligations under the Human Right Acts 1998 and Equalities Act 2010 when making their decisions – limitations in the record keeping of decisions made mean that only overriding 'risk' issues demonstrated in Figure 9 of Appendix 2 were routinely recorded.

The Council will endeavour to develop more sophisticated record-keeping in future to ensure that our obligations to protected 'vulnerable groups' are being met in all respects. Demographic analysis of gender and ethnicity are also provided in Appendix 2 – beyond the additional relief granted to those struggling with English outlined above, these were not considered factors giving rise to protected status as a 'vulnerable group.'

#### **4. Welfare Transition**

The total maximum cost of £2m shown includes households in which:

- Disability Living Allowance at a lower rate is paid (£1.1m); or
- Households are moving from Incapacity Benefit to ESA (£44k); or
- Households are expected to fall under the "Benefit Capping" arrangements (£0.34m); or
- Households who will lose or receive reduced benefit under reforms to working tax credit (£0.22m); or
- Households in which there is an adult aged over 50, and in which benefit is lost or reduced because of changes to working hours under new rules (£9k); or
- Payments for pregnant women who receive no SMP (£44K).



### **Impact**

Each of the above client groups is a welfare benefit which is currently payable, but which is changing under the national welfare review. As a result of those changes which the Government has introduced, the above summary shows which groups identified may be worse off.

### **Actions**

Whilst it may be appropriate to consider transitional cases, the Council also considered that it should avoid becoming responsible for a long term cost as a consequence of changes which had been nationally determined. It was felt appropriate therefore that protection as a result of welfare benefit transition should be considered on the basis of individual circumstances, and therefore taken into account under the Council Tax Reduction Discretionary Relief scheme.

## **5.7 Challenges to the adopted scheme**

The changes to Council Tax Benefits from April 2013 are amongst the first to be implemented of the wider and very significant programme of welfare reform which the Government is implementing. It is no understatement that from April, the changes to welfare are the most significant which have been seen in at least 30 years.

There will consequently be a risk of legal challenge to any scheme that the Council adopts. The Council is extremely concerned about the implications if the Government does not recognise the impact that will be caused to the City Council, and its residents. Some of that concern may be expressed by claimants affected by the local scheme from April 2013, and choosing to challenge the impact of the scheme through the courts.

## **5.8 Conclusion**

The effective determination of vulnerable groups which will receive protection from the savings imposed ensures that appropriate claim groups do not face the challenge of payment.

For those households which must fall within scope of payment, the Council has revised its approach to payment and collection which apply from April 2013 at section 6 below.

## 6 Mitigation

### 6.1 Update at April 2014- a year on through collection.

The policy for Local Council Tax Reduction did not plan to mitigate against any particular group with protected characteristics, but as we discuss at section 3, some groups may have greater representation within the claims population because of the barriers to work which are faced.

Where Council Tax due is not paid, the Council is obliged to take the necessary steps to collect it. Council Tax rules provide a robust framework which can be used to collect unpaid tax, which includes the issue of a court summons in order to apply for a liability order, and the subsequent right to apply for deductions from DWP benefits or earnings, or instruct Enforcement Agents.

The Council adopted a “softer” recovery approach for the client group most affected by the changes from April 2013, i.e. those receiving 100% Council Tax Benefit during 2012.

Leicester City Council has approximately 130,000 domestic properties. Due to changes of circumstances/addresses, the Revenues and Benefits Service will be actively collecting monies owed from approximately 149,000 accounts. Of these, 16,654 (11%) accounts were identified as receiving 100% Council Tax Benefit during a snapshot period in February 2013 and tracked to monitor recovery activity during 2013/14. This activity is continuing into the 2014/15 year.

In order to provide further assistance to these payers, additional non statutory reminders were issued before taking formal recovery action. These included a prompt before the first instalment was due, a third non statutory reminder (whereas normally only a maximum of two reminders would be issued) and a non-statutory final notice before a summons. At least two additional documents are being issued as well as the statutory documents in order to encourage payment and /or engagement with the Council.

### 6.2 Distribution of recovery activity

In support of the determination of effective approaches to the collection and recovery of tax due, the Council has completed a review of recovery activity by community area, and which breaks down the recovery of unpaid Council Tax to the individual communities within the wards of the City<sup>14</sup>.

| Community       | 2011/12 |               | 2012/13 |               | 2013/14 |               |
|-----------------|---------|---------------|---------|---------------|---------|---------------|
|                 | Cases   | Value of Debt | Cases   | Value of Debt | Cases   | Value of Debt |
| Abbey           | 71      | £35,099       | 176     | £84,4891      | 430     | £116,393      |
| Aylestone       | 77      | £34,675       | 111     | £38,859       | 306     | £45,169       |
| Aylestone Park  | 100     | £43,032       | 221     | £73,477       | 541     | £98,730       |
| Beaumont Leys   | 240     | £114,038      | 316     | £89,978       | 772     | £131,724      |
| Belgrave        | 101     | £48,316       | 140     | £48,692       | 360     | £54,131       |
| Braunstone East | 136     | £65,292       | 214     | £68,954       | 546     | £88,778       |
| Braunstone West | 166     | £88,658       | 208     | £62,747       | 544     | £84,908       |
| Castle Hill     | 115     | £55,810       | 159     | £46,850       | 396     | £55,724       |
| Charnwood       | 152     | £74,331       | 189     | £63,350       | 455     | £70,523       |

<sup>14</sup> All accounts with recovery [summons stage and beyond] O/S balance at 31<sup>st</sup> March 2014

| Community                    | 2011/12      |                   | 2012/13     |                   | 2013/14       |                   |
|------------------------------|--------------|-------------------|-------------|-------------------|---------------|-------------------|
|                              | Cases        | Value of Debt     | Cases       | Value of Debt     | Cases         | Value of Debt     |
| City Centre and St Andrews   | 278          | £117,103          | 646         | £266,506          | 1,674         | £437,297          |
| Clarendon Park               | 60           | £24,562           | 197         | £90,732           | 498           | £99,460           |
| Crown Hills                  | 172          | £82,404           | 177         | £48,750           | 548           | £74,672           |
| Evington                     | 41           | £23,255           | 54          | £25,612           | 164           | £29,929           |
| Eyres Monsell                | 153          | £73,115           | 229         | £67,268           | 573           | £89,520           |
| Hamilton                     | 127          | £71,566           | 209         | £86,748           | 556           | £124,564          |
| Humberstone                  | 72           | £30,739           | 96          | £31,613           | 310           | £54,682           |
| Latimer North                | 95           | £46,474           | 86          | £29,052           | 291           | £47,674           |
| Latimer South                | 75           | £33,214           | 112         | £37,882           | 286           | £41,088           |
| Mowmacre and Stocking Farm   | 256          | £117,766          | 305         | £94,107           | 847           | £138,925          |
| Netherhall and Thurnby Lodge | 106          | £49,416           | 149         | £45,631           | 497           | £65,413           |
| New Parks East               | 177          | £90,676           | 232         | £62,486           | 720           | £114,297          |
| New Parks West               | 198          | £102,280          | 227         | £69,654           | 662           | £105,424          |
| Newfoundpool                 | 165          | £61,464           | 331         | £127,487          | 824           | £184,639          |
| Northfields                  | 141          | £68,933           | 173         | £47,980           | 557           | £75,122           |
| Rowley Fields                | 77           | £29,342           | 213         | £88,089           | 559           | £142,103          |
| Rushey Fields                | 76           | £35,773           | 95          | £36,988           | 256           | £58,272           |
| Rushey Mead                  | 50           | £24,355           | 94          | £37,678           | 276           | £61,447           |
| Saffron                      | 158          | £75,811           | 207         | £61,264           | 612           | £97,642           |
| South Knighton               | 19           | £9,996            | 47          | £22,046           | 145           | £29,087           |
| Spinney Hill                 | 149          | £77,420           | 225         | £82,403           | 547           | £101,879          |
| St Matthews and St Peters    | 172          | £81,915           | 169         | £57,530           | 544           | £82,011           |
| St Saviours                  | 79           | £38,906           | 112         | £36,007           | 295           | £52,980           |
| Stoneygate                   | 124          | £65,329           | 209         | £79,492           | 535           | £110,933          |
| West End                     | 193          | £74,269           | 525         | £218,889          | 1,197         | £306,756          |
| West Knighton                | 74           | £39,195           | 135         | £58,611           | 385           | £81,125           |
| Western Park                 | 44           | £16,777           | 99          | £39,377           | 235           | £47,432           |
| <b>Total</b>                 | <b>4,489</b> | <b>£2,121,303</b> | <b>7081</b> | <b>£2,527,278</b> | <b>18,943</b> | <b>£3,600,452</b> |

Table 17: Recovery action by Community, 2011/12 to 2013/14

Recovery action is ongoing for any charges not paid within the 2013/14 financial year. In the main the arrears will be collected by deductions from benefits. Payments by deductions from benefits have increased by 90% compared to the same period in 2012.

