

Equality Impact Assessment

Service Area: RESOURCES REVENUES AND BENEFITS

Head of Service: JON TRIGGS

Lead Officer: JULIE DARK

Date: 24 OCTOBER 2019

Name of policy/function/project/service area to be assessed:

NEW INCOME-BANDED COUNCIL TAX REDUCTION SCHEME

Brief description of proposal to be assessed: To introduce a new income-banded Council Tax Reduction Scheme

The Government announced as part of its spending review in 2010 that it would abolish Council Tax Benefit and replace it with localised support for Council Tax, Council Tax Reduction (CTR) by 2013-14.

This change did not affect Pension Age claimants whose scheme is prescribed by Central Government in line with the 2012/13 Council Tax Benefit scheme.

Each year we have to review our scheme. The Devon Local Government Steering Group and Benefits Officers Groups work together in reviewing the CTR Schemes across the county. The current CTR scheme is complex and out of date. The Government has reduced the funding for the scheme by approximately 43% since 2013 so Devon Authorities are aiming to move to a new discount-based income-banded scheme that is fairer, simpler and reduces administration costs.

North Devon Council is aiming to make this change from April 2020. This change will not affect Pension Age claimants whose scheme is still prescribed by Central Government in line with the 2012/13 Council Tax Benefit scheme.

Date of Assessment:

24 October 2019

Person responsible for completing the assessment:

JULIE DARK

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Brief description of the anticipated outcomes of the proposal:

Provision	Current Arrangement	Proposed Arrangement	Comment
<p>Introducing an income banded CTR scheme for Working Age customers to replace the current approach.</p>	<p>We currently assess CTR entitlement using the same complex rules as for Council Tax Benefit. As well as an income-based means test, these rules included an additional means test for capital and an adjustment for 'non-dependants' who were deemed to contribute to household expenditure. These features are shared with the HB assessment scheme.</p>	<p>Introducing an income banded scheme for Working Age customers to replace the current approach. This means that how much support customers receive will depend where their income falls within a range of specified bands. The percentage CTR for each band (and therefore the minimum level of payment required) can be varied.</p>	<p>The benefits of changing the scheme:</p> <ul style="list-style-type: none">• it provides a simpler scheme• it ensures that reduction is focused on those that need it most• it will reduce the level of administration and associated costs• it will prevent customers with Universal Credit income receiving multiple Council Tax demands during the year with multiple changes to their Council Tax payments, helping them to budget more easily• customers in receipt of 'Passported benefits' such as Income Support, Income Related Employment and Support Allowance or Income Based Jobseekers Allowance, will not be adversely affected <p>The drawbacks of doing this are:</p> <ul style="list-style-type: none">• whilst we will look to protect customers as far as possible, there may be some winners and some losers.

<p>Increasing the maximum level of reduction customers can receive to 80%</p>	<p>Currently the maximum level of reduction customers can receive is 75% of their Council Tax liability.</p>	<p>Increasing the maximum level of reduction customers can receive to 80% of their Council Tax liability.</p>	<p>The benefits of changing the scheme:</p> <ul style="list-style-type: none"> • our lowest income households are more able to afford their contribution and a reduction in recovery costs <p>The drawbacks of doing this are:</p> <ul style="list-style-type: none"> • an increase in the cost of the scheme, although this is offset in part by reduced cost of the collection of unpaid Council Tax
<p>Limiting the number of dependent children included in the assessment</p>	<p>Within the current scheme, applicants who have children are awarded a Dependant's addition within the calculation of their needs (Applicable Amounts). From April 2017, the current scheme limited dependant's additions in line with Universal Credit, Housing Benefit and Tax Credits to a maximum of two. Some applicants were protected where they made a claim for reduction before that date and already had more than two dependants.</p>	<p>The new scheme will be based on an income grid system which takes into account the number of dependants within the household; however, it will be limited to two, for all applicants.</p>	<p>The benefits of these changes are:</p> <ul style="list-style-type: none"> • CTR will be brought into line for all applicants • it is simple and administratively easy to incorporate within the scheme <p>The drawbacks of doing this are:</p> <ul style="list-style-type: none"> • customers who have three or more dependants, and who claimed before 1st April 2017, may receive less CTR. However, if customers face exceptional hardship they may apply for additional reduction through the Exceptional Hardship Payment scheme. Anyone in receipt of a Passported benefit, for example Income support or Income Related Employment and Support Allowance, will not be affected by this change.

