



Exeter City Council

Proposed local scheme for
Council Tax Support

Equality Impact Assessment

October 2012

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Background

The national Council Tax Benefit (CTB) scheme comes to an end on 1 April 2013 to be replaced by a locally determined system of Council Tax Support (CTS). The funding available for the new scheme will be cash limited; grant totals nationally will be around 10% less than currently spent on the CTB scheme. The scheme for pensioners will be prescribed nationally with entitlement protected at current levels.

Timescale

The new scheme comes into force on 1 April 2013. The legislation requires that it is agreed by full Council before 31 January 2013. In practice this means agreement of a final scheme will be needed at the full Council meeting of 11 December 2012. Public consultation on a proposed scheme will run for 8 weeks from 6 August 2012, allowing time for responses to be included in the final report to Council.

Financial impact – Exeter City Council

The final grant allocation will not be known until November or December 2012, however indicative figures were supplied by DCLG in May. This suggests a 14% reduction against projected spend on CTB. With a rise in Council Tax charges of 2.5% next year, that means a shortfall of £1.58M to preserve current levels of support for working age claimants or a percentage reduction of 35% from all working age claimants.

Data used in this report

The figures within this report are based on an extract from the Council Tax Benefit processing system on 30 August 2012. As caseload figures and expenditure fluctuates throughout the year it is not possible to be certain of the final figures until the end of the financial year.

Not all characteristics are recorded (and therefore available for this analysis) in every individual case; for example a disability characteristic does not always affect the amount of a CTB passported award.

This impact assessment will be reviewed at regular intervals and updated as key decisions & legislation changes, to ensure that all equality issues are addressed effectively. The data used may also change to reflect the caseload fluctuations as stated above.

Financial impact – Claimants

Exeter currently has 5709¹ Council Tax Benefit claimants below the age where the pensioner scheme would apply. To make the full savings from this group equates to an average of £277.33 per year (£5.32 per week) for each household.

Age	Cases	% of CTB caseload	Affected	Not affected
Working age	5709	57.54%	100%	0%
Pensioner age	4213	42.46%	0%	100%
Total	9922	100%	100%	100%

Protection of vulnerable customers

Central Government has not prescribed any specific groups within the working age caseload who must be given particular protection in a local scheme. They have however highlighted our existing duties in relation to²:

- The public sector Equality Duty (The Equality Act 2010)
- The duty to mitigate effects of child poverty (The Child Poverty Act 2010)
- The duty to prevent homelessness (Housing Act 1996 & Homelessness Act 2002)
- The Armed Forces covenant

Additionally Government expect local schemes to support the operation of work incentives in the wider welfare reform agenda.³

Protections in the existing CTB scheme

Council Tax Benefit has existed as a national scheme to provide assistance to low-income taxpayers since the introduction of Council Tax in 1993. It is a robust and

¹ Data as of 30 August 2012

² *Localising Support for Council Tax. Vulnerable People – key local authority duties*; DCLG, May 2012

³ *Localising Support for Council Tax. Taking work incentives into account*; DCLG, May 2012

complex legislative system with protections for vulnerable groups built in. It has been subject to repeated legal challenge ensuring it generally satisfies equality duties.

The structure of the means test ensures that vulnerable groups are recognised and protected. Specifically, this works in the following ways:

- Personal allowances are increased for families and all additional children
- Additional premiums for disabled household members and carers
- Income disregards for certain disability benefits, child benefit and child maintenance
- Earned income disregards; higher rates apply for full time work, disabled workers, certain part-time emergency workers and lone parent workers
- Childcare costs disregard for workers with children
- Local disregard of War Pension income

Preserving the means test in its current form allows a local scheme to maintain the protections and work incentives that have been refined over many years.

Modelling options for a local scheme

Extensive modelling of the existing caseload has been completed and is ongoing to establish options that could achieve the savings required.

It is apparent that in order to keep reductions to a manageable level, reductions would have to be made from all working age claimants. Exempting one group or another from a reduction means that even larger savings have to be found from the remaining claimants.