### **6.3 Collection Policy for the new payers in the scheme.**

It is unlikely to be either desirable or practical for the standard systems of enforcement which apply to the overall Council Tax debt population to be universally applied to the new CTR liability client group. However, it is also the case that some households, who already are used to paying Council Tax at low levels, must be supported to continue paying.

The standard systems can produce a Liability Order and consequent costs swiftly, and if no further response is received the routine next step would be the instruction of the Enforcement Agents. It is likely that the use of the Enforcement Agents should be applied only where considered appropriate in this population, rather than as a default response.

The approach we took was a multi-faceted:

- Early in 2013 and throughout the year, the Revenues and Benefits Service ran a “Talk to Us” campaign. Every opportunity was used to publicise not only the change from Council Tax Benefit to the new Council Tax Reduction Scheme, but also the wider welfare reform changes. The emphasis was on anyone affected by the changes to come and talk to the Council. Consequently as soon as the bills were issued, a large number of payers engaged with the Council.
- Reviewed all our letters to reflect promotion of the talk to us campaign.
- The extension of payment options:
  - Direct Debit and other regular methods of payments were offered over 12 months should the party engage prior to 24<sup>th</sup> March 2013.
  - Where Direct Debit was a previous method of payment this option automatically refreshed for the new billing period.
  - Reviewed the Fair Debt Policy in November 2012. Where recovery action was deemed necessary, arrangements were made under the Council’s Fair Debt Collection Policy, reflecting the ability to pay against the requirement to collect the debt.
  - The completion of general policy statements about the way in which debt will be enforced, including the planned use of the Enforcement Agent, rather than as a default measure;
- Reduce indebtedness- Court costs were negotiated to a lower level of £40 as opposed to £67.50 where the debt owing was below £250. This benefited ALL charge payers.
- Additional non statutory reminders were built into the recovery process.
- Local enforcement policies are updated to include scenario based examples with reference to such protected characteristics, and designed to show what types of enforcement are, and are not acceptable.

### **6.4 Policy with regard to protected characteristics**

We updated the local enforcement policies to include scenario based examples with reference to such protected characteristics, and designed to show what types of enforcement are, and are not acceptable. It is to be stressed that the use of scenarios in this way is neither prescriptive nor exhaustive. The scenarios have been proposed to enable thinking to be developed about

approaches to recovery and enforcement of unpaid tax which may, and may not be appropriate in particular circumstances.

The Council employs two firms of enforcement agents who are required to follow an agreed Code of Conduct which ensures vulnerable persons are protected. The following categories and others are recognised within this Code of Conduct.

It should also be noted that from 6<sup>th</sup> April 2014, enforcement regulations were radically changed by the Government and it has now become a requirement that where vulnerability is identified, there is an obligation on the enforcement companies to provide additional assistance.

As part of the review of its enforcement policies, the Council has ensured that where it has been necessary to refer cases to enforcement agents, the action taken and enforcement costs incurred are restricted.

Examples of scenarios proposed for consideration include:

| Protected Characteristic, and scenario summary         | Scenarios which could be developed  |
|--|---|
| Gender: Women within the claim population              | <ul style="list-style-type: none"> <li>• Actions which are and are not acceptable for collection of tax from single women;</li> <li>• Identifying and managing recovery from vulnerable women or women who may be at risk of violence in the event of collection of tax due.</li> </ul> |
| Gender: Pregnant women                                 | <ul style="list-style-type: none"> <li>• Door-step collection from pregnant women, including actions to be taken to not place women under any additional stress.</li> </ul>   |
| Age: people with responsibility for young children     | <ul style="list-style-type: none"> <li>• How the bailiff may, and may not proceed, when there are children in the house who may not be old enough to understand what is going on;</li> <li>• How to proceed when a child or minor opens the door to a bailiff.</li> </ul>               |
| Disability: Disabled people                            | <ul style="list-style-type: none"> <li>• Which goods may be protected from distress under local policies, for example mobility scooters.</li> </ul>   |
| Race: Emergent Community who may struggle with English | <ul style="list-style-type: none"> <li>• Making sure that a competent adult is present in the event of enforcement action.</li> </ul>   |

Table 18: Draft scenarios for collection and enforcement policy

Of the 16,654 accounts identified as previously receiving 100% Council Tax Benefit in 2012/13, 41 progressed to Enforcement Agency activity by 31<sup>st</sup> March 2014.

What is this demographic profile?

| Gender |    | Expectant mother  | Lone Parent |    | Disabled |   | Race      |    |
|--------|----|-------------------|-------------|----|----------|---|-----------|----|
| Female | 27 | No Data Available | Female      | 19 | Disabled | 3 | Asian     | 1  |
| Male   | 14 |                   | Male        | 0  |          |   | Black     | 3  |
|        |    |                   |             |    |          |   | White     | 19 |
|        |    |                   |             |    |          |   | Not Known | 18 |

Table 19: Demographic profile of former 100% benefit accounts with enforcement agency activity

### 6.5 Mitigation of indebtedness where enforcement is applied

Where recovery action was deemed necessary, the Council adjusted its policy based on the following known impacts:

- Analysis showed that almost 60% of households in Leicester are in band A and almost 20% are in band B. Therefore 80% of the charge payers sit within this lower band profile. This is also reflected within the Council Tax Reduction caseload profile where 93% of claimants lived in band A and band B properties.
- Consequently working age households receiving the maximum Council Tax Reduction would not see their Council Tax payments exceeding £250.00

Taking the above points into consideration, the Council set its liability order summons costs at two levels for all cases; at £40.00 for balances up to £250.00 and £67.50 for balances of £250.00 and above. The cost of administration to the Council for all debts is however the same. Both levels of costs were agreed with the Magistrates Court.

#### Attachment to Income Support, and similar

Where it has been necessary to take recovery action and obtain a liability order at the Magistrates Court, the first recovery option considered is the whether the Council Tax payer is receiving an attachable benefit. If so, an application is made to the DWP to make deductions from that benefit in order to clear the arrears. As at 31<sup>st</sup> March 2014:

- Of the 16,654 charge payers identified as previously receiving 100% Council Tax Benefit in 2012/13, 2,542 are being paid by deductions from their welfare benefit. There are a further 268 cases pending this attachment.
- Council records show that attachments to benefits overall had increased by 90%.

It should be noted, to recover the debt due for an average band B debt the attachment would need to be in place for a minimum of 75 weeks at a rate of £3.60 per week. Therefore this action should be undertaken promptly as this process although meeting the council recovery objective, impacts on the payer's available funds to clear future charges.

Compare this against the weekly payment regime of £4.44 should they pay their Council Tax weekly. They can save the additional cost of £40. Therefore by paying weekly, at an additional

84p per week they avoid the unnecessary upset of the recovery process of obtaining a liability order and subsequent delay in paying the debt over a protracted period.

**Write-off policy and relationship with “Hardship”**

The Council Tax Discount Discretionary Scheme aims to support local Council Tax payers experiencing financial hardship under section 76 of the Local Government Act 2003; this introduced a new power as Section 13A with the Local Government Finance Act 1992. This is awarded where it becomes apparent that the charge payer can demonstrate severe financial hardship, which cannot be fully covered by awarding Council Tax Reduction.

| 2013/14                         | Contribution (£) |
|---------------------------------|------------------|
| Leicester City                  | 265,791          |
| Leicestershire Police Authority | 37,650           |
| Leicestershire Fire Authority   | 11,559           |
| <b>Total:</b>                   | <b>315,000</b>   |

Table 20: Contributors to the discretionary fund

The discretionary fund remains available for the 2014/15 financial year. As at 31<sup>st</sup> March 2014, 1946 successful claims had been made against this fund with a total spend of £263,267.71. Where the details have been recorded, the successful claimants fall into the following groups:

| 2013/14 Council Tax Discretionary awards |            |      |        |     |           |      |                      |     |
|--|------------|------|--------|-----|-----------|------|----------------------|-----|
| Claims Paid                              | Disability |      | Gender |     | Ethnicity |      | Household Status     |     |
| 1,946                                    | Disabled   | 504  | Male   | 703 | Asian     | 245  | Single Pregnant      | 5   |
|  | Not        | 1103 | Female | 920 | Black     | 147  | Single under 25      | 41  |
| (Details gathered in 1,623 cases)        | Disabled   | 16   |        |     | Chinese   | 1    | Single 25-34         | 128 |
|  | Unknown    |      |        |     | Mixed     | 64   | Single over 35       | 792 |
|  |            |      |        |     | White     | 1011 | Pensioner            | 10  |
|  |            |      |        |     | Unknown   | 155  | Lone Parent          | 344 |
|  |            |      |        |     |           |      | Couple with Children | 144 |
|  |            |      |        |     |           |      | Couple               | 159 |