<p>Introducing a standard weekly Non-Dependant Deduction instead of the current tiered system</p>	<p>Currently, where someone who receives CTR has other adults living with them such as adult sons, daughters etc., their CTR may be reduced. Any reduction is called a Non-Dependant Deduction. The council expects that non-dependants make a financial contribution to the household running costs. The Council currently makes a range of deductions depending on the circumstances and income of the non-dependant. The minimum deduction is currently £4 per week. This does not apply if the applicant or their partner receives DLA Care or the Daily Living Component of PIP.</p>	<p>To apply a standard Non-Dependant Deduction of £4 per week for all customers with non dependants irrespective of the circumstances and income of the non-dependant. This does not apply if the applicant or their partner receives DLA Care or the Daily Living Component of PIP.</p>	<p>The benefits of this option are:</p> <ul style="list-style-type: none"> • it will make the scheme simpler to understand • it will make administration of the scheme simpler by reducing evidence requirements • all adults within the household make a contribution to household running cost • the change is simple and administratively easy to incorporate within the scheme • we will no longer need to ask for details of any non-dependant's income <p>The drawbacks of doing this are:</p> <ul style="list-style-type: none"> • there will be an overall cost to the scheme where non-dependant charges currently made at higher levels change to the lower standard amount

<p>Support incentives to work by ignoring the first £25 of earnings in the household.</p>	<p>Where applicants (or their partner if they have one) have earnings, and work over 16 hours per week, an Earnings Disregard is applied depending on their individual circumstances. The standard disregards are £5 per week for a single person, £10 per week for a couple, £20 per week if they meet certain conditions such as disablement or part time special employments, or £25 for lone parents. If they work additional hours, in some circumstances, they may receive an additional £17.10 disregard per week.</p>	<p>The proposed change to the scheme would introduce a standard, single disregard of £25 for the applicant (and their partner if they have one) where they work for at least 16 hours per week. All other disregards will be removed.</p>	<p>The benefits of this proposal are:</p> <ul style="list-style-type: none"> • it will make the administration of the scheme simpler; • it will be more generous to some applicants on low incomes and encourage work – this is particularly relevant to single persons and couples with no children. (It should be noted that customers with dependants will be allowed a higher level of income within the ‘grid scheme’ proposed • the change is simple and administratively easy to incorporate within the scheme <p>The drawbacks of doing this are:</p> <ul style="list-style-type: none"> • there may be customers with larger families who may lose CTR. (It should be noted that all customers who face exceptional hardship may apply for additional reduction from the Exceptional Hardship Payments Scheme.)
<p>An extra amount of £25 of earned income will be ignored if the claimant or partner is disabled and a qualifying disability benefit is in payment</p>	<p>Currently the standard disregard is £20 per week if a customer meets certain conditions and are disabled. If they work additional hours, in some circumstances, they may receive an additional £17.10 disregard per week.</p>	<p>Disregarding a further £25 of earned income per week where the applicant/partner or a dependant is in receipt of Disability Living Allowance (DLA) or Personal Independence Payment (PIP). This is to offer a further incentive for people in receipt of DLA or PIP to remain in remunerative work by awarding a further disregard of earned income. This is in addition to the current disregard of DLA and PIP.</p>	<p>The benefits of this proposal are:</p> <ul style="list-style-type: none"> • it will assist customers who receive Disability Living Allowance or Personal Independence Payments • the change is simple and administratively easy to incorporate within the scheme <p>The drawbacks of doing this are:</p> <ul style="list-style-type: none"> • there may be a small increase in scheme costs although this is thought to be negligible

<p>To ignore any income from Carer's Allowance</p>	<p>Where applicants (or their partner if they have one) receive Carer's Allowance for looking after a person who is ill or disabled, the Carer's Allowance payment they receive is considered as income for CTR. This is partially offset by an award of Carer's Premium within the current scheme.</p>	<p>With the move to an income based 'grid' scheme, the use of premiums etc. will end. The Council feels that it is fair, in these cases, to fully disregard any payment of Carer's Allowance received.</p>	<p>The benefits of this proposal are:</p> <ul style="list-style-type: none"> • it will make the administration of the scheme simpler • it is more generous to customers who receive Carer's Allowance • the change is simple and administratively easy to incorporate within the scheme <p>The drawbacks of doing this are:</p> <ul style="list-style-type: none"> • there may be a small increase in scheme costs, although this is thought to be negligible
<p>Remove the one calendar month limit for backdate requests. Instead we will consider all the circumstances of the case</p>	<p>At the moment, you can only request a back date of CTR of a maximum one calendar month.</p>	<p>Under the new scheme, there will be no limit. It will be the discretion of the Council to decide how far back a backdate can be awarded based on the circumstances of each individual case.</p>	<p>The benefits of this proposal are:</p> <ul style="list-style-type: none"> • it will make the administration of the scheme simpler • it can be beneficial to applicants who require further help • the change is simple and administratively easy to incorporate within the scheme <p>The drawbacks of doing this are:</p> <ul style="list-style-type: none"> • there are no draw backs to this option

