

Directorate: Citizens and Communities	Service area: Welfare and Benefits
Lead person: Jane McManus	Contact number: 0113 378 8536
Date of the equality, diversity, cohesion and integration impact assessment: 5 December 2016	

1. Title: Local Council Tax Support Scheme

Is this a:

Strategy /Policy
 Service / Function
 Other

If other, please specify

2. Members of the assessment team

Name	Organisation	Role on assessment team e.g. service user, manager of service, specialist
Jane McManus	Citizens and Communities	Project Manager
Steve Carey	Citizens and Communities	Chief Officer (Welfare and Benefits)

3. Summary of strategy, policy, service or function that was assessed:

Background

The Local Government Finance Act 2012 required that Local Authorities put in place local schemes of Council Tax Support from 1 April 2013 to replace the national Council Tax Benefit scheme which ended on 31 March 2013.

A fixed level of Government funding of £49.201m was provided to Leeds for the local Council Tax Support scheme in 2013/4. The funding for Council Tax Support schemes in subsequent years has not increased and is now included within the Council's financial settlement grant. The funding is around £5million a year less than the funding provided in respect of the Council Tax Benefit scheme which was funded at a level of 100% of expenditure on the scheme.

The Act also states that Local Authorities must adopt a national prescribed Council Tax Support scheme for pensioners. Under the national prescribed scheme regulations, pensioners must receive the same amount in Council Tax Support that they would have received under Council Tax Benefit rules. This means that the burden of funding reductions falls disproportionately upon those of Working Age.

Local Authorities can choose to:

- Limit their expenditure on the scheme to the level of funding received from government.
- Make up the shortfall and deliver the same level of Council Tax Support that was provided under Council Tax Benefit.
- Partially fund the shortfall and limit the extent to which support will be reduced for those claiming support.

Leeds has adopted a local scheme that is largely based upon the national Council Tax Benefit Scheme.

There are no reductions in support for war pensioners and widows, those who are entitled to a severe or enhanced disability premium within their Council Tax Support assessment, carers and lone parents of children under the age of 5. Like pensioners, these groups continue to receive the same level of support as they did Council Tax Benefit prior to 1st April 2013.

However anyone else of working age has their support reduced so that the cost of the scheme falls within the budget available. It was agreed that support would be reduced by the required percentage so that the scheme would fall within the available budget.

In 2013/14 Leeds City Council and the precepting authorities made an additional contribution of £470k towards scheme costs, increasing the overall budget from £49.20m to £49,672m

Since 2014/15 the government contribution has not been specified, and is included within the Council's settlement grant, which has been subject to Government cut. During 2014/15 and 2015/16 Leeds has maintained the budget provision at £47,672m, and set the % reduction at a level that would keep the cost of scheme within this budget based on the caseload at the time the budgets are set and the scheme is agreed.

The rate of the % reduction that it is necessary to apply to the Council Tax support award of the remainder of working age claimants depends on:

- the number of people who claim Council Tax Support;
- the number of people who claim who are either of pension age or who fall into the protected groups;
- the level of support that people are entitled to based on their income and circumstances;
- the level of Council Tax charge;

The table below provides this information since the scheme commenced:

Financial Year	2013/14	2014/15	2015/16	2016/17
<i>Caseload at the mid year point (30th Sept) in each year:</i>				
Elderly caseload	30,145	28,785	26,980	25,458
Protected caseload	16,224	18,777	20,724	22,085
Caseload subject to reduction	31,777	28,880	25,368	22,356
Total caseload	78,146	76,442	73,072	69,899
% Reduction	19%	26%	25%	25%
% Increase in Council Tax	2%	2%	2%	4%

Total Expenditure	£50,329,186	£48,090,936	£46,864,026	£47,588,872
DCLG Contribution	£49,201,496	n/a	n/a	n/a
Budgeted Local Contribution	£470,815	n/a	n/a	n/a
Total Scheme Budget	£49,672,311	£49,672,311	£49,672,311	£47,821,604
Additional Local Contribution	£656,876	-£1,581,375	-£2,808,285	-£232,732

In 2013/14 scheme costs exceeded the available budget because the number of households identified as eligible for protection increased throughout the year.

In 2014/15 although the number of recipients qualifying for protection from the reduction continued to increase the overall caseload has reduced. This meant that scheme expenditure reduced to below the available budget.