Table 21: Demographic breakdown of successful claims for discretionary payments (some data not collected)

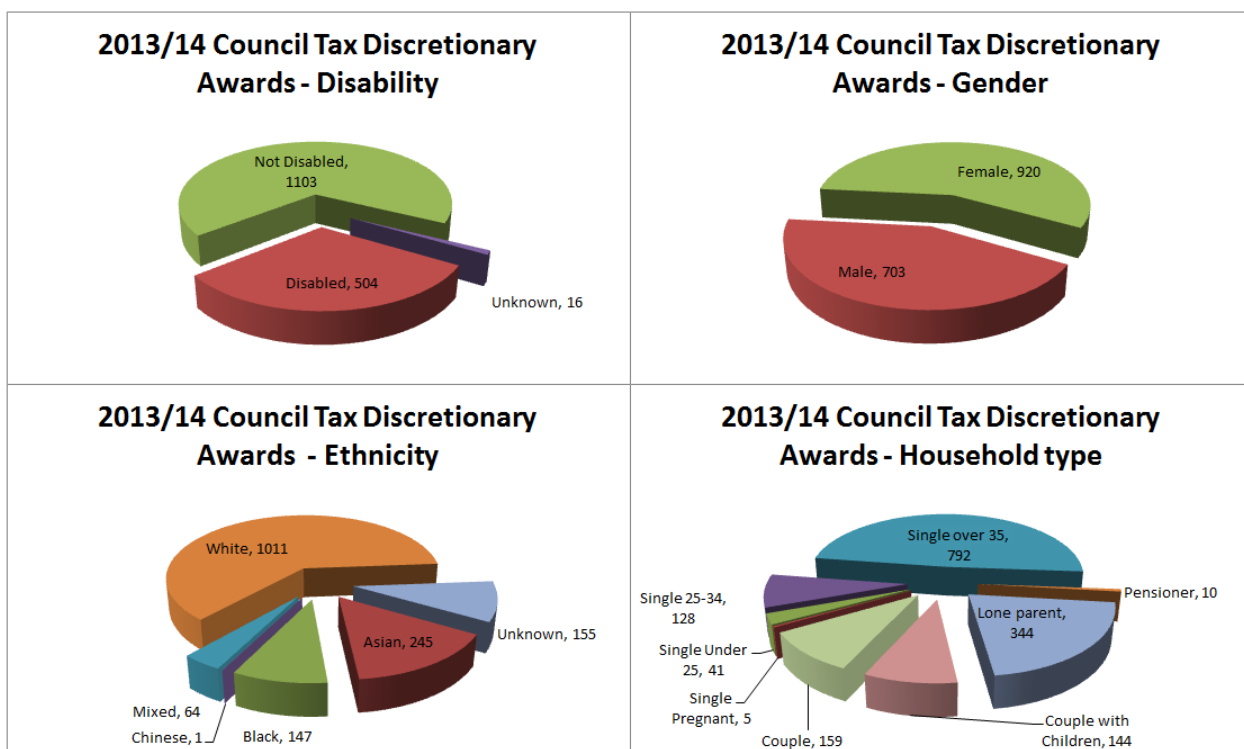


Figure 7: Demographic breakdown of successful claims for discretionary payments (some data not collected)

## 6.6 Analysis of Recovery Activity in 2013

Billing, collection and recovery of Council Tax is governed by the Administration and Enforcement Act 1992, statutory instrument 613 (1992) and associated regulations.

During the 2013/14 financial year, the collectable debt increased by £10.757m (12.28%) due to the reduced funding for Council Tax Reduction and other changes to empty property discounts and exemptions. There were over 16,000 more new payers who no longer received 100% Council Tax Benefit and who were required to pay at least 20%, and others whose entitlement was reduced to a lower rate.

The in-year collection rate was 94.81% for 2013/14, (95.97% in 2012/13). Although the in-year collection rate fell by 1.16%, the net collectable debit increased by £10.757m. This was due to the reduced funding from the introduction of the Council Tax Reduction scheme and the changes to empty property discounts and exemptions.

Overall the net cash collected increased by £9.185m (10.92%).

| Collection Rate Comparison |         |         |        |
|----------------------------|---------|---------|--------|
| Quarter                    | 2012/13 | 2013/14 | Change |
| 1                          | 27.53%  | 27.18%  | -0.35% |
| 2                          | 54.27%  | 53.41%  | -0.86% |
| 3                          | 81.42%  | 79.56%  | -1.86% |
| 4                          | 95.97%  | 94.81%  | -1.16% |

Table 22 – Collection rate Comparison



### Methods of payment: of those previously receiving 100% Council Tax Benefit

- 45% of payers at 31<sup>st</sup> March 2014 were paying by direct debit.
- 54% of payers are non-direct debit payers and pay their Council Tax by a variety of methods including by cash using PayPoint/Post Office or internet/telephone banking.
- The remaining 1% pay by standing order.

In summary:

- There was an overall increase of over 43% in documents sent (this is 9% if the previously 100% Council Tax Benefit cases are excluded)
- Attachment of Earnings - amount received has increased by 5%
- Attachment of Benefits - amount received has increased by 90% (and will rise even further over 2014/15 to in excess of £0.5M)

The following tables show a comparison of recovery activity during 2013/14 compared to 2012/13

| Previously 100% Council Tax Benefit cases | 2013/14    | 2012/13    |
|---|------------|------------|
| Document Type                             | No of Docs | No of Docs |
| 1 <sup>st</sup> Reminders                 | 12,165     | 0          |
| 2 <sup>nd</sup> Reminders                 | 4,586      | 0          |
| 3 <sup>rd</sup> Reminders                 | 2,166      | 0          |
| Non statutory Final Notice                | 4097       | 0          |
| Summons                                   | 7,086      | 0          |
| Restricted bailiff action                 | 41         | 0          |

Table 23: Comparison of recovery activity for former 100% benefit accounts

| All other Council Tax                         | 2013/14        | 2012/13       | % Inc/Dec      |
|---|----------------|---------------|----------------|
| Document Type                                 | No of Docs     | No of Docs    |                |
| Previous Year Final Notices                   | 7,483          | 6,233         | 20.05%         |
| Reminder 1                                    | 39,593         | 36,137        | 9.56%          |
| Reminder 2                                    | 11,289         | 12,034        | -6.19%         |
| Final Notice                                  | 5,376          | 5,505         | -2.34%         |
| All Summons (excl welfare recovery cases)     | 21,430         | 18,390        | 16.53%         |
| 14D bail warning letter sent by bailiffs      | 9,611          | 8,399         | 14.43%         |
| Bailiff Transfer (14D letter sent by Council) | 1,608          | 1,232         | 30.52%         |
| Small Balance Letters <£65.50                 | 211            | 380           | -44.47%        |
| Committal Summonses                           | 15             | 0             |                |
| <b>Totals of all recovery cases</b>           | <b>126,742</b> | <b>88,310</b> | <b>+43.52%</b> |
| (Non-CTR cases Totals)                        | 96,601         | 88,310        | 9.39%          |

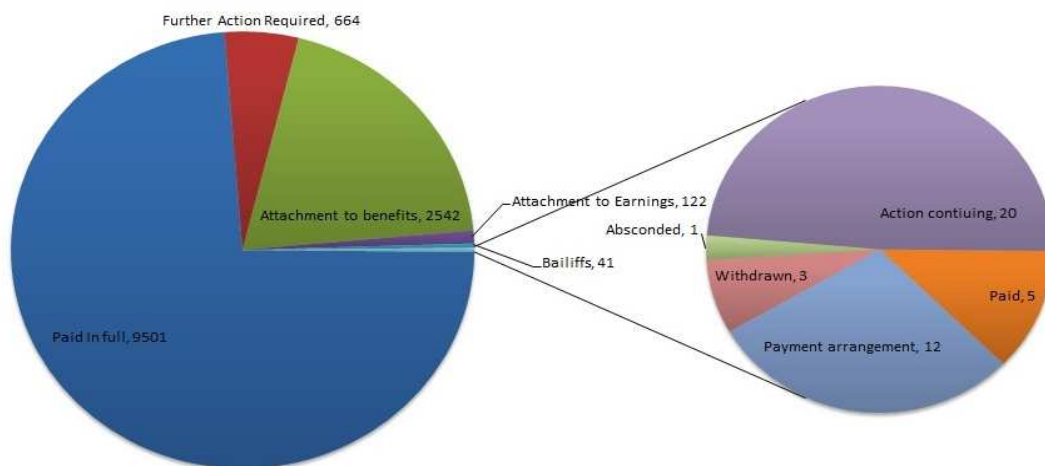
Table 24: Comparison of recovery activity for all Council Tax accounts

## Collection – Previously 100% Council Tax Benefit recovery cases

As at 31/3/14

- 9,501 of 16,654 cases have paid in full
- 2,542 cases paying by deductions from benefit (AIS) (268, cases pending AIS, i.e. waiting for one order to finish before starting deductions)
- 122 cases now paying by Attachment of Earnings
- 41 cases sent to Rossendales for restricted bailiff action – of these
  - 5 paid in full
  - 12 cases are in arrangement
  - 3 have been withdrawn as the payers have been identified as vulnerable
  - 1 payer has absconded
- The remaining 20 cases have been issued with further reminders.664 have not paid anything. These have had some recovery action but further analysis is required.

