

Equality Impact Assessment

Proposed Sefton MBC Local Council Tax Reduction Scheme 2016-17

Addendum to Annex D Equality Analysis Report - Sefton's Local Council Tax Reduction Scheme 2013/14

Background

From the 1st April 2013, the Council was required to introduce a Council Tax Reduction Scheme to replace the national Council Tax Benefit scheme, with the funding made available from Government to the Council being reduced by 10 per cent from the same date. The requirement for the Council to do this was set out in the Local Government Finance Act 2012. The Government required that the Council scheme should ensure pensioners would not be worse off with any reduction in actual benefit only being passed on to claimants of working age.

The Government also stated that, in developing local Council Tax Reduction Schemes, Councils should consider protecting other vulnerable groups. The Government confirmed that it did not intend to prescribe the protection that local authorities should provide for such groups, but legislation that Councils had to be cognisant of included:

- 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 (The Housing Act 1996)

This impact assessment is an addendum to the original Equality Analysis Report published 20 December 2012

2013/14, 2014/15 and 2015/16 Council Tax Reduction Schemes

The Council approved the Sefton localised Council Tax Reduction Scheme, to replace Council Tax Benefit, at the meeting of 24 January 2013. The main features of the approved scheme for working age claimants were:

1. All persons claiming under the new Scheme should pay at least 20% of their Council Tax bill
2. £6,000 is the savings or capital limit per claim and above this limit there is no entitlement
3. The Council Tax Second Adult Rebate Scheme is removed
4. Non dependant deductions replaced by two flat rate deductions.

The scheme included a range of mitigating actions to protect vulnerable people including:

- Provision of an Exceptional Hardship Fund
- Maintenance of core aspects of the current means tested scheme that provides additional assistance where there are dependants, disability and caring responsibilities.
- Close monitoring of the scheme to ensure unanticipated implications and effects are reviewed and addressed.

- Council tax collection – 12 monthly instalment payments offered to Council tax payers.
- Enforcement action - process reviewed to mitigate impact on the claimants. For example, encouraging early contact for vulnerable claimants with sign-posting for debt advice and review notifications for recovery stage.

Although not formally part of the scheme the Council has worked alongside the voluntary sector to introduce a foodbank network across the borough in recognition of the impact of both the recession and welfare reform has had on the local population.

As required by law, the Council reviewed and revised the Council Tax Reduction scheme for each subsequent year from 1 April 2014.

Council Tax Reduction Scheme 2014/15

Council 23 January 2014

For 2014/15 the scheme was revised to update state benefits for non-pensioner claimants in line with Department for Work & Pensions (DWP) uprating which was confirmed in the 'Welfare Benefits Uprating Act 2013' and enacted in March 2013. In addition to uprate the applicable amounts and personal allowances using DWP rates. This ensured non pensioner claimants were not adversely affected by annual uprating. To achieve this in 2014/15, minor adjustments were required to the scheme following limited consultation. Except for annual uprating the 2013/14 scheme should continue to run for 2014/15 taking into account the annual uprating for pensioners and any other statutory requirements.

Council Tax Reduction Scheme 2015/16

Council 22 January 2015

Annual Uprating (Non- Pensioners) – Each year state benefits for working age people are increased by the Government. These increases, because they would result in higher income for anyone receiving benefits, would subsequently result in a reduction in the amount of means tested Council Tax Reduction received unless the applicable amounts and personal allowances are also increased. The increase is referred to as uprating and a small revision was made to the existing scheme from 2015/16.

The 2015/scheme saw uprates in state benefits for non-pensioner claimants in line with Department for Work & Pensions (DWP) uprating which was confirmed in the Welfare Benefits Uprating Act. In addition applicable amounts and personal allowances uprated using DWP rates. This ensures non-pensioner claimants were not adversely affected by annual uprating.

Non- dependant Charges (Non- Pensioners) - In calculating the earnings in respect of non-dependants the Council proposed that the level was increased in line with the Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012 as amended. This ensured that the level of earned income will increase annually

in line with the Government scheme for pension age claimants. For clarity, any non-dependant who received an award of Universal Credit where their award of Universal credit included earned income then a deduction of either £2.00 or £5.00 would be made as appropriate.

Where the award of Universal Credit is calculated on the basis that the non-dependant does not have any earned income no deduction will be made.

Proposed revision to the Council Tax Reduction Scheme for 2016/17

As it is required to do by law, the Council reviewed the Council Tax Reduction Scheme which supports residents with low incomes in paying their Council Tax.

In April 2013 there were 32,913 Council Tax support claimants (15,403 pensioner age and 17,510 working age). By October 2015 the number of claimants had reduced by 13.1% to 28,585 (13,595 pensioner age and 14,990 working-age).