In 2015/16 the % reduction was reduced to 25% and again although the number of recipients qualifying for protection from the reduction continued to increase the overall caseload has reduced and again scheme expenditure was below the available budget.

Council Tax rises increase the cost of Council Tax Support, a 2% increase in Council Tax increases the cost of Council Tax Support by £1m and consequently the 4% increase from 1 April 2016, has raised the annual cost by £2m. The % reduction has been maintained at 25% in 2016/17 and the projected expenditure based on the caseload when the budget was set was £47.821m. Currently scheme costs are £232k under the available budget

Issues

If the Council Tax continues to rise by 4% pa the annual cost of providing Council Tax Support is likely to increase by £10m pa by 2021/22

As demonstrated above, the Council Tax support caseload is very fluid and because of this we have difficulty in accurately forecasting the impact and implications of local schemes due to the many variables around caseload and local forecasts of spend. However, whilst there has been a steady reduction in the caseload over recent years which has helped to offset the rising costs due to Council Tax increases and the increase in protected cases but we do not expect the reduction in the caseload to continue and our future estimates are based on the caseload remaining at around the current level.

The Council Tax Support scheme must be reviewed each year, and if changes are to be made a new scheme must be published by 31 January each year. If a new scheme is not published by 31 January, the existing scheme must continue for another year.

The current funding pressures mean that we need to review how we spend the money available and how we can best support our most vulnerable residents and also so that we can limit the increase in costs over the next five years and ease the pressure a little on funding for other services.

We also now have an opportunity to change to a simpler scheme based on the roll out of Universal Credit, which is the government's new benefit scheme that replaces a number of benefits with a single benefit. Eventually, everyone who claims Housing Benefit, Income Support, Jobseekers Allowance, Employment Support Allowance, Child Tax Credits or Working Tax Credits will move onto Universal Credit. Universal Credit has been available to single Jobseekers in Leeds since February 2016, and we expect most of our claimants to start moving over from Summer 2018, However, it will take until 2022 for everyone to

move over to Universal Credit. Some claimants will be better off when they move onto Universal Credit, and others, who would otherwise be worse off, will receive transitional protection so that their overall level of benefits are protected.

The current scheme also results in volatile Council Tax Support awards for some Universal Credit claimants which are not consistent with the levels of support received by claimants on similar levels of income who are not yet eligible to claim Universal Credit.

4. Service, function, event

please tick the appropriate box below

The whole service (including service provision and employment)	<input type="checkbox"/>
A specific part of the service (including service provision or employment or a specific section of the service)	<input checked="" type="checkbox"/>
Procuring of a service (by contract or grant) (please see equality assurance in procurement)	<input type="checkbox"/>

Proposed Changes

We are proposing a new simplified Council Tax Support scheme that uses the Universal Credit needs assessment for working out Council Tax Support. The scheme would be simpler to claim, simpler to understand and simpler to deliver. The aim of the proposed scheme is to simplify and redistribute support to those with the lowest incomes and whilst the main objective of this measure is not to reduce the costs the current proposal would also eventually save around £490k per annum.

To limit the extent of increases to the cost of the scheme we are also proposing to end automatic protection for 22,085 claimants and replace automatic protection with a discretionary hardship scheme. This could eventually reduce expenditure by up to £4.6m pa, but this saving would be reduced by the cost of providing the discretionary scheme.

We propose to keep the existing scheme and the protected groups in place until claimants move on to Universal Credit. This means that it would be 2022 before the savings outlined in the preceding paragraphs are likely to be fully realised.

The savings would only limit the extent to which the cost of Council Tax Support increases, but the proposed changes could almost halve the potential increase in 5 years' time from around £10m pa to around £5.4m.

Alternatively, if the Council continues to retain the principles of the current scheme and to increase the % reduction so that the expenditure remains at around the current level it is almost certain that the % reduction will continue to increase each year, gradually eroding the support that is given to non-protected working age claimants. The table below shows how the % reduction would need to increase to offset a 4% pa increase in Council Tax and the minimum amount that claimants would need to pay towards their Council Tax:

Year	Maximum Support	Weekly amount to pay
2016-17	75%	£3.41
2017-18	65%	£5.00

2018-19	55%	£6.60
2019-20	45%	£8.00
2020-21	35%	£9.80
2021-22	25%	£11.70

On 22 June 2016 the Executive Board approved the development of a revised Council Tax Support Scheme based around the needs assessment within Universal Credit, and replacing the current scheme of protections with a discretionary scheme, and agreed that a consultation should be undertaken on detailed proposals.

