



Leicester
City Council

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

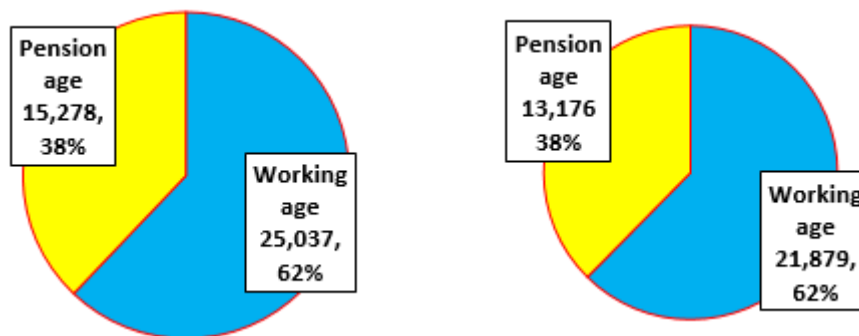
1. Overview

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

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

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

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



2013/14 caseload*

2016/17 caseload*

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

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

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

2. Current arrangements in Leicester

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

3. Consultation on 2017/18 CTRS Options

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

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

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

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

4. Summary of the Council's Current Scheme

The Council's scheme contains the following elements:

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

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

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

The only changes made subsequently have been:

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

5. Who is affected by the proposal and how?

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

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

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

In terms of the effect on individual claimants:

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

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

6. Risks on household incomes over the coming year

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

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

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

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

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

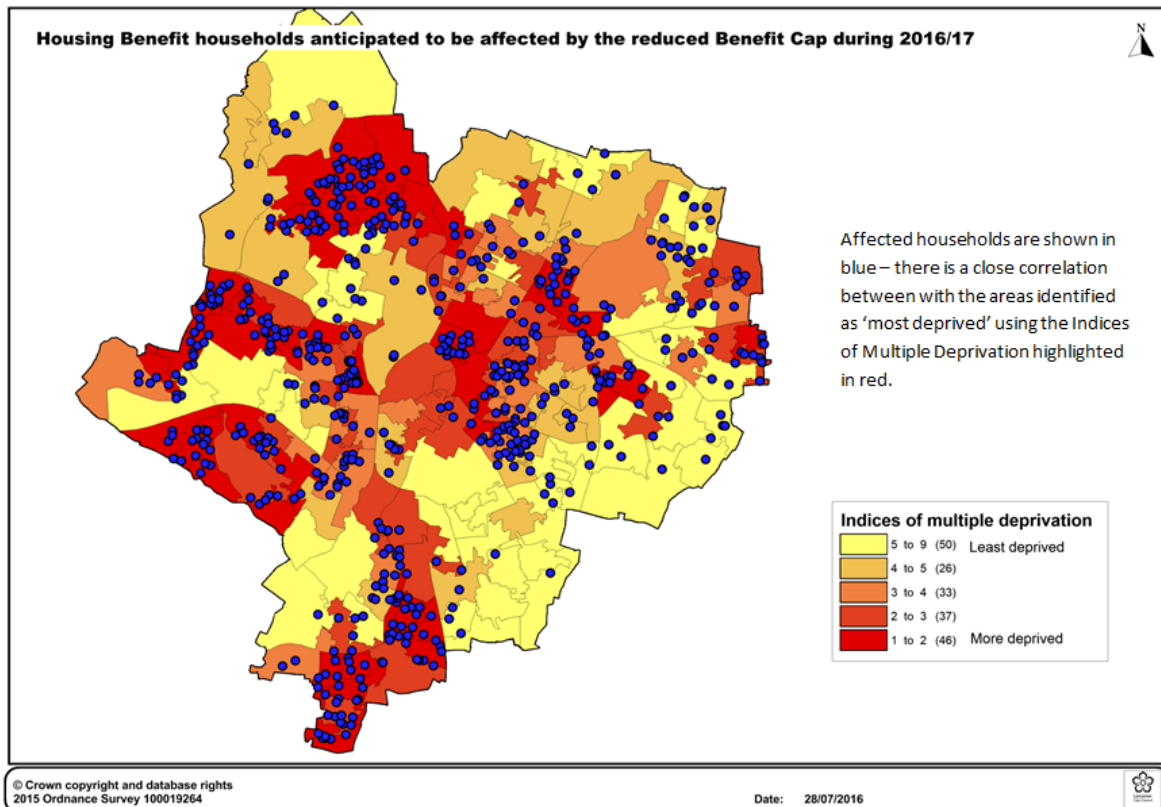
Source: Centre for Regional Economic and Social Research/Sheffield Hallam University report: "The uneven impact of welfare reform – the financial losses to places and people" (March 2016).

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

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

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

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



7. Risks offset by current trends

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

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

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

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

8. Overall impacts

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

9. Mitigating actions

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

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

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

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

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

10. What protected characteristics are affected?

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

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

<p>Disability</p>	<p>Maximum award recipients (those currently receiving 80% awards) are more likely to be receiving Employment Support Allowance (disabled or too sick to work) or have another indicator of household disability – 51% as opposed to 48% of the overall caseload.</p> <p>The proportion of those with disabilities who would lose their award altogether is far lower than the average caseload, however – only 18% of those affected under Option 2, or 19% of those affected under Option 3.</p>	<p>Maximum award recipient who are receiving ESA are also significantly less likely to be in employment or self-employment.</p> <p>The cumulative impact of additional CTRS costs to be met by an individual household alongside any other financial limitations they may be experiencing could result in increased financial hardship for the household.</p>	<p>We have carefully considered the impact of the governments cuts and have make provision in our CTDR scheme to provide elements of protection for certain groups of people. The council recognises the barriers disabled people face and seeks to assist them by disregarding Disability Living Allowance, Attendance Allowance, Personal Independence Allowance and all armed forces compensation income from the Veterans and Members of the Armed Forces.</p> <p>We will continue to apply all disabled premiums within the calculation of the Applicable Amount.</p> <p>Applications for an additional exceptional hardship payment will be considered in line with our responsibilities under section 13a (1)(c) of the Local Government Finance Act 1992 for those severely disabled people who cannot afford to pay the proposed 20, 25 or 30% element of their council tax charge before council tax reduction is calculated.</p> <p>We consider a claimant is also</p>
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Gender Reassignment	No disproportionate impact identified from existing data/national trends.		
Marriage and Civil Partnership	No disproportionate impact identified from existing data/national trends.		

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

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

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

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

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