The Council's Engagement and Consultation Panel, at its meeting on 13th November 2015, approved the commencement a short public consultation on plans to revise Sefton Metropolitan Borough Council's Council Tax Reduction Scheme for 2016/17. The consultation enabled the Council to consider the views of the local population and interested parties which have informed the final recommendations being made to Council for approval of the 2016/17 Council Tax Reduction Scheme on 28th January 2016.

Options for a revised Council Tax Reduction Scheme for 2016/17

Pensioner Claimants

There was no proposal to make any changes for pensioner claimants as the scheme for pensioners is prescribed by national Government. Pensioner claimants will continue to receive the same level of support as in 2015/16, except where their circumstances change or there are changes in Government legislation.

Non-Pensioner Claimants

Option 1: No Change to Existing Council Tax Reduction Scheme

Council Tax support would be worked out in the same way as it is done now. This would mean that people of working age would continue to pay a minimum contribution of 20%. This option would maintain the existing level of support to low income working age claimants. This option would allow any surplus income to be used to fund the budget gap.

Option 2: Provide more Council Tax support to working-age claimants

This option would reduce the minimum payment that is currently being charged from 20% to a lower percentage of either 18% or 16%.

Impact Assessment and Mitigation

The equality analysis report published with the first draft localised Council Tax Reduction scheme identified the potential disproportionate impacts that the draft scheme may have had on people with disabilities and gender. The report recommended that a hardship fund be put in place as part of the scheme and that the impact of the scheme be monitored to ensure no indirect discrimination resulted as a consequence on implementation of the scheme. The report also recommended the Council work with the voluntary sector to introduce a foodbank network across the borough which is now in place. The localised Council Tax reduction scheme that came into effect on the 1st April 2013 included the provision of a Hardship Fund, see analysis below

Year	Number of applications	Number successful	Number unsuccessful	Refusal reason breakdown
2013/2014	2564	1389	1175	1000 Hardship not demonstrated, 32 no entitlement to ctrs, 41 nil balance, 94 already received an award, 8 other
2014/2015	2304	1202	1102	171 Excessive expenditure, 163 no entitlement to ctrs, 650 sufficient income, 78 paid, 40 other
2015/2016 to date	1772	995	777	133 Excessive expenditure, 135 no entitlement to ctrs, 409 sufficient income, 24 account in credit, 76 other
Total to date	6640	3586	3054	

Note In 2013/2014 the description "hardship not demonstrated" was used when either there was excessive expenditure or sufficient income. This was altered for later years by using specifically "excessive expenditure" and "sufficient income."

Sample information	10% sample check undertaken of the 2015/2016 successful applicants	Sample check 72 cases		
Status of applicant	Single Applicants	93%		
	Couple applicants	7%		
Property details	Tenants	94%		
	Owner occupiers	6%		
Children details	Claimants with children	8%		
	Claimants without children	92%		
Disability issue	Claimants with a disability in household	14%		
	Claimants with no disability in household	86%		
Employment status	Claimants working	8%		
	Claimants not working	92%		
Property banding	Band A claimants	82%		

	Band B claimants	15%		
	Band C claimants	3%		
Income details	ESA claimants	36%		
	JSA claimants	30%		
	UC claimants	10%		
	PIP claimants	3%		
	DLA claimants	11%		
	IS claimants	2%		
	Working	8%		
Number of applications made	Only one application made	35%		
	More than 1 application made	65%		

The Council has continued to monitor the impact of the scheme across the protected characteristics and has found no disproportionate impacts.

The proposed changes to the Council Tax reduction scheme will have no disproportionate impacts on any person with a protected characteristic. Indeed, whilst the Equality Act 2010, does not cover poverty, should the Council adopt Option 2, a reduction to either 18% or 16%, this would provide additional financial support to the most vulnerable members of the local community in these hard pressed times.

Outcome from the Public Consultation

The online questionnaire was completed by 53 people, with one member of the public submitting an anonymous comment. Comments were also received from the Police & Crime Commissioner and Aintree Village Parish Council.

Analysis of the results of the questionnaire shows that:-

- **51%** of respondents were in favour of **retaining the scheme in its current format** with 43% against, and 6% of respondents not sure.
- **51% were against a reduction in the minimum payment**, with 49% indicating that there should be a reduction.

- When asked what % **claimants should be asked to pay** – 16% or 18% :-
 - 45% agreed with a 16% payment whilst 55% disagreed
 - 42% agreed with a 18% payment whilst 58% disagreed

Aintree Village Parish Council had no comments to make on the proposals whilst the Police & Crime Commissioner indicated that she would support the proposal to retain the scheme in its current format.

The anonymous comment received from a member of the public also indicated support for retaining the scheme in its current format.