**Collection - Previously 100% Council Tax Benefit Cases  
(as at 31/3/14)**



**Figure 8: Collection – previously 100% benefit cases as at 31/3/14**

In order to provide further assistance to these 16,654 payers previously receiving 100% Council Tax Benefit, additional non-statutory reminders were issued before taking formal recovery action. These included a prompt before the first instalment was due, a third non statutory reminder (whereas normally only a maximum of two reminders would be issued) and a non-statutory final notice before a summons. At least two additional documents are being issued as well as the statutory documents in order to encourage payment and /or engagement with the Council. In addition to this, options to pay through other means were offered. The detail is reflected in the figure below.

As a consequence:

- 9,414 are still on a separate pay group and will receive additional reminders if required;
- 2,185 payers are on direct debit method of payment;
- 3,847 have engaged and requested other payment dates therefore they have moved out of the restricted recovery group.

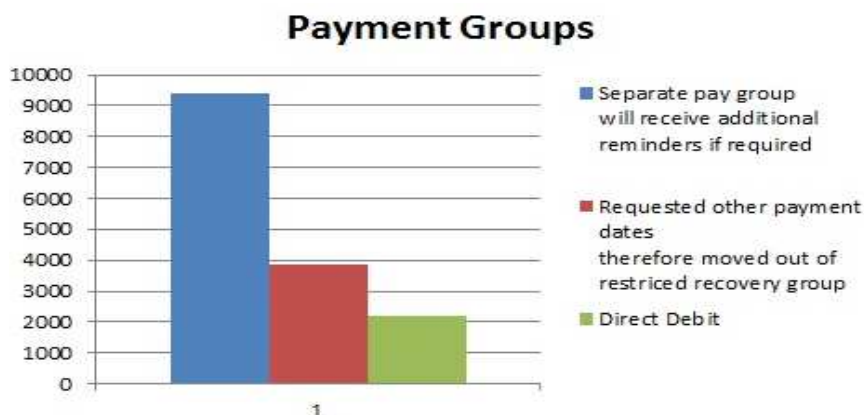


Figure 9: Payment groups – previously 100% benefit cases as at 31/3/14

### Comparison with similar Authorities

Leicester’s collection performance compares well with similar-sized authorities operating broadly similar Council Tax Reduction schemes:

| Authority          | Main Scheme details (2013) <sup>15</sup> |                   |               |            |                 |                  | Collection Rate <sup>16</sup> |
|--------------------|--|-------------------|---------------|------------|-----------------|------------------|-------------------------------|
|                    | Band Restriction                         | Maximum Reduction | Capital Limit | Taper      | Minimum Payment | 2nd Adult Rebate |                               |
| Barnsley           |  | 85%               | £16,000       | 20%        | £0.00           | No               | 95.5                          |
| Bradford           |  | 75%               | £16,000       | 20%        | £0.00           |                  | 94.3                          |
| Derby              | B  | 80%               | £6,000        | 20%        | £4.00           |                  | 93.3                          |
| Doncaster          |  | 100%              | £16,000       | 25%        | £3.00           | No               | 93.8                          |
| Gateshead          |  | 91.5%             | £16,000       | 20%        | £1.00           |                  | 96.2                          |
| Kingston upon Hull |  | 91.5%             | £16,000       | 20%        | £0.00           | No               | 94.2                          |
| <b>Leicester</b>   | <b>B</b>                                 | <b>80%</b>        | <b>£6,000</b> | <b>20%</b> | <b>£3.60</b>    | <b>No</b>        | <b>94.8</b>                   |
| Nottingham         |  | 92.5%             | £16,000       | 20%        | £0.00           | No               | 93.2                          |
| Rotherham          |  | 91.5%             | £16,000       | 20%        | £0.00           | No               | 97.1                          |
| Sunderland         |  | 91.5%             | £16,000       | 20%        | £0.00           | No               | 96.5                          |
| Wirral             |  | 78%               | £6,000        | 20%        | £0.00           | No               | 95.4                          |
| Wolverhampton      |  | 88%               | £16,000       | 20%        | £0.00           |                  | 95.6                          |
| LB Tower Hamlets   |  | 100%              | £16,000       | 20%        | £0.00           | Yes              | 95.4                          |
| Birmingham         |  | 80%               | £16,000       | 20%        | £0.00           |                  | 95.3                          |
| LB Newham          |  | 80%               | £16,000       | 20%        | £0.00           | No               | 93.2                          |
| LB Enfield         |  | 80.5%             | £16,000       | 20%        | £0.00           | No               | 94.86                         |

Table 25 – Reduction scheme and collection performance comparison

<sup>15</sup> Source: Mainly from individual authority’s website

<sup>16</sup> Source [www.gov.uk/government/statistics/collection-rate-for-council-tax-and-non-domestic-rates-in-england-2013-to-2014](http://www.gov.uk/government/statistics/collection-rate-for-council-tax-and-non-domestic-rates-in-england-2013-to-2014) Table 5

## 6.7 Conclusion – Recovery one year on

Overall the recovery pattern followed the projections made. Actual collection performance showed that the strategy to offer additional non-statutory support coupled with the talk to us campaign, targeted at the group of payers, some of whom had not paid Council Tax for a number of years, was successful in raising awareness and providing the necessary support.

For those who did not pay or paid late and recovery action commenced, their indebtedness was kept to a minimum by the reduced level of summons costs negotiated with the Magistrates Court.

Council Tax is a statutory tax and consequently unless there is eligibility for a status discount or exemption (e.g. carer discount or severely mental impairment exemption), a charge of at least 20% is payable by a person of working age. However, for those who are in the most severe financial difficulty or with exceptional circumstances related to their vulnerability, the Council made available additional discretionary support.

An awareness of vulnerability issues was also raised amongst collection staff. Staff were reminded to offer Council Tax payers facing difficulty making their Council Tax payments discretionary assistance. Vulnerability training is carried out periodically to ensure this is embedded within the context of collecting monies from potentially the most vulnerable members of the community.

From April 2014, the decision was made to continue with the “supported” recovery process. The Council Tax Discretionary Relief fund also remains available and this will continue to be targeted to support the most financially vulnerable.

## 7 Equality Impact Main Conclusions

The changes to welfare benefits which began from April 2013 are very significant. While the introduction of the Council Tax Reduction was amongst the first of those changes to become live from April 2013, it will not be the last.

Considered together, the cumulative impact of the changes are likely to impact many of the same households. The changes will be particularly keenly felt in those parts of the UK in which there are both increased levels of deprivation or household reliance upon welfare payments, and those parts of the UK in which it will be most difficult to create and sustain local jobs. Both arguments may be made in respect of Leicester.

The Council nonetheless were required to implement a local scheme of Council Tax Reduction, or under Government rules, the default scheme would have applied.

The Council's assessment has been able to reach some conclusions about the impact upon most of the claims caseload with protected characteristics. It has been possible to reach conclusions in relation to the protected characteristics of Age, Disability, Gender, and Race. There is an incidence of households with these protected characteristics within the claims population, because of the barriers to work which are faced. The Council does not conclude that the remaining protected characteristics are unaffected by these changes, rather that there is insufficient data to reach conclusions.

The Government's policy to "Localise" decision making in local welfare relief on Council Tax is proposed at the same time as a cut in funding. As a direct consequence of the Government's decision to protect Pensioners from the impact of change, the cost of the change is borne entirely by the working age part of the claim population;

People facing the greatest barriers to work are represented in higher numbers in the claims population. That includes people with disabilities; women; people with responsibility for young children predominantly lone parents; and people who may struggle with English;

It may therefore be argued that the implication of the scheme may be borne disproportionately by these groups, simply as a product of their higher representation within the claims population;

Following the introduction of Council Tax Reduction Scheme awards in Leicester City have seen a reduction in spend compared to 12/13 Council Tax Benefit awards of £11.4m (30.9%).

As a result of the introduction of the localised Council Tax Reduction Scheme, the collectable debt during the 2013/14 financial year increased by over £10m. The awareness campaign run by the Council has succeeded in "educating" the majority of working age Council Tax payers previously receiving 100% Council Tax Benefit, in that the charge due within the financial year was paid. A large proportion also engaged with the Council and opted to pay the charge by a preferred method of payment such as direct debit.

Although over 1,900 of the most vulnerable members of the community were given assistance via the Council Tax Discretionary Relief fund, it is likely that others who are struggling to pay their Council Tax payers are also eligible to apply. Further work is therefore required by the Council to proactively identify and offer assistance where it is required. This work has begun and will continue to be monitored.