A draft proposed scheme for 2017-18 has been developed that would:

- Introduce a new simpler Council Tax Support scheme for Universal Credit claimants based on the claimant's ability to pay Council Tax from their non benefit income.
- Move existing claimants over to the new scheme when they become eligible for Universal Credit.
- Replace the current scheme of protected groups with a new discretionary scheme for protecting those who lose protection and who are worse off after moving onto the new scheme.
- Align the rules on how changes are dealt with in Council Tax Support with Housing Benefit rules until claimants move over onto the new scheme.

The current scheme will remain in place for all pensioners, and working age claimants until they are able to claim Universal Credit.

Council Tax Support for Jobseekers (including Universal Credit claimants who are not in work) will continue to be conditional on their participation in a Personal Work Support Package that the Council provides after 26 weeks.

5. Fact finding – what do we already know

Consultation

The proposed scheme has been the subject of a public consultation that ran from 26 August 2016 to 21 October 2016. 42,301 working age Council tax Support claimants received information about the proposals and a full paper questionnaire. An online survey was also available for the wider public.

5,201 responses to the survey were received.

- The consultation exercise showed strong support for moving to the proposed scheme when claimants move onto Universal Credit even though it would mean that some people will get less support than they get now and others will get more support
- There is no clear support either for or against limiting the money that is spent on Council Tax Support to avoid taking money away from other services.
- There is more support for replacing protected groups with a discretionary scheme than there is for keeping the existing protected groups, although there is no clear preferred option for when the change should be made.

There were a number of recurring concerns raised. These include:

- Fear about welfare benefit changes generally particularly Universal Credit

- Worry about paying bills and increasing debts due to reduced national benefit levels and increased Council Tax
- Opposition to increasing the amount people have to pay
- Support for ensuring people are better off in work than receiving benefits
- Concern that vulnerable claimants who lose protection will have difficulty claiming discretionary support
- There were also a large number of responses that showed claimants lacked understanding of the changes and that if changes are introduced they must be communicated in simple terms.

The survey included equality monitoring. The findings above summarise all responses however the responses of 1,920 disabled people, 675 carers and 1,191 respondents from a non-white ethnic group have been analysed and also show support for the proposed scheme which is consistent with that of all respondents.

The major precepting authorities (Fire and Rescue Service and West Yorkshire Police) have also been consulted on the proposals and have stated their preference for a scheme that does not have financial implications for their services.

Scrutiny Board Working Group Review

The proposed scheme has been examined in details by a Citizens and Communities Scrutiny Board Working Group and their report will be presented to the Executive Board for consideration when the board make their recommendations in respect of any revisions to the scheme.

How equality, diversity, cohesion and integration has been considered

As a Local Authority we have responsibilities under:

- The public sector equality duty in section 149 of the Equality Act 2010.
- The Child Poverty Act 2010, which imposes a duty to have regard to and address child poverty
- The Disabled Persons (Services, Consultation and Representation) Act 1986, and Chronically Sick and Disabled Persons Act 1970, which include a range of duties relating to the welfare needs of disabled people;
- The Housing Act 1996, which gives local authorities a duty to prevent homelessness with special regard to vulnerable groups;

These responsibilities were considered when the Local Council Tax Support scheme was originally developed and implemented and continue to be considered each time changes are considered.

Legislation, Data and Published Reports

Throughout the planning and development of the proposals the following information and data has been considered:

- The current Council Tax Support scheme
- Available funding
- Stipulations set out by Government that state support to pensioners must be maintained
- Conditions set out by the Department of Work and Pensions that applies to nationally administered means tested welfare support
- Information available about current claimants i.e the number of claimants, benefits received, profile of claimants and other personal circumstances.
- Department of Work and Pensions equality impact assessments for Universal Credit
- Policy in Practice report on the cumulative impact of Welfare Reform in Leeds

Modelling of Impacts

Detailed modelling has been carried out on current Council Tax Support recipients, comparing the level of support in place now and the level of support that would be awarded under the proposed scheme.

Because there are two separate proposals under consideration, each of the proposals have been considered in isolation and the impacts of each have been presented to the Scrutiny Working Group enquiry and their observations conclusions and recommendations are included in their report.

