

## Stage 2 Full Equality Impact Assessment

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<b>Directorate:</b>	Resources
<b>Date of Completion:</b>	September 2013

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

**Local Council Tax Reduction Scheme review of scheme for 2014/15**

### The Aims, Objectives and Expected Outcomes:

The original EIA stage 1&2 set out the scope of the EIA and can be found at:

<http://www.iwight.com/documentlibrary/download/eia-local-council-tax-support-stage-1-2>

The national Council Tax Benefit (CTB) scheme ended on 1<sup>st</sup> 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 and be determined by the Council.

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 is to be determined by the local authority.

To provide financial assistance for the scheme, Central Government is to provide funding to each billing authority in England, however the level of funding provided is to be less than the amount that was provided to support the previous Council Tax Benefit scheme. In the case of the Isle of Wight Council, the shortfall will amount to in excess of 14% from the previous level of support provided.

In order to meet the shortfall, the Council decided to reduce all working age claimants' entitlement (given that pension age claimants are protected). The final scheme was decided on 16 January 2013 by Full Council which proposed changes to the scheme;

- A reduction in the maximum support from 100% under Council Tax Benefit to a

maximum of 80%, which would only be fully applied in the financial year 2014/15 following a transitional scheme maximum support of 91.5% being applied in the financial year 2013/14;

- Protecting claimants who receive (or their partner or dependants receives) any of the following by maintaining the potential to obtain 100% maximum reduction:
  - Disability Living Allowance Care (Higher, Middle or Lower rates);
  - Disability Living Allowance Mobility component;
  - Personal Independence Payments (from April 2013);
  - Attendance Allowance;
  - Employment Support Allowance (Support Component);
  - Incapacity Benefit (Long Term Rate);
  - Severe Disability Allowance;
  - War Disablement Pension;
  - War Widows Pension;
  - Armed Forces Compensation Scheme payment
- Increasing non dependant deductions in line with the governments default scheme increases; and
- Removing Second Adult Rebate.

By implementing the change in this way it has allowed claimants (for non protected cases) to adjust their finances over a longer period of time and also allow the Council to monitor the effects on taxpayers in general.

This seeks to review the findings of the EIA completed in December 2012 on the basis of the findings of the introduction of the scheme during the first six months.

Please delete as appropriate:

- This is a proposed review to an existing policy

### **Scope of the Equality Impact Assessment**

The original EIA stage 1&2 set out the scope of the EIA and can be found at:  
<http://www.iwight.com/documentlibrary/download/eia-local-council-tax-support-stage-1-2>

This EIA review seeks to establish whether there has been any significant alterations to the findings that was used to create the original EIA in December 2012 and the impacts associated with the proposed Council Tax Support scheme.

Monitoring continues to be undertaken on an on-going basis by reviewing the caseload, award details, and vulnerable protections so that the full scheme is reviewed annually.

## Analysis and assessment

### **The Transitional Grant**

The vast majority of impacts assessed within the original EIA were limited as a result of the council applying a year one transitional scheme reduction in support of up to 8.5%, having taken advantage of the transitional grant available from central government as a one off payment. The Council, in adopting a transitional year scheme has allowed claimants to adjust their finances over a longer period of time and also allowed the Council to monitor the effects on taxpayers in general.

Based on the findings of the scheme as at 1 September 2013, the loss in support for those cases not deemed to be protected amounted approximately to £1.33 per week per household. The original EIA estimated that the loss of support would amount to £1.44 per week per household.

The findings also suggest that if the 20% loss of support had been applied during the current year, the loss in support for those cases not deemed to be protected amounts to approximately £3.12 per week per household. The original analysis suggested that the impact would amount to £3.60 per week per household.

The effect on the taxpayer in general has not seen any significant impact on the levels of Council Tax collection, as these remain at levels expected.

### **Vulnerable protections for Working Age claimants**

The number of working age claimants that have been protected by maintaining the potential to obtain 100% support has increased from the original 1,895 claims as at December 2012, to 2,731 as at September 2013.

