

Council Tax Support

Equality Impact Assessment

October 2020

Contents

Version history	2
Background.....	3
Timescale	3
Financial impact – Exeter City Council & Council Tax preceptors	3
Data used in this report.....	3
Financial impact – Claimants	4
Protection of vulnerable customers	4
Protections in the previous CTB scheme	4
Exceptional Hardship policy	5
Changes to the scheme from April 2017.....	5
Minimum Income Floor (MIF) for self-employed claimants	5
Additional earnings disregard in Universal Credit.....	6
Backdating.....	6
Absence outside GB.....	6
Effect of the scheme on particular groups	6
Primary benefit	6
Family characteristic	7
Single parent households.....	8
Single person households	8
Summary table – family characteristics	9
Gender	9
Tenants	10
Disabilities and carers.....	10
Disability premiums	11
Carers	11
Disability and carer premiums together	11
Summary table - disabilities.....	12
Work status.....	12
Other protected characteristics	12

Version history

1	June 2013	To accompany new scheme
2	October 2016	Major revision to incorporate proposed changes
3	October 2017	Revised for adopted changes April 2017 and updated caseload demographics
4	October 2018	Updated caseload
5	November 2019	Updated caseload and expenditure for 2019
6	October 2020	Updated figures

Background

Exeter City Council introduced a local Council Tax Support scheme in April 2013 to replace the national Council Tax Benefit. Since then the scheme has been updated annually to reflect changes in benefit rates. More significant changes were made to the working age scheme from April 2017 to help align areas of the scheme with changes in Housing Benefit and Universal Credit.

In preparing this assessment regard has been had to the policy paper issued by DCLG in 2014, "*Localising Support for Council Tax. Vulnerable people – key local authority duties.*"¹

The scheme for pensioners continues to be prescribed nationally with entitlement protected at current levels. No changes are proposed to the working age scheme for 2021/22.

Timescale

Schemes for working age customers must be set each year by a meeting of the full Council. The agreed scheme comes into force on 1 April and must be agreed before 11 March of that year. If changes to the scheme are proposed then a period of public consultation must be held prior to the decision being made.

Financial impact – Exeter City Council & Council Tax preceptors

The grant allocation for Council Tax Support is no longer identified separately; funding is included within the Formula Grant. It is for Billing Authorities to determine their working age schemes and calculate the cost of providing support at the chosen level. To make financial savings from the scheme, reductions would need to be made to the support for working age claimants.

Maintaining support at a higher level means less money is charged to Council Tax payers receiving Council Tax Support. This means less money can be collected to be spent on services by Devon County Council, Exeter City Council, Devon & Cornwall Police and Devon & Somerset Fire & Rescue Service.

Reducing support for low income households increases the amount of Council Tax charged. This only translates into increased income for the authority and preceptors once it has been collected.

Data used in this report

The figures within this report are based on an extract from the Council Tax Support processing system on 23 October 2020. Caseload and expenditure fluctuates throughout the year

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

This impact assessment will be reviewed when the scheme for the following year is agreed, to ensure that any changes to equality issues within the scheme are addressed effectively. The data used may also change to reflect the caseload fluctuations as stated above.

¹ <https://www.gov.uk/government/collections/localising-council-tax-support>

Financial impact – Claimants

Exeter currently has 7,845 households receiving Council Tax Support from Exeter City Council (up from 7,296 in October 2019), at a total cost of £7.1m. Of this total, 37% of households and 43% of expenditure is for pensioner cases. The locally determined scheme only affects claimants in the working age group. Working age caseload is 4,952, an increase from 4,319 in October 2019.

Age	Cases	% of CTS caseload
Working age	4952	63%
Pensioner age	2893	37%
Total	7845	100%

Until March 2020 overall caseload numbers had declined steadily since the introduction of Council Tax Support in April 2013. The mix between working age and pension age customers remained fairly stable throughout that period. With the COVID-19 lockdown in March 2020 there came a massive increase in claims from working age households.

April 2013	Cases	% of CTS caseload
Working age	5398	57%
Pensioner age	4101	43%
Total	9499	100%

Protection of vulnerable customers

Central Government does not prescribe any specific groups within the working age caseload who must be given particular protection in a local scheme. They do however highlight our existing duties in relation to¹:

- 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.²

Protections in the previous CTB scheme

Council Tax Benefit existed as a national scheme to provide assistance to low-income taxpayers since the introduction of Council Tax in 1993 until April 2013. It was a mature, robust and 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 ensured that vulnerable groups were recognised and protected. Specifically, this worked in the following ways:

² *Localising Support for Council Tax. Taking work incentives into account*, DCLG, May 2012

- Personal allowances were 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 applied for full time work, disabled workers, certain part-time emergency workers and lone parent workers
- Childcare costs disregarded for workers with children
- Local disregard of War Pension income

Preserving the CTB means test in our local CTS scheme since 2013 has maintained the protections and work incentives that have been refined over many years. At its meeting of 13 December 2016³ Exeter City Council rejected proposals to introduce changes from April 2017 which would have undermined the protections for families with dependent children.

