

Stage 2 Full Equality Impact Assessment

Assessor(s)Name(s):	Ian Lloyd
Directorate:	Resources
Date of Completion:	December 2014

Name of Policy/Strategy/Service/Function Proposal

Local Council Tax Reduction Scheme review of scheme for 2015/16

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 EIA stage 2 review completed September 2013 for the 2014/15 scheme can be found at:

<http://www.iwight.com/documentlibrary/view/eia-stage-2-local-council-tax-support-2014-15-scheme>

The national Council Tax Benefit (CTB) scheme ended on 1st 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 council tax support scheme is to provide financial assistance to council taxpayers who have low incomes. Persons who are of state pension credit qualifying age (62 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 through the yearly Financial Settlement grant allocation; however the level of start-up 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 level of grant support is indicated to have dropped from £10.764m in 2013/14 to £8.459m in 2015/16.

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.

The 2015/16 Local Council Tax Support Scheme proposes that the current scheme is not changed and is continued for 2015/16.

This seeks to review the findings of the original EIA completed in December 2012 and the further review completed in September 2013 on the basis of the findings of the scheme during the period of implementation.

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>

The EIA stage 2 review completed September 2013 for the 2014/15 scheme can be found at:

<http://www.iwight.com/documentlibrary/view/eia-stage-2-local-council-tax-support-2014-15-scheme>

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 September 2013, 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

There has been a significant reduction in the Council Tax Support caseload since the last EIA review in both Pensioner and Working Age caseload. This has seen the average caseload reduce from 15,223 (December 2012), to 14,501 (December 2013) to 13,941 (December 2014).

Based on the findings of the scheme as at 1 December 2014, it suggests that the average 20% loss of support applied during the current year, in support for those cases not deemed to be protected amounts to approximately £3.85 per week per household. The original analysis suggested that the impact would amount to £3.60 per week per household. However, during the past two years there has been a considerable reduction in the working age caseload and Council Tax rises that have an impact on the average loss calculated figures.

The analysis also shows that since December 2012 the pensioner caseload has fallen by 10.6% with an overall reduction in claimants of some 8.5%. The pensioner caseload accounts for some 47% of claims and 51.6% of the support given.

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 to 2,938 as at September 2014.

This will continue to be reviewed as this has resulted in increased expenditure in protecting this group of vulnerable claimants up to a maximum of 100% of their liability, and whilst this expenditure had been offset by an apparent reduction in the overall caseload of Council Tax Support claimants to balance the cost of the scheme, it will need to be further reviewed in light of future grant funding reductions beyond 2015/16.

Pensioners and the working vulnerable are able to get up to 100% of council tax support depending on their income. Together these account for some 68% of claimants and 75% of the cost.

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 been 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 2015/16 financial year as this allows the most support to given to those on lowest income. Whilst the negative impact cannot be diminished it is considered to be justified for the council to operate within a lawful and balanced budget but will require a further review during 2015 to further consider and consult on any potential changes to the proposed scheme for those on low income to pay even more if support is

further reduced.

The analysis of the current caseload and expenditure predicts that the cost of providing a Council Tax Support Scheme is expected to be £11.9m 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 current scheme for 2014/15 is not changed and is continued for 2015/16. This means that working age (non-vulnerable) claimants will continue to have a reduction in maximum council tax liability used in the calculation (20%), as it 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 and 2014/15 full 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 which was implemented in 2014/15, which had sought to limit any negative impacts to the scheme. The overall impact to collection rates and the burden placed on tax payer residents not claiming council tax support has been limited with the overall collection position

remaining fairly good with some 76.39% collected as at November 2014, compared to 76.70% at the same point in November 2013 during the transitional years 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:</p> <p>Those claimants, partners or dependant children in receipt of-</p> <ul style="list-style-type: none"> ▪ Disability Living Allowance Care (Higher, Middle or Lower rates) ▪ Disability Living Allowance Mobility component ▪ Personal Independence Payments (from April 2013) 	<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 continuation 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</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 taking into consideration what the full schemes impact has been during 2014/15 .</p> <p>The existing means tested scheme will</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)
		<ul style="list-style-type: none"> ▪ 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. <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>	<p>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>be maintained in 2015/16 and the most support will be given to those on lowest income.</p> <p>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)
Disability	Positive	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		
Gender Reassignment	No impact	Other than that for working age claimants generally		

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)
		<p>2014/15. However, the past 18 months of the scheme has indicated the volume of work has increased in Revenues, which has resulted in additional resource being appointed to assist in the completion of work and ongoing recovery needs. An ongoing review will be undertaken later in 2015/16 to continue to monitor the ongoing resources required. Equally the number of claimant contacts has increased the customer enquiry queries at the front desk and phone but steps are being taken to provide self service capabilities.</p>		<p>placements following a review to support the functions. This will continue to be reviewed given the Council's financial situation and impact on collection.</p> <p>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.</p>
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:	23 December 2014
Signed off by Head of Service/Director	Dave Burbage
Review date	December 2015
Date published	12 January 2015