<p>For all changes in circumstances which would change the amount of Council Tax Support to be applied on a daily basis rather than the current weekly basis</p>	<p>Changes in circumstances that affect entitlement to CTR under the current scheme are largely effected on a weekly basis. This is a 'throwback' to previous benefit schemes that were weekly based.</p>	<p>As Council Tax is a daily charge, the Council believes it makes more sense to change entitlement to CTR on a daily basis.</p>	<p>The benefits of this proposal are:</p> <ul style="list-style-type: none"> • it will make the administration of the scheme simpler • it is in line with the way that Council Tax is charged and operated • the change is simple and administratively easy to incorporate within the scheme <p>The drawbacks of doing this are:</p> <ul style="list-style-type: none"> • there are no draw backs to this option
<p>Removing the Extended Payment provision</p>	<p>In certain cases, applicants who have been in receipt of prescribed benefits (such as Income Support, Jobseekers Allowance or Employment and Support Allowance) and who move into work which ends their entitlement, CTR can be paid for an additional 4 weeks after commencing work or increasing their hours.</p>	<p>Similar provisions do not exist for Universal Credit claimants. As Universal Credit is to replace those existing (legacy) benefits, the Council feels that these provisions are no longer appropriate.</p>	<p>The benefits of this proposal are:</p> <ul style="list-style-type: none"> • it will make the administration of the scheme simpler • it will treat all applicants in receipt of DWP benefits equally • the change is simple and administratively easy to incorporate within the scheme <p>The drawbacks of doing this are:</p> <ul style="list-style-type: none"> • customers who are still in receipt of legacy benefits and who move into work before being transferred to Universal Credit may lose any potential extended payment

<p>To remove the current Family Premium for all claims</p>	<p>Applicants who have children and have been continuously in receipt of CTR since before 1 April 2017, are awarded a Family Premium within the calculation of their needs (Applicable Amount). From 1 April 2017 the current scheme removed that Premium.</p>	<p>We are proposing to remove an allowance for it for all applicants in the new scheme.</p>	<p>The benefits to the Council of doing this are:</p> <ul style="list-style-type: none"> • CTR will be brought into line for all applicants • it is simple and administratively easy to incorporate within the scheme <p>The drawbacks of doing this are:</p> <ul style="list-style-type: none"> • customers who remain in continuous receipt of CTR since before 1st April 2017, may receive less CTR. However, if customers face exceptional hardship they may apply for additional reduction through the Exceptional Hardship Payment scheme
<p>To ignore an amount of any housing costs included in an award of Universal Credit</p>	<p>The Housing Cost element of Universal Credit is offset against an allowance within the customers Applicable Amount, effectively disregarding the Housing Costs</p>	<p>Disregard the Housing Cost element of Universal Credit</p>	<p>The benefits of this proposal are:</p> <ul style="list-style-type: none"> • it will make the administration of the scheme simpler <p>The drawbacks of doing this are:</p> <ul style="list-style-type: none"> • there are no drawbacks

Impact

Summarise any positive impacts or benefits, any negative impacts (i.e. potential for discrimination, disadvantage or disproportionate treatment) and any neutral impacts and the evidence you have taken into account to reach this conclusion. Be aware that there may be positive, negative and neutral impacts within each characteristic. (NOTE: please refer to the Equality Strategy for the characteristics) Where an impact is unknown, state so, and identify what steps will be taken to address any gaps in data:

Age

Positive The council needs to take into account the Child Poverty Act. There will be an allowance for certain incomes not to be included in the financial assessment of CTR e.g. Child Benefit etc. The decision to protect pensioners is a national one and will be reflected in legislation. Central Government is therefore responsible for conducting their own EIA on this aspect. This is available at:

<http://www.communities.gov.uk/documents/localgovernment/pdf/2063707.pdf>

Negative Some Working Age people will receive less support. Dependent Children may be disadvantaged indirectly if their parents receive less support.