Exceptional Hardship policy

Since the introduction of our local Council Tax Support scheme in April 2013 we have operated an Exceptional Hardship policy. This flexible scheme allows us to provide additional support to vulnerable customers who find themselves unable to afford their liability under the rules of the CTS scheme. An award of Exceptional Hardship can reduce a customer's liability to nil. The policy was revised from April 2017 to ensure it can assist vulnerable customers adversely impacted by changes made to the CTS scheme.

It is a sensible approach to use Exceptional Hardship to deal with complex situations and recognise extra need in individual cases. Inserting legally complex exemptions into the main CTS scheme for groups which are hard to define risks not helping the right people. If clearly defined groups can be identified then a more reasonable approach may be to introduce an exemption into the scheme rules. By reviewing those who are applying for extra help or are identified as struggling to pay we continue to build this picture.

Changes to the scheme from April 2017

A number of changes were made to the scheme for working age customers

Minimum Income Floor (MIF) for self-employed claimants

From April 2017 a change to the local scheme was introduced for self-employed claimants, mirroring rules already in place in Universal Credit. This assumes a notional income after one year of trading, where affected customers are treated as having an income equal to 35 hours work at the National Living Wage (National Minimum Wage for under 25s).

It is possible that parents may find the extra flexibility afforded by running their own business preferable to taking up employment. Similarly those with caring responsibilities or a disability may find self-employment more sustainable than paid work. It is important that the limitations these groups may face in working the assumed number of hours is recognised. This is achieved by the granting of extra help through the Exceptional Hardship scheme where individual circumstances show there is a need.

³ <https://exeter.gov.uk/council-and-democracy/councillors-and-meetings/meetings-agenda-and-minutes/>

Additional earnings disregard in Universal Credit

From April 2017 the additional earnings disregard was removed for customers who are working while in receipt of Universal Credit. The disregard is worth up to £3.42 CTS weekly. The average affected household would have to pay an extra £2.60 weekly towards their Council Tax bill. Once a customer is earning sufficient to not be entitled to Universal Credit, the additional disregard can be applied as currently.

The additional hours disregard is linked to the number of hours a customer works and was tied to the equivalent addition in Working Tax Credit. The disregard / addition does not form part of Universal Credit calculation. When the assessment of earned income is undertaken by the local authority, the number of hours worked is available and relevant to the calculation of Housing Benefit or CTS. For Universal Credit cases the assessment of earnings is undertaken by DWP staff. The basis of this calculation is not always identifiable and is generally based on a past period. Obtaining reliable information on the number of hours worked for the relevant period is not often possible and applying these from a monthly award of Universal Credit to a weekly calculation of CTS results in inconsistent treatment of income and disregards.

Although there is the potential for this change to weaken work incentives, it is considered likely to have a minimal impact against the incentives to increase earning under Universal Credit.

Backdating

The maximum period a claim can be backdated was reduced from six months to one month in April 2017. At the same time a new rule was introduced allowing a new claim for CTS to be linked to the date a first bill was issued. In 2015/16 the reduced backdating period would have affected 24 claims. Backdating is allowed for a number of reasons and can apply to claimants in any of the groups discussed in this impact assessment. The change aligned rules with Housing Benefit. With such low numbers affected any difficult cases are managed through the Exceptional Hardship policy. In the first 6 months of this change there were no cases referred for consideration of exceptional help.

Absence outside GB

The period a claimant can be away from their home has been limited to four weeks where this absence is outside Great Britain. No data is recorded on length of absences or destination so it is impossible to say how many people have been affected by this change. It is likely that the effects of this change will be felt more by non UK nationals and those with family outside the country (and therefore a greater need to travel abroad) than those with no links outside the country. It follows that there may therefore be a higher than average impact on minority ethnic groups. No data is held on these characteristics and therefore the scale of this impact cannot be confirmed. Aligning rules with those already in place in Housing Benefit includes the easements for the deaths of close relatives. The change is likely to affect very few people overall and any difficult cases can be well managed through Exceptional Hardship awards.

Effect of the scheme on particular groups

Primary benefit

Council Tax Support largely retains the means-test calculation from Council Tax Benefit. Entitlement to certain primary benefits, awarded by Department for Work and Pensions, passports the customer through the CTS means test. In these cases, as a full means test is not required, we do not necessarily hold detailed income and

household information. Customers will normally be entitled to receive the maximum award of CTS. This may be reduced for other adults living in the property.