## Appendix 1: Data Sources & Bibliography

- *“Reforming Council Tax Benefit”*, Institute of Fiscal Studies, 2012
- [www.ifs.org.uk](http://www.ifs.org.uk)
- *“Unravelling Equality? A Human Rights and Equality Impact Analysis of the Public Spending Cuts on Women in Coventry”*, Warwick University and Coventry Women’s Voices, 2011,
- <http://www2.warwick.ac.uk/fac/soc/law/chrp/projectss/humanrightsimpactassessments/cwv/report/>
- *Department for Communities and Local Government*
- <https://www.gov.uk/government/organisations/department-for-communities-and-local-government>
- *The National Archives, for UK legislation*
- [www.legislation.gov.uk](http://www.legislation.gov.uk)
- *Report to Scrutiny Commission dated 6<sup>th</sup> February 2014 (Impact of Welfare Reform)*

## Appendix 2: Detailed analysis of potential vulnerable groups

The following table provides the additional detailed information, and which underpins the summary table included at section 3.4 above.

The data contained within appendices 2 and 3 is accurate where available as of May 2014.

| Ref No | Client group  | No Clmts | Current Benefit award | Top three wards                 | No Clmts                        | Benefit Award |         |
|--------|---|----------|-----------------------|---------------------------------|---------------------------------|---------------|---------|
| 1.     | a) Middle Care Component of Disability Living Allowance | 1431     | £1,038,258            | New Parks                       | 120                             | £95,793       |         |
|        | Braunstone Park & Rowley Fields                         |          |                       | 111                             | £84,558                         |               |         |
|        |   |          |                       | Spinney Hills                   | 139                             | £95,793       |         |
|        | b) High Care Component of Disability Living Allowance   | 1100     | £813,851              | Spinney Hills                   | 110                             | £88,372       |         |
|        |   |          |                       | Braunstone Park & Rowley Fields | 97                              | £72,741       |         |
|        |   |          |                       | Humberstone and Hamilton        | 75                              | £59,940       |         |
| 2      | Support Component of ESA                                | 729      | £495,099              | New Parks                       | 64                              | £42,256       |         |
|        |   |          |                       | Braunstone Park & Rowley Fields | 62                              | £39,468       |         |
|        |   |          |                       | Beaumont Leys                   | 52                              | £34,975       |         |
| 3      | a) IS Couple, dependents                                | 422      | £351,070              | New Parks                       | 58                              | £46,581       |         |
|        | Spinney Hills   |          |                       | 48                              | £36,874                         |               |         |
|        | Braunstone Park & Rowley Fields                         |          |                       | 39                              | £32,267                         |               |         |
|        | b) IS Lone parent, dependent children under 5           | 1913     | £1,058,714            | New Parks                       | 240                             | £132,869      |         |
|        |   |          |                       | Beaumont Leys                   | 180                             | £99,626       |         |
|        |   |          |                       | Braunstone Park & Rowley Fields | 165                             | £94,067       |         |
|        | c) Non IS, Parent with children under 5                 | 5,269    | £2,871,971            | Spinney Hills                   | 555                             | £312,271      |         |
|        |   |          |                       | New Parks                       | 476                             | £264,811      |         |
|        |   |          |                       | Beaumont Leys                   | 409                             | £219,798      |         |
| 4      | War Widows Income                                       | 8        | £5,989                | Braunstone Park & Rowley Fields | 2                               | £1,613        |         |
|        |   |          |                       | Beaumont Leys                   | 2                               | £1,464        |         |
|        |   |          |                       | New Parks                       | 1                               | £605          |         |
| 5      | a) Carers   | 301      | £203,825              | Spinney Hills                   | 38                              | £25,235       |         |
|        |   |          |                       |                                 | Braunstone Park & Rowley Fields | 29            | £20,087 |
|        |   |          |                       |                                 | Humberstone & Hamilton          | 23            | £17,452 |
|        | b) Foster carers, currently with children placed        | 50       | £31,421               | Braunstone Park & Rowley Fields | 9                               | £5,826        |         |
|        |   |          |                       | New Parks                       | 6                               | £4,029        |         |
|        |   |          |                       | Eyres Monsell                   | 5                               | £2,774        |         |
| 6      | a) Disability Living Allowance, low care                | 1557     | £1,118,706            | New Parks                       | 147                             | £103,611      |         |
|        |   |          |                       |                                 | Braunstone Park & Rowley Fields | 135           | £94,427 |
|        |   |          |                       |                                 | Spinney Hills                   | 115           | £86,731 |
|        | b) Transitioning Incapacity Benefit to ESA              | 47       | £29,345               | Braunstone Park & Rowley Fields | 11                              | £6,047        |         |
|        |   |          |                       | Castle                          | 7                               | £5,284        |         |
|        |   |          |                       | Abbey                           | 6                               | £4,269        |         |
|        | c) Benefit cap  | 432      | £114,260              | Spinney Hills                   | 64                              | £13,844       |         |
|        |   |          |                       | Stoneygate                      | 40                              | £9,386        |         |
|        |   |          |                       | Beaumont Leys                   | 25                              | £8,381        |         |

Table 26: Detailed analysis of potential vulnerable group

## 2011 Census: Main Language

|  | Persons aged 3+ |            |            |            |               |            |
|--|-----------------|------------|------------|------------|---------------|------------|
|  | Leicester       | Per cent   | Nottingham | Derby      | East Midlands | England    |
| Main Language is English               | 228,295         | 72.5       | 87.4       | 90.5       | 93.8          | 92.0       |
| Other UK Language                      | 60              | 0.0        | 0.0        | 0.0        | 0.0           | 0.0        |
| French                                 | 849             | 0.3        | 0.3        | 0.1        | 0.1           | 0.3        |
| Portuguese                             | 1,750           | 0.6        | 0.3        | 0.1        | 0.1           | 0.3        |
| Spanish                                | 349             | 0.1        | 0.2        | 0.1        | 0.1           | 0.2        |
| Other European Language (EU)           | 10,189          | 3.2        | 3.6        | 2.9        | 2.0           | 2.3        |
| Other European Language (Non-EU)       | 519             | 0.2        | 0.1        | 0.2        | 0.1           | 0.1        |
| Other European Language (Non-National) | 1               | 0.0        | 0.0        | 0.0        | 0.0           | 0.0        |
| Russian                                | 380             | 0.1        | 0.1        | 0.2        | 0.1           | 0.1        |
| Turkish                                | 584             | 0.2        | 0.2        | 0.0        | 0.1           | 0.2        |
| Arabic                                 | 2,516           | 0.8        | 0.8        | 0.3        | 0.2           | 0.3        |
| West/Central Asian Language            | 3,158           | 1.0        | 0.7        | 0.6        | 0.2           | 0.4        |
| South Asian Language                   | 55,758          | 17.7       | 3.4        | 4.0        | 2.3           | 2.5        |
| East Asian Language                    | 4,275           | 1.4        | 2.1        | 0.5        | 0.5           | 0.7        |
| African Language                       | 5,760           | 1.8        | 0.8        | 0.3        | 0.3           | 0.5        |
| Other Language                         | 405             | 0.1        | 0.0        | 0.0        | 0.0           | 0.0        |
| Sign Language                          | 163             | 0.1        | 0.0        | 0.1        | 0.0           | 0.0        |
| <b>Total</b>                           | <b>315,011</b>  | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b>    | <b>100</b> |

Table 27: Main languages in Leicester

## 2011 Census: Proficiency in English

|   | All usual residents |            |            |            |               |            |
|---|---------------------|------------|------------|------------|---------------|------------|
|   | Leicester           | Per cent   | Nottingham | Derby      | East Midlands | England    |
| Main Language is English                                  | 228,295             | 72.5       | 87.4       | 90.5       | 93.8          | 92.0       |
| Main Language is not English; Can Speak English Very Well | 30,259              | 9.6        | 4.5        | 2.9        | 2.2           | 3.3        |
| Main Language is not English; Can Speak English Well      | 32,934              | 10.5       | 5.3        | 3.7        | 2.4           | 3.0        |
| Main Language is not English; Cannot Speak English Well   | 18,818              | 6.0        | 2.4        | 2.4        | 1.3           | 1.4        |
| Main Language is not English; Cannot Speak English        | 4,705               | 1.5        | 0.4        | 0.5        | 0.3           | 0.3        |
| <b>Total</b>  | <b>315,011</b>      | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b>    | <b>100</b> |