Whilst this has resulted in increased expenditure in protecting this group of vulnerable claimants up to a maximum of 100% of their liability, this expenditure has been offset by an apparent reduction in the overall caseload of Council Tax Support claimants to balance the cost of the scheme.

### **Preserving a 'means tested scheme'**

The structure of the means test under the previous Council Tax Benefit system ensured that vulnerable groups and incentives to work 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 preferred 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 when limiting the maximum level of support to 20% to reduce effects of additional negative impacts.

### **Analysis**

The consultation responses received between September and November 2012 indicated that consultees felt strongly that taxpayers should be required to pay some level of council tax and there was broad agreement that overall support should be reduced.

Due regard must also be had to the financial impact on the council due to the reduction in the grants received from central government. The council must ensure that it operates within a lawful and balanced budget by taking into account the need to protect the most vulnerable in our community and all local taxpayers.

There have been no specific alterations proposed to the provision of scheme that was consulted on and reported to Full Council in January 2013, which has not already been considered within the original EIA. The reduction in support is considered necessary to protect the interests of taxpayers generally and to preserve the overall finances of the council and services it provides.

There continues to be a negative impact to those of working age not falling under any of the vulnerable protected characteristics. The existing means testing scheme will be maintained in 2014/15 financial year as this allows the most support to be given to those on lowest income. Whilst the negative impact can not be diminished it is considered to be justified for the council to operate within a lawful and balanced budget.

The analysis of the current caseload and expenditure predicts that the cost of providing a Council Tax Support Scheme is expected to be £13m having taken into account changes in the caseload volume, potential expenditure, rise in the number of protected vulnerable cases and loss in real terms of government grant funding received.

### **Recommendations**

It is recommended that the council's preferred scheme for 2014/15 in applying a reduction for working age claimants should be implemented and the option of a reduction in maximum council tax liability used in the calculation (20%) would appear to be the most appropriate given the need of claimants and also the requirement for the Council to consider its financial situation. The Council is mindful that the vulnerable groups outlined within the previous consultation should continue to be protected and be able to receive support up to 100% (subject to income and capital).

The transitional years scheme has allowed the council to monitor the effects on taxpayers and has concluded that in the main claimants have had longer to adjust their finances in readiness for the preferred scheme to be implemented in 2014/15 which has sought to limit any negative impacts to the scheme.

## Action/Improvement Plan

The table below should be completed using the information from your equality impact assessment to produce an action plan for the implementation of the proposals to:

1. Remove or lower the negative impact, and/or
2. Ensure that the negative impact is legal under anti-discriminatory law, and/or
3. Provide an opportunity to promote equality, equal opportunity and improve relations within equality target groups, i.e. increase the positive impact

Area of impact	Is there evidence of negative positive or no impact?	Could this lead to adverse impact and if so why?	Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group or any other reason?	Please detail what measures or changes you will put in place to remedy any identified impact (NB: please make sure that you include actions to improve all areas of impact whether negative, neutral or positive)
Age	No impact.	<p>Status quo for the following: Those claimants, partners or dependant children in receipt of-</p> <ul style="list-style-type: none"> <li>▪ Disability Living Allowance (Higher, Middle or Lower rates)</li> <li>▪ Disability Living Allowance Mobility component</li> <li>▪ Personal Independence Payments (from April 2013)</li> <li>▪ Attendance Allowance.</li> <li>▪ Employment Support Allowance (Support Component).</li> <li>▪ Incapacity Benefit (Long Term Rate).</li> <li>▪ Severe Disability Allowance.</li> </ul>	<p>The council is making this decision to ensure that we operate within a lawful and balanced budget. The financial impact on the council due to the reduction in the grants received from central government require the council to adopt a local scheme that takes into account the need to protect the most vulnerable in our community and all local taxpayers. The introduction of this scheme will provide the council with the opportunity to apply the principles to ensure that the council meets the public sector equality duty under the Equality Act 2010.</p> <p>The reduction in financial support is necessary to protect the interests of taxpayers general and to preserve the overall finances of the council and services it provides</p>	<p>The Councils transitional scheme in year one has allowed claimants to adjust their finances over a longer period of time and also allowed the Council to monitor the effects on taxpayers in general.</p> <p>The existing means tested scheme will be maintained in 2014/15 and the most support will be given to those on lowest income. Exceptional hardship considerations will be available for those claimants in most severe financial need</p>