Overall more than 67% of CTS customers are in receipt of a primary benefit; this rises to nearly 72% of working age customers. Since the introduction of Universal Credit, new claims for JSA have instead been claims for UC. These customers are not passported to full CTS under the local scheme so are not included in the figures below.

Primary benefit	All CTS cases		Working age		Pensioner	
	Count	%	Count	%	Count	%
Income Support	370	4.7%	652	13.2%	N/A	N/A
Jobseekers Allowance Income Based	87	1.1%	282	5.7%	N/A	N/A
Employment and Support Allowance Income Related	1885	24.0%	2210	44.6%	N/A	N/A
Pension Credit Guarantee Element	1742	22.2%	N/A	N/A	1742	60.2%
Universal Credit	2119	27.0%	97	2.0%	N/A	N/A
Standard (no primary benefit)	1642	20.9%	491	9.9%	1151	39.8%
Total	7845		4952		2893	

Family characteristic

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

Family characteristic	All CTS cases		Working age		Pensioner	
	Count	%	Count	%	Count	%
Single	5144	65.6%	2757	55.7%	2387	82.5%
Couple with no children	844	10.8%	353	7.1%	491	17.0%
Lone parent	1334	17.0%	1330	26.9%	4	0%
Couple with children	523	6.7%	512	10.3%	11	0.4%
Total	7845		4952		2893	

The means test in CTS ensures that households with children keep more income before their awards are affected than a similar household with no children.

Single parent households

Single parent household	All CTS cases		Working age		Pensioner	
	Count	% of CTS claimants	Count	% of total working age claimants	Count	% of total pension age claimants
Female	1251	15.9%	1248	25.2%	3	0%
Male	83	1.0%	82	1.7%	1	0%
Total	1334	17.0%	1257	25.4%	2	0%

As would be expected the proportion of lone parent households subject to the local scheme is higher than the overall caseload of lone parent cases. This is because the majority of lone parent claimants are working age. Female lone parents account for nearly 95% of our lone parent claimants. This group is highlighted in The Fawcett Society briefing paper as being “a group more likely to live below the poverty line”.⁴

It is likely that this group is further disadvantaged in the employment market because of their caring responsibilities dictating the hours & type of work they can reasonably undertake. The added difficulties this group may face increasing their income is taken into account when considering Exceptional Hardship claims.

Single person households

Single person household	All CTS cases		Working age		Pensioner	
	Count	% of CTS claimants	Count	% of total working age claimants	Count	% of total pension age claimants
Female	3012	38.4%	1322	26.7%	1690	58.4%
Male	2132	27.2%	1435	29.0%	697	24.1%
Total	5144	65.6%	2757	55.7%	2387	82.5%

Single person households may also 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 subject to the local scheme rules is lower than in the overall CTS population.

⁴ <http://fawcettsociety.org.uk/documents/The%20Impact%20of%20Austerity%20on%20Women%20-%2019th%20March%202012.pdf>

Summary table – family characteristics

Age	Neutral impact - it does not affect	Negative impact - it could disadvantage	Reason
Older people (born before 6 July 1953)	✓		Older people cannot be affected by the local CTS scheme. Their rules continue to be set by Central Government.
Younger people (born from 6 July 1953)		✓	All of the current 4,292 working age claim households are asked to pay more towards their Council Tax under local scheme rules than the national benefit it replaced.
Under 18s	✓		Will not be liable for Council Tax and therefore unaffected.
Single people under 25		✓	The local scheme does not distinguish on claimant age within the working age claimant group. However all working age claimants are expected to pay at least 20% of their liability.
Dependent children in household		✓	The means test allows additional amounts for each child in the household. Households with children are subject to the same minimum payment as all working age households.

Gender

Gender	All CTS cases		Working age		Pensioner	
	Count	%	Count	%	Count	%
Male	2215	28.2%	1517	30.6%	698	24.1%
Female	4263	54.3%	2570	51.9%	1693	58.5%
Couples	1367	17.4%	865	17.5%	502	17.4%
Total	7845		4952		2893	

No gender group is treated differently by the local scheme. However, as there are relatively more in the caseload, a larger number of single females in Exeter are subject to the locally determined Council Tax Support scheme.

Independent research also highlights the effect that the wider welfare reform changes will have on women:

“The Fawcett Society is extremely concerned about the impact of austerity on women’s equality in the UK. Our analysis - and the conclusions of independent research bodies and academics - has highlighted that the cumulative effect of fiscal measures taken to reduce net public spending will

have a disproportionate effect on women, making many women poorer and less financially autonomous. The knock-on effects of this will be to turn back time on a range of indicators of women's rights and equality.