Disability

Positive Our new CTR scheme will continue to disregard income received specifically relating to disability in the financial assessment as defined in the Council Tax Benefit statutory scheme. Any family member in receipt of DLA Care (mid or high) or PIP equivalent (daily living component), at the enhanced rate, Disabled Child Premium disability premium for dependants or Enhanced Disability will be considered for support.

Negative Some Working Age people will receive less support, although the impact is not specific to this characteristic.

Gender Reassignment

Neutral No information is collected on the gender reassignment status of CTR claimants and gender has no impact on the claiming or calculation of CTR in the new scheme.

Marriage and Civil Partnership

Neutral Marriage and civil partnership status of CTR claimants will have no impact on claiming or the calculation of CTR in the new scheme.

Pregnancy and Maternity

Neutral No information is collected on the pregnancy and maternity status of CTR claimants and this characteristic will have no impact on claiming or the calculation of CTR in the new scheme.

Race

Neutral No information is collected on the race of CTR claimants and this characteristic will have no impact on claiming or the calculation of CTR in the new scheme.

Religion or Beliefs

Neutral No information is collected on the religion or beliefs of CTR claimants and this characteristic will have no impact on claiming or the calculation of CTR in the new scheme.

Sex/Gender

Neutral All Working Age people will be eligible to apply for support, and this characteristic will have no impact on claiming or the calculation of CTR in the new scheme.

Sexual Orientation

Neutral No information is collected on the sexual orientation of CTR claimants and this characteristic will have no impact on claiming or the calculation of CTR in the new scheme.

Consideration of Alternatives

Describe what alternatives have been considered and/or what actions will be taken to remove or minimise any potential negative effect identified above (attach evidence or provide link to appropriate data, reports, etc):

We have considered;

Continuing with the current scheme:

- This would mean continuing with higher administration costs and the inefficiencies within the current scheme from non-material change of circumstances
- The current scheme will not work effectively with the Government's Universal Credit system as the multiple changes in Universal Credit will inevitably lead to multiple changes in CTR, thereby increasing the costs for all Council Tax payers in the District.

Reduced funding to other Council services to pay for additional administration costs:

- Keeping the current CTR scheme will mean an increase in non-funded administration costs and therefore less money available to deliver other Council services

Use the Council's reserves:

- Earmarked reserves are being used to fund the software module required to administer the new banded scheme. The overall CTR scheme costs within the Collection Fund are proportionally split between the major preceptors

Consultation

Brief description of any consultation with stakeholders and summarise how it has influenced the proposal. Please attach evidence or provide link to appropriate data or reports:

The Council undertook a comprehensive consultation from the 9th September 2019 - 20th October 2019. Nine (9) responses were received. The consultation was promoted in the following ways :

- Press release in local newspaper
- North Devon Council website
- Social Media (Facebook and Twitter) with ongoing posts/tweets.
- 2000 mail shots included in Council Tax bills and Benefit notification letters.
- Advertising posters displayed in our three community offices.

Our precepting authorities were also asked for their comments and input. These are : Devon County Council, Devon Fire Authority, Devon and Cornwall Police. We also wrote to Citizens Advice TNMWD.

Monitoring Arrangements

Briefly describe the monitoring arrangements/systems that will be put in place to monitor the effects of this proposal:

The scheme will be reviewed annually using a new software module purchased for this purpose. Throughout the year, regular monitoring of how our customers are affected will take place and Exceptional Hardship applications will be offered where such affects are negative.

Reporting and Publication

Equality Impact Assessments will be published on North Devon Council's website.

Date published:

NOTE: The completion of an Equality Impact Assessments is an ongoing process. Impacts will be continually reviewed during projects and the decision making process and the Assessment will be updated accordingly and published. A further assessment will also be undertaken between 6 to 12 months following the implementation of the policy, project, decision or service change has been implemented.

Proposed implementation date of project/proposal: 01 April 2020

Funding considerations:

There are funding implications for both software (£56,250) and also the cost of the scheme (£188,000). However, these costs will be offset by reduced admin costs (Council Tax Recovery/CTR scheme).

Date approved by Head of Service:

Corporate and Community Services Use Only:

Date of publication to NDC Website:

Date of Feedback (if required):

Feedback: