

**Stage 1 Equality Impact Assessment – Initial Screening**

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<b>Directorate:</b>	Resources
<b>Date of Completion:</b>	August 2012

**Name of Policy/Strategy/Service/Function Proposal**

**Introduction of the Council Tax Support scheme with effect from 1<sup>st</sup> April 2013**

**The Aims, Objectives and Expected Outcomes:**

The national Council Tax Benefit (CTB) scheme comes to an end on 31<sup>ST</sup> March 2013 to be replaced by a locally determined system of Council Tax Support (CTS). The funding made available by Government for the new scheme will be reduced by 10% nationally and cash limited. The aim of the new support scheme is to provide financial assistance to council taxpayers who have low incomes. Persons who are of state pension age (60 years or greater) are protected under the scheme in that the calculation of the support they are to receive has been set by Central Government. For working age applicants however the support they receive on the Isle of Wight is to be determined by the Council as the Billing Authority. In determining the Local Scheme the Council will need to consider the affordability, in overall budget terms, of the support it should give to working age claimants towards their council tax liability and the affordability of those working age claimants to pay towards their council tax liability as well as the ability to provide elements of protection to the working age vulnerable.

At this stage it is projected that the financial assistance for the scheme to be provided by Central Government will be some £1.9m less than the amount currently provided to support the existing Council Tax Benefit scheme.

In order to fully or partly meet this funding gap the Council has to consider a reduction of council tax support paid to working age claimants. Extensive modelling of the existing caseload has been completed a to establish options that could achieve the savings required. It is apparent; from the profile of existing council tax benefit claimants that fully meeting the funding gap from reducing support to all working age claimants will mean a significant impact on all groups. In order to keep reductions to claimants to a manageable level, consideration has been given to meeting part of the funding gap from implementing changes to discounts on second homes and empty properties that increase council tax income.

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.

1. The overall preferred option for the Local Scheme being recommended is therefore:-

- a) To reduce the maximum entitlement to council tax support for working –age Claimants to 80% of council tax liability
- b) To protect the working vulnerable by maintaining the existing method of calculating their support without applying the reduction in a)
- c) To remove the second adult rebate from the Local Scheme except for pensioner Claimants who are protected under the Government proposals
- d) Increase deductions for non-dependant(s) who share living accommodation with working –age claimants and introduce deductions for non-dependant(s) who share living accommodation with passported working –age claimants - as set out below:-

	<b>April 2012</b>	<b>Proposed from 1 April 2013</b>
	<b>£ per week</b>	<b>£ per week</b>
<b>Non-dependant Deductions</b>		
In receipt of state Pension Credit or in receipt of IS, JSA(IB), or ESA(IR)	<b>Nil</b>	<b>3.30</b>
Aged 18 or over and in remunerative work		
-gross income greater than £387.00 per week	<b>9.90</b>	<b>14.85</b>
-gross income not less than £310.00 but less than £387.00 per week	<b>8.25</b>	<b>12.35</b>

-gross income not less than £180.00 but less than £310.00 per week	6.55	9.80
-gross income less than £180.00 per week	3.30	4.95
Others aged 18 or over	3.30	4.95

- e) Restrict the eligibility to entitlement, before applying the percentage at a) above, to the maximum of a Band D council tax level
- f) To reduce the council tax discount on second homes to 0% from 1<sup>st</sup>April 2013
- g) To amend the following exemptions and discounts to empty properties from 1 April 2013 as set out below:-
- (i) Class A exemption for properties which are empty and undergoing repair or major structural alteration is replaced with 75% discount for the 12 month period instead of 100%
  - (ii) Class C exemption for properties which remain unoccupied and substantially unfurnished is replaced with 100% discount for 3 months from the date the property becomes substantially unoccupied and unfurnished, followed by zero discount thereafter. This compares with the current position which is 100% for 6 months
  - (iii) To charge an “empty homes premium” of 50% on long term empty properties making the total liability 150% after two years rather than 100% at present
  - (iv) To withdraw the exemption on properties where the mortgagee is in possession or reduce the discount to zero if the regulations allow for this making the mortgagee liable for the charge

The new scheme comes into force on 1 April 2013. The legislation requires that the scheme for working age claimants 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 16 January 2013.

Public consultation on a proposed scheme will run for 10 weeks from 24 September 2012, allowing time for responses to be considered and included in the final report to Council.

**Key Questions to Consider in Assessing Potential Impact**

Will the policy, strategy, service or council function proposal have a negative impact on any of the protected characteristics or other reasons that are relevant issues for the local community and/or staff?	Yes
Has previous consultation identified this issue as important or highlighted negative impact and/or we have created a “legitimate expectation” for consultation to take place? A legitimate expectation may be created when we have consulted on similar issues in the past or if we have ever given an indication that we would consult in such situations	Yes
Do different groups of people within the local community have different needs or experiences in the area this issue relates to?	Yes
Could the aims of these proposals be in conflict with the council’s general duty to pay due regard to the need to eliminate discrimination, advance equality of opportunity and to foster good relations between people who share a protected characteristic and people who do not?	No
Will the proposal have a significant effect on how services or a council function/s is/are delivered?	Yes
Will the proposal have a significant effect on how other organisations operate?	Yes
Does the proposal involve a significant commitment of resources?	Yes
Does the proposal relate to an area where there are known inequalities?	Yes

If you answer **Yes** to any of these questions, it will be necessary for you to proceed to a full Equality Impact Assessment after you have completed the rest of this initial screening form.

If you answer **No** to all of these questions, please provide appropriate evidence using the table below and complete the evidence considerations box and obtain sign off from your Head of Service.

- This is a new council function

Protected Characteristics	Positive	Negative	No impact	Reasons
Age		<input type="checkbox"/>		Working age claimants of Council Tax support will receive a reduced level of assistance as compared with the current Council Tax Benefit scheme
Disability	<input type="checkbox"/>			Where a claimant of working age fulfils the specified criteria the level of support will be higher than that given to other claimants
Gender Reassignment			<input type="checkbox"/>	No specific impact other than for working age generally
Marriage & Civil Partnership			<input type="checkbox"/>	No specific impact other than for working age generally
Pregnancy & Maternity			<input type="checkbox"/>	No specific impact other than for working age generally
Race			<input type="checkbox"/>	No specific impact other than for working age generally
Religion / Belief			<input type="checkbox"/>	No specific impact other than for working age generally
Sex (male / female)			<input type="checkbox"/>	No specific impact other than for working age generally
Sexual Orientation			<input type="checkbox"/>	No specific impact other than for working age generally

Are there aspects of the proposal that contribute to or improve the opportunity for equality?	Yes
<p>Due to the nature of the reductions required in the level of support, all working age claimants are to have reductions in their support, except for the working age vulnerable who will be protected. In addition where claimants have dependants, are carers, are in receipt of war pensions or war disablement pensions, support will be greater than for other groups due to disregarded income.</p>	

**Evidence Considered During Screening**

A full modelling exercise has been undertaken using specialised modelling software to establish the effects of the changes on claimants. The use of the modelling software creates 292 separate criteria that could be changed for each of the working age groups. However, the Council has opted to focus on those changes outlined within the report, as maintaining the existing way of calculating Council Tax Benefit in the Council Tax Support scheme ensures that vulnerable groups are duly recognised and protected whilst retaining work incentives and ensuring that no one group is disadvantaged or protected unreasonably more than another. It is felt that this is in the best interests of residents as these provide the tax payers with assurance that any additional support to meet the funding grant shortfall is limited to an appropriate level where possible, but at the same time retaining an appropriate level of support for those on low incomes to pay their council tax.

Where possible, the protections given under the current Council Tax Benefit regime have been maintained although the overall level of support reduced.

The government has stated that council tax support for older people will not be reduced as a result of the introduction of this reform. This is because the government wants to ensure that low income pensioners, who would struggle to pay council tax without additional support, and whom the government does not expect to work to increase their income, will continue to receive support for their council tax.

Pensioner protection will be achieved by keeping in place national rules which broadly replicate the current council tax benefit scheme.

As part of the changes the Council must give consideration to the effects on working age claimants only and in particular any vulnerable groups in the design of a new system.

Central Government has not been prescriptive in how it expects the Council to do this but points to the Council's existing responsibilities including the Child Poverty Act 2010, the Disabled Person Act 1986 and the Housing Act 1996 as well as the public sector equality duty in section 149 of the Equality Act 2010.

A full analysis of the existing caseload of those in receipt of Council Tax Benefit has been undertaken and the expected effects of the proposed changes are as follows;

- Pensioner claimants – no effect
- Single Working age claimants – 2179 claims potentially affected with an average reduction in support of £3.50 per week
- Couples without dependants - Working age claimants – 259 potentially affected with an average reduction in support of £4.95 per week
- Couples with dependants / Lone Parent - Working age claimants – 3365 potentially affected with an average reduction in support of £4.38 per week
- Working age claimants – with disabilities (classed as being disabled under the current Council Tax Benefit scheme) – potentially affected but the proposal is to fully exempt these from any reduction therefore avoiding an average reduction in support of £3.80 per week.

It should be noted that all data has been obtained from existing data sets held as part of the Council's Housing and Council Tax Benefit records and that they reflect an accurate assessment of monetary reduction in moving from the existing benefit scheme to the new Council Tax Support scheme.

Monitoring will be undertaken on an on-going basis and the full scheme reviewed annually.

**Local impact**

The impact of the changes locally is shown in Appendix 1 of the report.

**National impact**

The Department of Communities and Local Government (DCLG) have undertaken an impact assessment showing the effects nationally. This can be accessed using the link below;  
<http://www.communities.gov.uk/documents/localgovernment/pdf/2063707.pdf>

**Mitigating the effects of the reduction**

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 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 under the Council Tax Benefit system 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 single parent workers;
- Childcare costs disregard for workers with children
- Local disregard of War Pension income

The Council prefers to preserve this means test in its current form and to reduce the level of protection afforded to some of the vulnerable categories to allow the Council to meet its grant allocation. This allows the local scheme to maintain the protections for a number of vulnerabilities and continue to provide work incentives that have been refined over many years.

**Consultation**

Public consultation is due to commence on the 24 September 2012 for a period of 10 weeks. The results of this will be considered by the Council in finalising its decisions on the scheme to be adopted

Director Sign off:	David Burbage
Advice sought from Legal Services	Laura Gaudion
Date	29 August 2012