Making changes to the means test itself would result in relative disadvantage for one group against another. Such changes would alter the operation of the existing protections and would require significant equality impact assessments for each change proposed. With the tight timescale for agreement and implementation of a scheme in the first year, applying a percentage reduction across all claimants preserves the protections already in existence.

For example, we have 649 lone parent claimants with at least one child under the age of 5. To protect this group at current level of support would mean making the savings from our remaining 5060 claims, increasing the reduction by an average of over £30 per household to £313 per year.

Similarly we have 1739 working age households where the claimant, partner or a dependant child is disabled or a carer. To protect this group at current level of support would mean making the savings from our remaining 3970 claims, increasing the reduction by an average of over £120 per household to £399 per year. The means test recognises the additional support this group requires by allowing them to keep more income before withdrawing support and disregarding some of their benefit income.

The proposed scheme will result in working age customers who currently receive full CTB, for example those in receipt of a passporting benefit, having to pay for the first time towards their bill.

Caseload data is continually changing so the modelling of different options and their effects will be an ongoing process.

Characteristic	Working age claims	% of working age caseload	% of total savings from this group
Single	2564	44.91%	40.3%
Couple with no children	329	5.76%	7.4%
Lone parent	1866	32.69%	31.2%
Couple with children	950	16.64%	21.2%
Child in household	2816	49.33%	52.4%
Child under 5	1169	20.48%	21.4%
Lone parent child under 5	649	11.37%	10.4%
3 or more children	276	4.83%	5.6%
Male	1471	25.77%	21.9%
Female	2959	51.83%	49.5%
Couples	1279	22.40%	28.6%
Social Rented	3667	64.23%	61.4%
Private Rented	1413	24.75%	24.7%
Owner Occupier	629	11.02%	13.8%
CT Band A	2340	40.99%	33.8%
CT Band B	2073	36.31%	36.8%
CT Band C	966	16.92%	20.0%
CT Band D	260	4.55%	6.2%
CT Band E	45	0.79%	1.7%
CT Band F	18	0.32%	1.0%
CT Band G	7	0.12%	0.5%
CT Band H	0	0.00%	0.0%
Disabled child	158	2.77%	3.1%
Enhanced disability child	78	1.37%	1.5%
Disability premium (WA only)	939	16.45%	17.3%
Severe disability	469	8.22%	7.3%
ESA Support component	36	0.63%	0.7%
Carers premium	343	6.01%	7.3%
Disabled household member	1680	29.43%	29.8%
Severely disabled household member	469	8.22%	7.3%
Working	1701	29.80%	31.8%
Not working	4008	70.20%	68.2%
Passported	3202	56.09%	53.6%
Non Passported	2507	43.91%	46.4%
Income Support	1605	28.11%	27.1%
JSA(IB)	748	13.10%	12.3%
ESA(IR)	849	14.87%	14.2%

Effect of the proposed scheme on particular groups

Family characteristic

Local Authorities are under a duty to reduce and mitigate the effects of child poverty in their area. The proportion of cases affected by the changes where a child is present in the household is higher than within the overall CTB caseload. This is to be expected if generally more children in the population are resident in working age households than pensioner households and pensioner households are protected by national rules.

Family characteristic	All CTB cases		Working age (affected)		Pensioner (not affected)	
	Count	%	Count	%	Count	%
Single	5783	58.28%	2564	44.91%	3219	76.41%
Couple with no children	1271	12.81%	329	5.76%	942	22.36%
Lone parent	1880	18.95%	1866	32.69%	14	0.33%
Couple with children	988	9.96%	950	16.64%	38	0.90%
Total	9922	100%	5709	100%	4213	100%

Over half of the financial savings will come from households containing at least one dependant child. Preserving the means test from CTB ensures that households with children will be allowed to keep more income before awards are affected than a similar household with no children. In addition we are working as part of Devon Strategic Partnership's Welfare Advisory Group to look at the impacts of all welfare reforms and consider methods of mitigating the effects on vulnerable groups.

Single person households may face a greater challenge increasing their income or managing additional expenditure than households with more members who can contribute. The proportion of single person households affected by the changes is lower than in the overall CTB population.