The Fawcett Society has highlighted that women face a triple jeopardy: women are being hit in three key ways a result of the deficit-reduction measures:

1. Women are being hit hardest by cuts to public sector jobs, wages and pensions.
2. Women are being hit hardest as the services and benefits they use more are cut.
3. Women will be left 'filling the gaps' as state services are withdrawn.”⁵

The report shows the current position of economic indicators highlighting that equality for women still falls below equivalent measures for men in areas such as full time pay, low paid work, ethnicity & poverty, personal pensions, lone parents and childcare.

Tenants

Tenants in both the private and social sectors may have also seen reductions in the amount of help with their rent available to them as a result of welfare reforms. This includes the social sector size restriction, household benefit cap (reduced further from November 2016), and freezes to Local Housing Allowance (LHA) rates. These households could therefore face multiple pressures on their budgets. Some will have been helped by the increase in LHA rates from April 2020. This has brought them back in line with the 30th percentile after years of being frozen. Currently this is intended as a one-year policy to help with COVID-19 pressures, but may well stay in place from April 2021. 90% of those subject to local scheme rules also have a rent liability. This compares to 81% of the total CTS caseload as proportionally more pensioner CTS claimants own their home.

Disabilities and carers

Within the means test in CTS extra amounts are given for disabilities or caring responsibilities of a household member. This recognises the extra expense that can be involved in these circumstances. The scheme also operates a number of disregards where the extra benefits paid for disability are not taken into account in the means test.

Awards of the extra amounts in the CTS calculation (referred to as “premiums”) is based on set criteria and is often tied to receipt of a qualifying benefit. Figures below include households receiving any of the following premiums:

- Disability Premium
- Enhanced Disability Premium
- Severe Disability Premium
- Disabled Child Premium
- Carers Premium

In cases where the household receives a passported benefit (Income Support, Income Based Jobseekers Allowance, Income Related Employment and Support Allowance, Guarantee Pension Credit) we do not necessarily hold information on

⁵<http://fawcettsociety.org.uk/documents/The%20Impact%20of%20Austerity%20on%20Women%20-%2019th%20March%202012.pdf>

disability or carer status. The figures below should therefore be taken to indicate “at least” this many households.

More than one of the disability premiums can be awarded to the same household where applicable. The tables below also highlight households receiving one or more of the Disability Premium and the Carers Premium together. These households are also included in the appropriate Disability premiums or Carers Premium figures.

Disability premiums

Disability premiums	All CTS cases		Working age		Pensioner	
	Count	% of CTS claimants in group	Count	% of CTS claimants in group	Count	% of CTS claimants in group
Couple	382	27.9%	338	39.1%	44	8.8%
Female	1303	30.6%	831	32.3%	472	27.9%
Male	783	35.3%	609	40.1%	174	24.9%
Total	2468	31.5%	1778	35.9%	690	23.9%

Carers

Carers	All CTB cases		Working age		Pensioner	
	Count	% of CTS claimants in group	Count	% of CTS claimants in group	Count	% of CTS claimants in group
Couple	464	33.9%	323	37.3%	141	28.1%
Female	304	7.1%	276	10.7%	28	1.7%
Male	46	2.1%	39	2.6%	7	1.0%
Total	814	10.4%	638	12.9%	176	6.1%

Disability and carer premiums together

Disability and carer premiums	All CTB cases		Working age		Pensioner	
	Count	% of CTS claimants in group	Count	% of CTS claimants in group	Count	% of CTS claimants in group
Couple	261	19.1%	233	26.9%	28	5.6%
Female	127	3.0%	120	4.7%	7	0.4%
Male	12	0.5%	11	0.7%	1	0.1%
Total	400	5.1%	364	7.4%	36	1.2%

Summary table - disabilities

	Neutral impact - it will not affect	Negative impact - it could affect	Reason
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		✓	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 information advising of the charge. 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 charge. Potential difficulties accessing Council in person or by online / telephony routes for payments and advice. Potential inability to increase income.

Work status

Work status	All CTB cases		Working age		Pensioner	
	Count	%	Count	%	Count	%
Working	1137	14.5%	1094	22.1%	43	1.5%
Not working	6708	85.5%	3858	77.9%	2850	98.5%
Total	7845		4952		2893	

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

Other protected characteristics

ECC Benefits Service do not hold data for race, sexual orientation, religion or belief. The scheme is designed to treat all claimants equally based on their household and financial circumstances without discrimination. As we do not hold data on characteristics which are not relevant to the calculation of support, it is impossible to say whether scheme rules may unintentionally have disproportionate impacts on these groups.