Table 28: Proficiency in English in Leicester



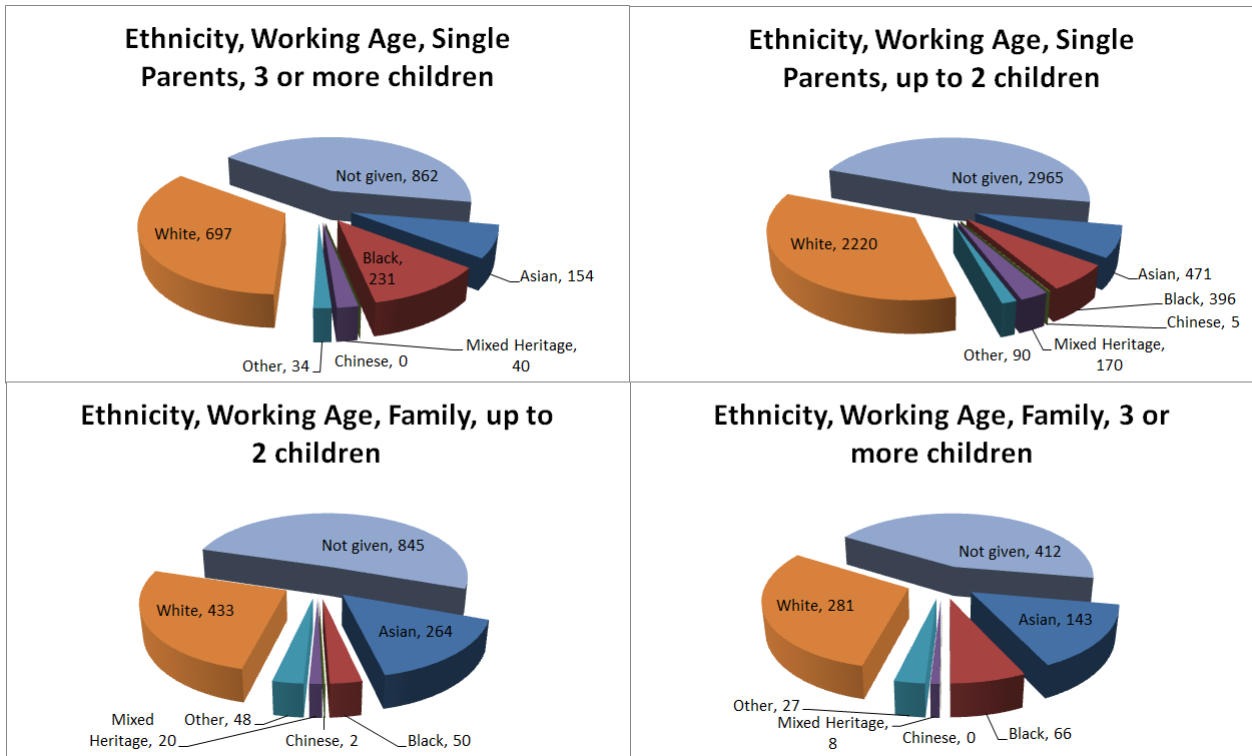


Figure 10: Ethnicity and family size – All Council Tax reduction scheme cases

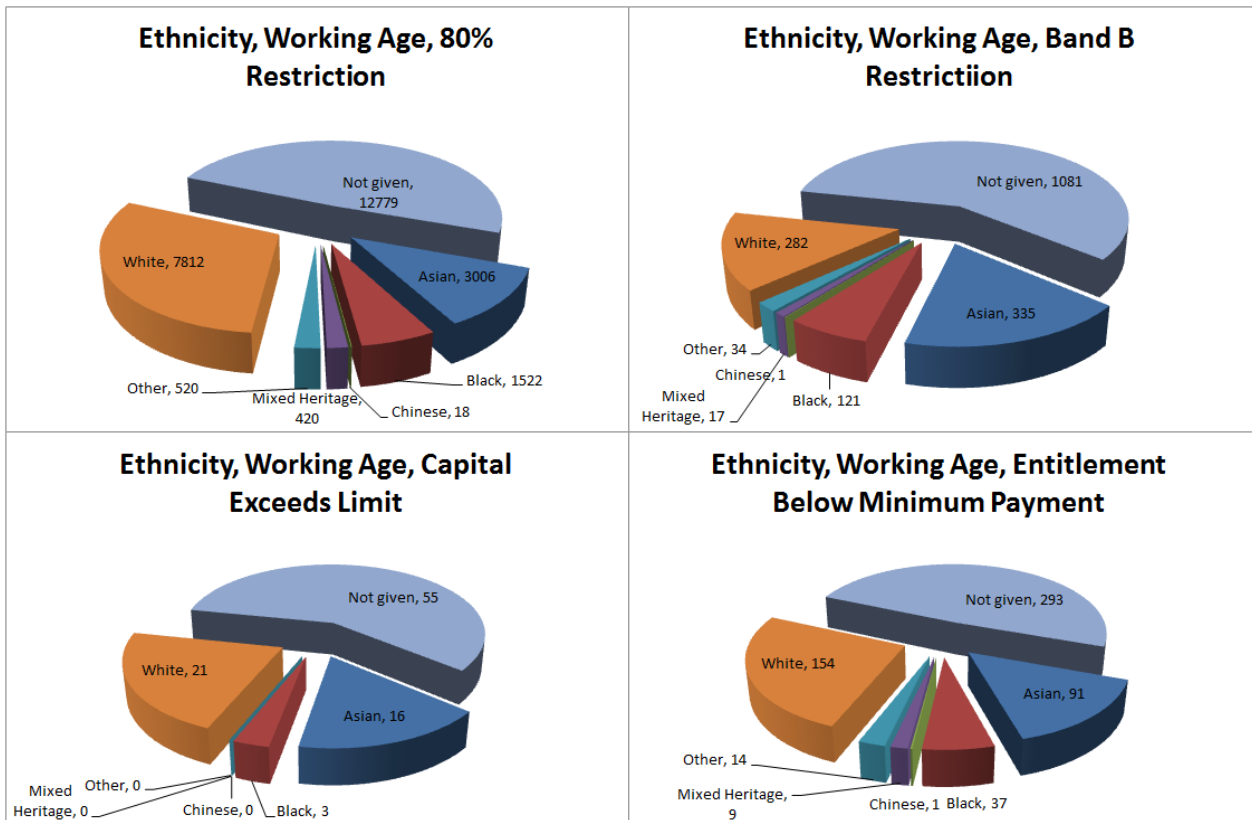


Figure 11: Ethnicity and application of Council Tax reduction scheme restrictions