Age	Neutral impact - it will not affect	Negative impact - it could disadvantage	Reason
Older people (born before 6 October 1951)	✓		Older people will not be affected by the proposed local scheme.
Younger people (born from 6 October 1951)		✓	5709 working age claim households will be asked to pay more towards their Council Tax. Over 3000 of these households do not currently pay anything and may be asked to make payments of Council Tax for the first time.
Under 18s	✓		Will not be liable for Council Tax and therefore unaffected.
Single people under 25		✓	The means test gives less support to this group than over 25s with the same circumstances. This accounts for 3% of our working age CTB caseload. They will therefore have lower disposable incomes to put towards their Council Tax bill.
Dependant children in household		✓	The means test allows additional amounts for each child in the household. All families will see a reduction in the help they receive with their Council Tax and some will be expected to pay for the first time. This will leave less of the family's income available to be spent on the children's needs.

Gender

Gender	All CTB cases		Working age (affected)		Pensioner (not affected)	
	Count	%	Count	%	Count	%
Male	2400	24.19%	1471	25.77%	929	22.05%
Female	5263	53.04%	2959	51.83%	2304	54.69%
Couples	2259	22.77%	1279	22.40%	980	23.26%
Total	9922	100%	5709	100%	4213	100%

Because single females make up over 51% of the current working age CTB caseload there is a bigger impact on this group in Exeter against the other gender groups.

There is no significant disadvantage to either gender relative to the overall caseload make up.

Tenure type

Tenure type	All CTB cases		Working age (affected)		Pensioner (not affected)	
	Count	%	Count	%	Count	%
Social Rented	5680	57.25%	3667	64.23%	2013	47.78%
Private Rented	1857	18.72%	1413	24.75%	444	10.54%
Owner Occupier	2385	24.04%	629	11.02%	1756	41.68%
Total	9922	100%	5709	100%	4213	100%

Tenants in both the private and social sectors may also see reductions in the amount of Housing Benefit available to them as a result of other welfare reforms. This includes the benefit cap and size restrictions in the social sector. These households could therefore face multiple pressures on their budgets. Nearly 90% of those affected by the changes will also have a rent liability. This compares to 76% of the total CTB caseload.

Council Tax Band

Council Tax Band	All CTB cases		Working age (affected)		Pensioner (not affected)	
	Count	%	Count	%	Count	%
A	3910	39.41%	2340	40.99%	1570	37.27%
B	3469	34.96%	2073	36.31%	1396	33.14%
C	1862	18.77%	966	16.92%	896	21.27%
D	516	5.20%	260	4.55%	256	6.08%
E	113	1.14%	45	0.79%	68	1.61%
F	39	0.39%	18	0.32%	21	0.50%
G	13	0.13%	7	0.12%	6	0.14%
H	0	0.00%	0	0.00%	0	0.00%
Total	9922	100.00%	5709	100.00%	4213	100.00%

Less than 2% of working age cases will be affected by the proposal to restrict support to a band D level. The impact on those affected may be to encourage moving towards employment or increasing hours of work. Where this is not possible an alternative impact may see some households facing a move to accommodation with a lower council tax band. Over three quarters of those affected by the changes are in bands A and B. There is no significant difference between affected and not affected when considered by band.

Disabilities and carers

Disability	All CTB cases		Working age (affected)		Pensioner (not affected)	
	Count	%	Count	%	Count	%
Disabled child	160	1.61%	158	2.77%	2	0.05%
Enhanced disability child	79	0.80%	78	1.37%	1	0.02%
Disability premium (WA only)	939	9.46%	939	16.45%	0	0.00%
Severe disability	1021	10.29%	469	8.22%	552	13.10%
ESA Support component	36	0.36%	36	0.63%	0	0.00%
Carers premium	511	5.15%	343	6.01%	168	3.99%

The proportion of households affected by the change which include a disabled child is higher than in the overall CTB population. This mirrors the distribution of children between the two age groups as discussed above. Parents of disabled children could find their opportunities for increasing income more limited than other groups. Preserving the means test from CTB ensures that households with disabled children will be allowed to keep more income before awards are affected than a similar household without disabled children.