Under the proposed approach claimants will move onto the Universal Credit based scheme when they move onto Universal Credit. Any claimants that are currently protected from the 25% reduction will also have automatic protection ended at that time.

During the transition period (from 2017 to 2022) a total of 22,000 households will lose their automatic protection from the 25% reduction

- 13,700 are disabled
- 2,300 are carers
- 6,000 are lone parents

The transition to the new scheme will also impact on entitlement. Claimants with income that is not from benefits are most likely to be affected, and those who have other adults living with them for whom a non-dependant deduction is made.

Based on the caseload at the current time, the transition to the new scheme will represent no change for 75% of households.

Around 6,000 claimants (predominantly those with the highest levels of non-benefit income) will get less Council Tax Support and 4,500 claimants (predominantly those with the lowest levels of non-benefit income or those with non dependants) will get more Council Tax Support.

Analysis carried out by Policy in Practice in 2014 on the expected impact of Universal Credit has identified that under Universal Credit:

- 29% of all households will have a higher entitlement
- 46% of all households will have no change
- 25% of all households will be transitionally protected

The analysis also identified that:

- 46% of all disabled claimants will have a higher entitlement
- 40% of all disabled claimants will have no change
- 14% of all disabled claimants will be transitionally protected

The modelling has identified that the impact of the 3 changes can offset against each other to minimise or remove the impact. For example a person may have no change in their income when they move to Universal Credit, but they could lose protection from the 25% reduction, and at the same time their Council tax Support could increase because there is no longer a non dependant deduction made in Council Tax Support.

However the 3 changes when combined could result in in a more significant impact.

To mitigate the risk of severe impacts on claimants a Discretionary Hardship protection

scheme is being developed that will look at the overall impact that moving onto Universal Credit has had on the claimant. A hardship award is likely to be made where:

- A person has lost their protected status in Council Tax Support
- The Council Tax Support award has reduced
- Their total income including benefits, transitional protection and Council Tax Support is less than it was before the change.
- The charge payer is struggling to pay the Council Tax following the transition to Universal Credit.

Are there any gaps in equality and diversity information

Please provide detail:

Information relating to religious belief, sexuality and gender reassignment was included in the monitoring however this is not relevant to eligibility or entitlement to Council Tax Support.

Action required:

None.

6. Wider involvement – have you involved groups of people who are most likely to be affected or interested

Yes

No

Please provide detail:

A public consultation was carried out from 26 August 2016 to 21 October 2016

Action required:

None

7. Who may be affected by this activity?

Equality characteristics

Age

Carers

Disability

Gender reassignment

Race

Religion or Belief

Sex (male or female)

Sexual orientation

Other (Jobseekers, low paid workers, part time workers)

Please specify:

The Local Council Tax Support scheme could impact on all low income working age claimants irrespective of their equality characteristics.

Stakeholders

- | | | |
|--|---|---------------------------------------|
| <input checked="" type="checkbox"/> Services users | <input type="checkbox"/> Employees | <input type="checkbox"/> Trade Unions |
| <input checked="" type="checkbox"/> Partners | <input checked="" type="checkbox"/> Members | <input type="checkbox"/> Suppliers |
| <input type="checkbox"/> Other please specify | | |

Potential barriers.

- | | |
|--|--|
| <input type="checkbox"/> Built environment | <input type="checkbox"/> Location of premises and services |
| <input type="checkbox"/> Information and communication | <input type="checkbox"/> Customer care |
| <input checked="" type="checkbox"/> Timing | <input type="checkbox"/> Stereotypes and assumptions |
| <input checked="" type="checkbox"/> Cost | <input type="checkbox"/> Consultation and involvement |
| <input checked="" type="checkbox"/> Financial exclusion | <input type="checkbox"/> Employment and training |
| <input type="checkbox"/> specific barriers to the strategy, policy, services or function | |

8. Positive and negative impact

8a. Positive impact:

The Local Council Tax Support Scheme will continue to have a positive impact on pensioners as there is a requirement that pensioners must receive the same amount in Council Tax support that they would have received under Council Tax Benefit rules.

The new scheme will also have a positive impact on low income working households when they move onto Universal Credit as they will receive more Council tax Support

The new scheme will also have a positive impact on households who have other adults living with them for whom deductions from their Council Tax Support award are made when they move onto Universal Credit as ending Non Dependent deductions will mean that they will receive more Council Tax Support.