Area of impact	Is there evidence of negative positive or no impact?	Could this lead to adverse impact and if so why?	Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group or any other reason?	Please detail what measures or changes you will put in place to remedy any identified impact (NB: please make sure that you include actions to improve all areas of impact whether negative, neutral or positive)
	Negative -	<ul style="list-style-type: none"> <li>▪ War Disablement Pension.</li> <li>▪ War Widows Pension.</li> <li>▪ Armed Forces Compensation Scheme payment.</li> </ul> <p>Protection also includes those of State Pension Credit Age</p> <p>Those that do not fall under any of the above and are claimants of working age, there will be a reduction in the level of assistance, as the scheme will mean that no one will be in receipt of 100% support.</p>		
Disability	Positive	<p>The council is under no obligation to offer protection to those of working age who are in receipt of any disability benefits (see above). However, the Council's scheme is to provide a local scheme that affords protection to the most vulnerable in our society with regard to their disability. The level of support will be higher than that given for able bodied</p> <p>Other than that for working age claimants generally</p>		
Gender Reassignment	No impact	<p>Other than that for working age claimants generally</p>		
Marriage & Civil Partnership	No impact	<p>Other than that for working age claimants generally</p>		

Area of impact	Is there evidence of negative positive or no impact?	Could this lead to adverse impact and if so why?	Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group or any other reason?	Please detail what measures or changes you will put in place to remedy any identified impact (NB: please make sure that you include actions to improve all areas of impact whether negative, neutral or positive)
Pregnancy & Maternity	No impact	Other than that for working age claimants generally		
Race	No impact	Other than that for working age claimants generally		
Religion / Belief	No impact	Other than that for working age claimants generally		
Sex (male or female)	No impact	Other than that for working age claimants generally		
Sexual Orientation	No impact	Other than that for working age claimants generally		
HR & workforce issues	No impact  negative	Other than it is providing a like for like in work levels to that previously provided through the CTB scheme for benefit staff.  The monitoring of recovery processes has indicated there to be little difference in the overall collection rate, however the first six months of the scheme has indicated the volume of work has increased in Revenues, which has resulted in additional temporary resource being procured to assist in the completion of work and ongoing recovery needs. A further review is due to be undertaken later in 2013/14 to establish if the additional resources are required on a more permanent basis. Equally the number of claimant contacts has increased the customer	The council will continue to monitor the overall impact of work and resource accordingly concerning the impact of HR workforce issues	Temporary resource is being used to support the functions with a review due later in 2013/14 to consider more permanent needs.  The way in which claimants can transact with the authority is also being reviewed to improve greater self service ability and remove the need where possible for face to face contacts and phone.



Area of impact	Is there evidence of negative positive or no impact?	Could this lead to adverse impact and if so why?	Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group or any other reason?	Please detail what measures or changes you will put in place to remedy any identified impact (NB: please make sure that you include actions to improve all areas of impact whether negative, neutral or positive)
		enquiry queries at the front desk and phone.		
Human Rights implications if relevant	n/a			
Please remember - actions should have SMART targets and be reported to the Diversity Board (this should be done via your Directorate representative) and incorporated into your service/team Plans and /or objectives of key staff				

**Summary****Date of Assessment:**

27 September 2013

**Signed off by Head of  
Service/Director**

Dave Burbage

**Review date**

September 2014

**Date published**

16 October 2013