The data we hold does not allow us to identify the nature of individual disabilities and how this may impact their ability to manage a shortfall. It is likely that those in receipt of the severe disability premium will face more challenges increasing their income than those entitled to the disability premium alone.

People in receipt of the ESA support component have been assessed to have the highest level of disability and support need. This group are not required to take up any work or work related activity. They could therefore face more difficulty increasing their income to meet the shortfall.

The effect of a shortfall in Council Tax Support may be to encourage carers to relinquish caring responsibilities and take up work. This could create an additional burden on the state to replace the care provision. Carers may have less potential to find work or increase their hours of work due to their caring responsibilities. However if they increase their earnings to help make up the shortfall they could also lose their entitlement to Carers Allowance.

We have been able to identify households with multiple disability / carer characteristics. For example two households have at least one severely disabled adult, a disabled child and a carers premium payable. It may be that some of these households will face extra difficulty coping with the shortfall.

	Neutral impact - it will not affect	Negative impact - it could affect	Reason
Disability	-	-	Data not held on specific disability characteristics. Proposed scheme will have proportional financial impact across all groups. Individuals in all groups could find themselves liable to make payments of Council Tax for the first time.
Physical		✓	Ability to travel to make payments. Potentially less able to use online or telephone methods for payment and advice. Potential inability to increase income.
Sensory		✓	Ability to access the initial information advising of the change. Potential difficulties accessing Council in person or by online / telephony routes for payments and advice. Potential inability to increase income.
Learning		✓	Ability to access and understand initial information advising of the change. Potential difficulties accessing Council in person or by online / telephony routes for payments and advice. Potential inability to increase income.
Mental health		✓	Ability to access and understand initial information advising of the change. Potential difficulties accessing Council in person or by online / telephony routes for payments and advice. Potential inability to increase income.

It has become apparent that awards of full CTB may be masking some households entitled to a Council Tax exemption or discount. To ensure eligible households are protected from reduced CTS awards we will be undertaking a review of class U (severe mental impairment) exemption and the disabled band reduction.

Work status

Work status	All CTB cases		Working age (affected)		Pensioner (not affected)	
	Count	%	Count	%	Count	%
Working	1785	17.99%	1701	29.80%	84	1.99%
Not working	8137	82.01%	4008	70.20%	4129	98.01%
Total	9922	100%	5709	100%	4213	100%

Local schemes are expected not to discourage claimants from taking up employment or increasing hours of work. A higher proportion of households affected are in work compared to the overall CTB population. This is to be expected if, almost inevitably, most working households are in the working age population rather than the pension age population (who are protected by national rules).

Other protected characteristics

There is no data held by ECC Benefits Service for race, sexual orientation, religion or belief. We do not anticipate that there would be any specific impact on these groups compared to what we do know about the population make up of Exeter.

Additional protection in the proposed local scheme

It is recognised that reducing the level of support for all claimants will leave some households in significant financial difficulty. The draft scheme therefore proposes an additional fund be made available to support taxpayers facing exceptional hardship as a result of the reduced support. As a discretionary fund this will allow officers to target extra support towards those most in need.

Devon Strategic Partnership has established a working group to look at the impacts of all welfare reforms and consider methods of mitigating the effects on individuals. ECC has also established a Welfare Reform Action Group to consider the impacts of the welfare changes in 2013 for all Exeter residents.

Consultation

Major preceptors have been consulted throughout the process of developing a draft scheme. The legislation also requires us to consult the public on a draft scheme before it can be adopted. All existing working age CTB claimants have been contacted directly as well as other interested organisations. Publicity will ensure that all residents have the opportunity to contribute to the consultation process throughout August and September. The results of this consultation will inform the evolving impact assessment and the report to full Council for decision on the final scheme.

We have directly asked for feedback on our Equality Impact Assessment from a small group of Exeter advice organisations, we have received feedback from Exeter Citizens Advice Bureau.