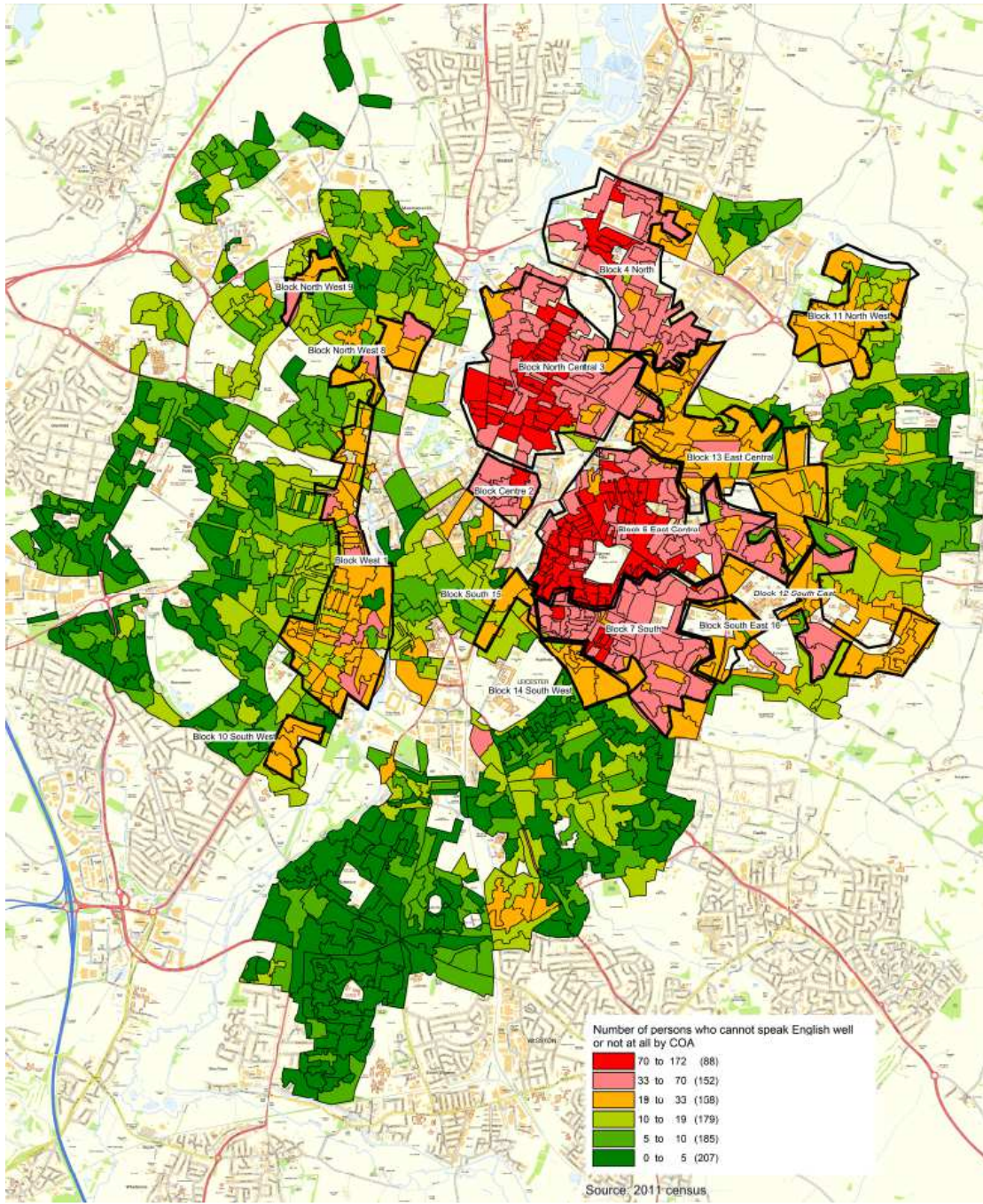


Figure 12 Distribution of proficiency in English across Leicester

In

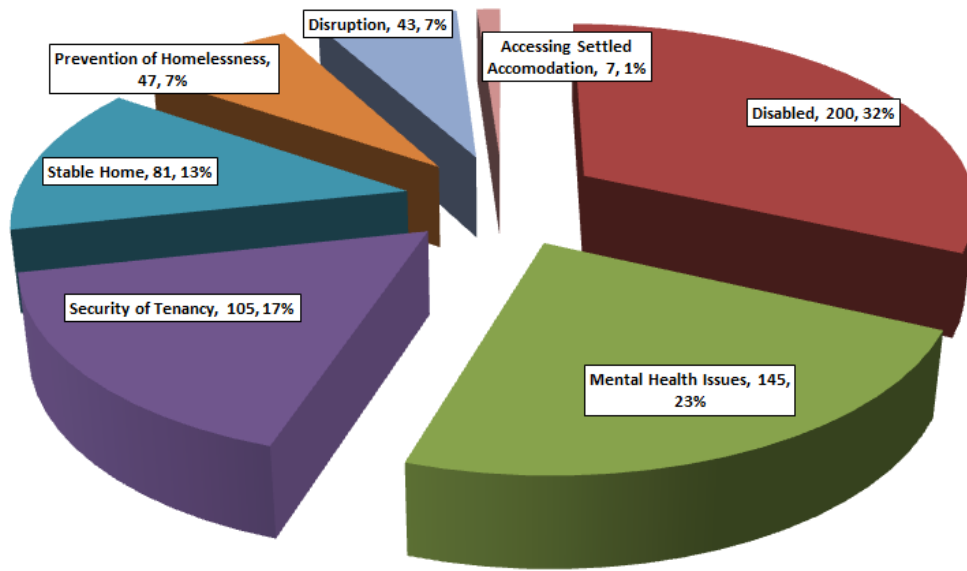


Figure 13 Number of CTDR awards based on customers most at risk

| Ward                            | Cases | Amount Awarded |
|---------------------------------|-------|----------------|
| BEAUMONT LEYS                   | 230   | £30,830.92     |
| NEW PARKS                       | 214   | £26,372.63     |
| ABBEY                           | 147   | £20,699.57     |
| SPINNEY HILLS                   | 147   | £20,290.83     |
| BRAUNSTONE PARK & ROWLEY FIELDS | 162   | £19,912.12     |
| EYRES MONSELL                   | 94    | £14,256.95     |
| HUMBERSTONE & HAMILTON          | 85    | £12,792.28     |
| STONEYGATE                      | 67    | £12,493.78     |
| FREEMEN                         | 98    | £12,325.12     |
| CASTLE                          | 93    | £11,537.80     |
| CHARNWOOD                       | 91    | £11,498.99     |
| AYLESTONE                       | 60    | £8,669.23      |
| FOSSE                           | 50    | £8,113.12      |
| BELGRAVE                        | 51    | £8,005.64      |
| COLEMAN                         | 88    | £7,878.65      |
| LATIMER                         | 54    | £7,431.11      |
| EVINGTON                        | 38    | £6,628.36      |
| THURNCOURT                      | 46    | £5,734.30      |
| WESTCOTES                       | 46    | £5,144.29      |
| RUSHEY MEAD                     | 34    | £5,103.61      |
| KNIGHTON                        | 21    | £3,327.19      |
| WESTERN PARK                    | 29    | £3,279.68      |

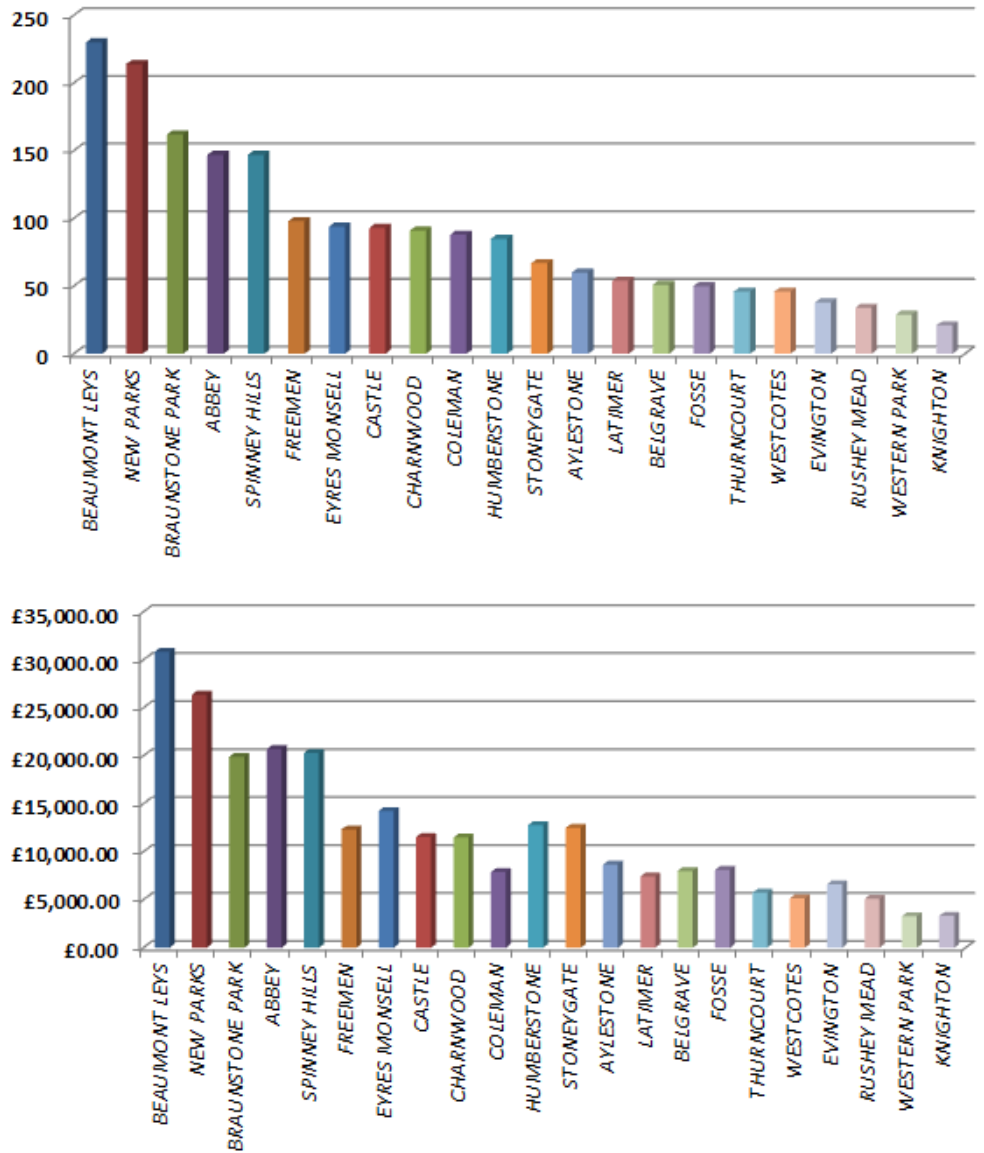


Figure 14 Number of CTDR awards by electoral ward – Number of cases and amount awarded