Action required:
A clear communication will be issued to all working age Council Tax Support recipients with their 2017-18 Council Tax bill to explain the changes that are made to the scheme.

8b. Negative impact:
Removal of protection from the 25% reduction will have a negative impact on up to 22,000 households as they will have more Council Tax to pay. These households will have a household member who is either a disabled person, a carer or a lone parent or a child under the age of 5.
The new scheme will also have a negative impact on households with higher incomes when they move onto Universal Credit as they will receive less or no Council Tax Support

Action required:
Clear communication will be issued to those affected to provide advance warning of the change and the availability of the discretionary hardship scheme that will be put in place to offer discretionary protection those who lose protection and are financially worse off overall following the transition to Universal Credit.
No specific action to be taken to support those with higher incomes who are negatively affected as their income would suggest that they are better placed to pay the Council Tax However there are provisions within Section 13A(1)(c) of Local Government Finance Act that allow discretion to further reduce the Council Tax charge in cases of severe hardship and a policy will be in place by the time the scheme comes into effect to assist in appropriate cases.

9. Will this activity promote strong and positive relationships between the groups/communities identified?
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Please provide detail: The proposed scheme treats all groups and communities equally and will not have an impact on relationships between communities
Action required: No action required at this stage

10. Does this activity bring groups/communities into increased contact with each other (e.g. in schools, neighbourhood, workplace)?
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Please provide detail:

Action required:

11. Could this activity be perceived as benefiting one group at the expense of another?

Yes

No

Please provide detail:

The Local Government Finance Act 2012 requires that pensioners are not affected by the reductions. This means that the burden of funding reductions falls disproportionately on working age customers.

Action required:

None

12. Equality, diversity, cohesion and integration action plan
(insert all your actions from your assessment here, set timescales, measures and identify a lead person for each action)

Action	Timescale	Measure	Lead person
Issue clear communication to all working age claimants to explain the changes to the scheme with 2017-18 Council Tax bills	March 2017	Communication	Jane McManus
Issue timely communication to claimants who lose protection from 25% reduction to promote the availability of the Discretionary Hardship scheme	From April 2017	Communication	Jane McManus
Undertake appropriate monitoring of the Council Tax Support scheme once implemented, analyse available data and take appropriate action.	ongoing	Regular review of available equality data	Jane McManus
Undertake appropriate monitoring of the Discretionary Hardship Scheme once implemented, analyse available data and take appropriate action.	ongoing	Regular review of available equality data	Jane McManus
Ensure that the Local Council Tax Support scheme continues to be administered fairly with due regard to the impact on equality, diversity, cohesion and integration.	ongoing	Regular review of available equality data	Jennifer Ellis
Ensure that the Council Tax Support scheme is advertised widely and is accessible to all who may qualify for assistance. This will include providing information aimed at organisations, agencies and services who provide direct support to individuals.	ongoing	Take-up activity	Jennifer Ellis

13. Governance, ownership and approval		
State here who has approved the actions and outcomes from the equality, diversity, cohesion and integration impact assessment		
Name	Job Title	Date
Steve Carey	Chief Officer	5 December 2016
Date impact assessment completed		5 December 2016

14. Monitoring progress for equality, diversity, cohesion and integration actions (please tick)	
<input type="checkbox"/>	As part of Service Planning performance monitoring
<input checked="" type="checkbox"/>	As part of Project monitoring
<input type="checkbox"/>	Update report will be agreed and provided to the appropriate board Please specify which board
<input type="checkbox"/>	Other (please specify)

15. Publishing	
Though all key decisions are required to give due regard to equality the council only publishes those related to Executive Board, Full Council, Key Delegated Decisions or a Significant Operational Decision.	
A copy of this equality impact assessment should be attached as an appendix to the decision making report:	
<ul style="list-style-type: none"> • Governance Services will publish those relating to Executive Board and Full Council. • The appropriate directorate will publish those relating to Delegated Decisions and Significant Operational Decisions. • A copy of all other equality impact assessments that are not to be published should be sent to equalityteam@leeds.gov.uk for record. 	
Complete the appropriate section below with the date the report and attached assessment was sent:	
For Executive Board or Full Council – sent to Governance Services	Date sent: 5 December 2016
For Delegated Decisions or Significant Operational Decisions – sent to appropriate Directorate	Date sent:
All other decisions – sent to equalityteam@leeds.gov.uk	Date