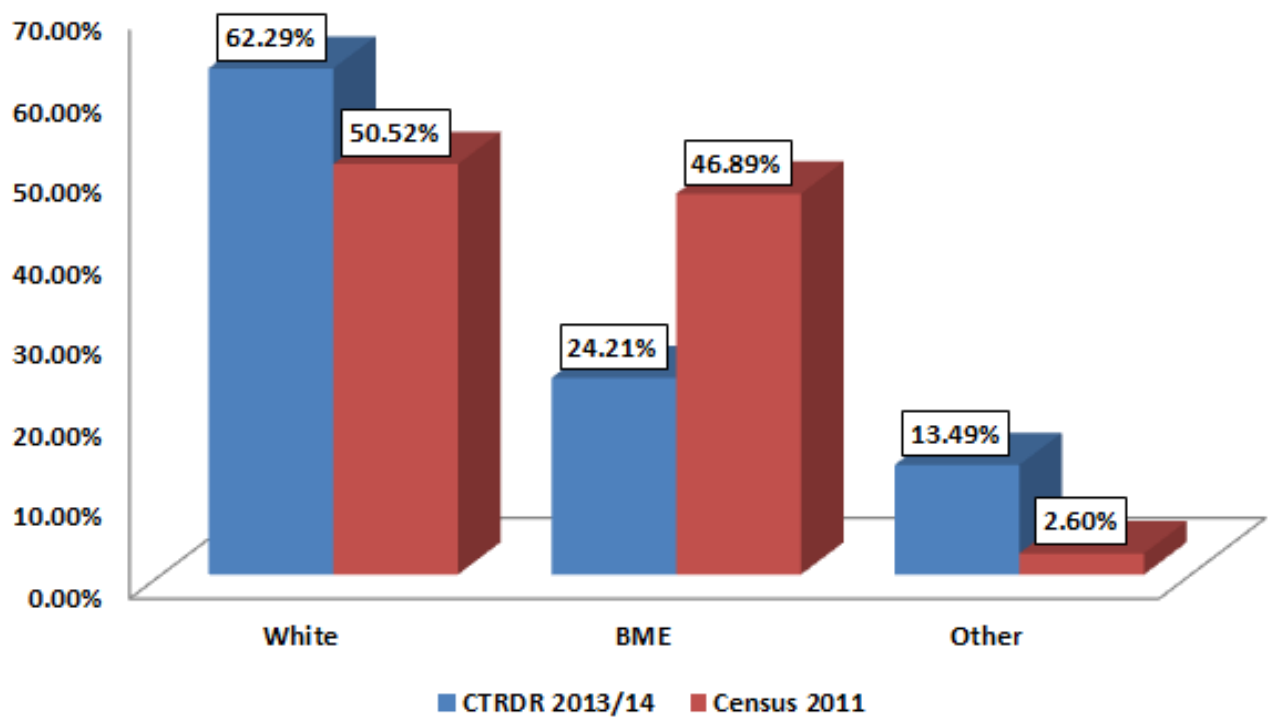


Figure 15 Percentage of CTDR awards by ethnicity versus Census 2011 data

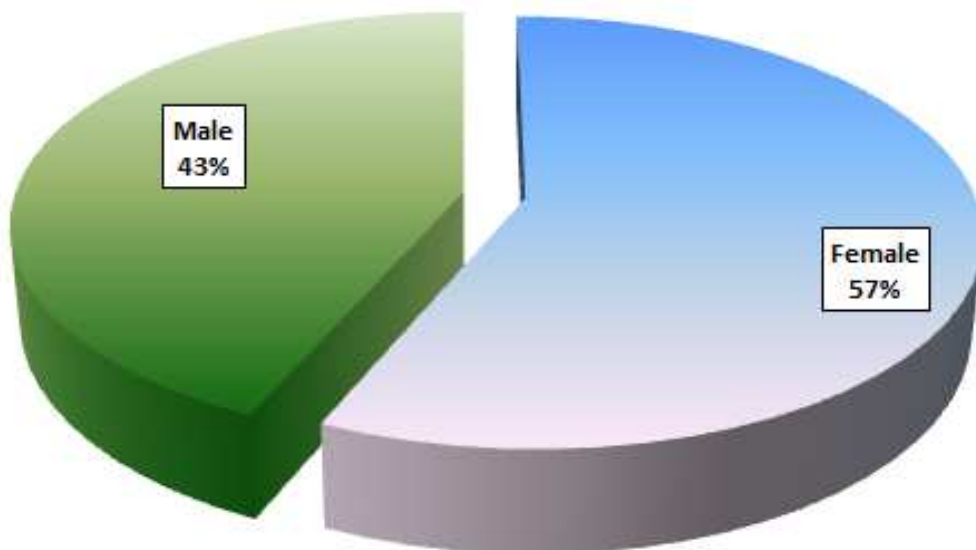


Figure 16 Number of CTDR awards by gender

## Appendix 3: Detailed description of potential vulnerable groups

Within this section, a more detailed description of the potential vulnerable groups is provided.

**Table 18**

| Ref No | Benefit Test? | Group   | What for   | Rationale   |
|--------|---------------|---|--|---|
| 1      | Yes           | Disability Living Allowance at higher and middle rate | A benefit paid by the DWP to support living costs of a disabled person   | Equality Act, disability                            |
| 2      | Yes           | Support component of Employment Support Allowance     | A benefit paid by the DWP for people of working age with limited capability for work   | Equality Act, disability                            |
| 3      | Yes           | IS claimant with children under 5                     | A benefit paid by the DWP, and in this case for which there are dependent children under the age of five years.                      | DCLG advice, duty to mitigate against child poverty |
| 4      | Yes           | War Widows income                                     | Income paid for qualifying war widows  | DCLG advice, duty to support Armed Forces Covenant  |
| 5 a)   | No            | Carers  | Carers for disabled people living in the community   | Equality Act, disability                            |
| 5 b)   | No            | Foster carers   | Adults providing foster care facilities in the community   | Locally determined as potentially appropriate       |
| 6      | Yes           | Transitioning benefit cases                           | Identified cases in which claimants are transitioning from current allowances to new schemes of relief under national welfare reform | Locally determined as potentially qualifying        |

**Table 29: Detailed description of potential vulnerable groups**

# Appendix 4: Management of Impacts 2013-2014

## 1. Review of 2013 Impact Assessment Action Plan

Within the following table, the Council suggested some of the management actions to be considered on a quarter by quarter basis from April 2013.

| 2013, Quarter | Actions   | Assessment  |
|---------------|---|---|
| Quarter 1     | <ul style="list-style-type: none"> <li>• Determine initial reactions from new taxpayers to issue of bills and reminders;</li> <li>• Amendments, as necessary to proposed enforcement actions;</li> <li>• Determine lessons learnt from first completed recovery cycle at end of quarter 1.</li> </ul> | <ul style="list-style-type: none"> <li>• Prompt letter issued prior to first instalment due;</li> <li>• Mitigation put in place, see section 6 for details.</li> <li>• Reminders issued, further recovery delayed until Quarter 2.</li> </ul>         |
| Quarter 2     | <ul style="list-style-type: none"> <li>• Revisions to collection and enforcement policies as appropriate;</li> <li>• Review initial draw-down on hardship funds and similar-profile use throughout year;</li> <li>• Profile initial collection performance and review</li> </ul>                      | <ul style="list-style-type: none"> <li>• Ongoing review – collection policy. Negotiated limited enforcement procedures with relevant agencies.</li> <li>• Refer to section 6 on Hardship fund.</li> <li>• &lt;insert performance stats&gt;</li> </ul> |
| Quarter 3     | <ul style="list-style-type: none"> <li>• Determine funding implications from first year of operation</li> <li>• Feed into financial planning cycle for 2014/15</li> </ul>   | <ul style="list-style-type: none"> <li>• Ongoing review.</li> </ul>   |
| Quarter 4     | <ul style="list-style-type: none"> <li>• Finalise arrangements for CTR from 2014</li> </ul>   | <ul style="list-style-type: none"> <li>• Scheme retained without further substantive modification.</li> </ul>   |

Table 30 – Impact Assessment Action Plan 2013

## 2. 2014 Impact Assessment Action Plan

The Council recommends the following management actions to be kept under quarterly review through to March 2015:

| 2014 Objective   | Actions   |
|--|---|
| Continue to maintain, monitor and improve data monitoring & analytical framework | To continue to gather and monitor equalities data on applicants, adjusting policy and promotion to enable fair and justified distribution of protection.                        |
| Promotion and partnership working  | To continue and increase engagement with relevant stakeholder agencies through a variety of mediums, including literature and relevant corporate events.                        |
| Recovery, collection and performance   | To continue to review performance and amend as necessary dependant on circumstances. Develop partnership arrangements to understand impact of recovery upon total indebtedness. |
| Long term sustainability   | To develop, monitor and update ongoing strategies and range plans in line with findings.  |

## Signing of EIA

**Corporate Equalities Lead:** Irene Kszyk

**Date** 11/12/2014

**Head of Revenues & Benefits Service:** Caroline Jackson

**Date** 11/12/2014

**Contributions by:** Matthew Mee, James Rattenberry Gita Mistry

**Date:** 11/12/2014