

## Appendix 2 - Equality impact assessment

**Name of policy, service or decision:** Council Tax Reduction scheme

**Lead directorate:** Corporate Resources (Benefit Services)

1. Description – what is being assessed? The change from Council Tax Benefit (CTB) to the localised Council Tax Reduction (CTR) scheme, alternatively referred to as Council Tax Support
2. Lead officer on assessment: Sharon Whale
3. Head of service: Jackie Davies / Liz Ralph
4. Members of assessment team: Sharon Whale – Policy manager      Jackie Davies – Head of Service
5. Date assessment began: August 2012
<b>Background</b>
<p>6. <i>What are the aims and objectives or purposes of the policy or function/service?</i></p> <p>Tackling Britain's record deficit is the government's top priority. The 2010 spending review focussed in particular on reducing welfare costs, with plans to reduce the total welfare bill by £18billion per year by 2014/15, reducing spending on council tax benefit will contribute to this, saving £470m a year in England.</p> <p>CTB expenditure has increased from £2b to £4b from 1997-08 to 2010-11. A key factor behind the increase in CTB expenditure is increases in council tax levels and the current economic climate.</p> <p>Dudley Council's benefits section currently administers CTB on behalf of the Department for Work and Pensions (DWP) and receives subsidy for the benefit it pays out. Council tax benefit is means tested and is paid to low income households to help them meet their council tax liability. In 2011/12 the Council awarded approximately £24 million of council tax benefit to about 33,000 council tax payers, the average award of benefit amounting to approximately £720 per year.</p> <p>In its 2010 spending review, the Government announced that it would localise council tax benefit from April 2013, alongside reducing the subsidy it pays to councils by 10%. This will involve the abolition of the current national council tax benefit scheme and the introduction of new localised 'council tax reduction' schemes designed and administered by individual councils.</p> <p>Localising support for Council Tax is intended to:</p> <ul style="list-style-type: none"> <li>• Give LAs control over how a 10% reduction in expenditure on the current CTB bill is achieved, allowing councils to balance local priorities and their own financial circumstances.</li> <li>• Give LAs a financial stake in the provision of support for CT and so a greater stake in the economic future of their local area, so supporting the positive work incentives that will be introduced through the Governments wider welfare reforms.</li> <li>• Provide LAs with the opportunity to simplify the system of support for working age claimants.</li> </ul> <p>Unlike most other groups, pensioners cannot be expected to seek paid employment to increase their income; the government therefore proposes that as a vulnerable group, low income pensioners should be protected from any reduction as a result of this change. Specifically it proposes that Government will prescribe how pensioners should be treated within local schemes. This will avoid low-income pensioners experiencing any increase in their council tax liability as a result of this change and will ensure that pensioners who become eligible for support with council tax at any time in the future will enjoy support on the same basis as existing eligible pensioners.</p>

Councils are expected to develop their local schemes within the following framework :

- a) Grant allocation will be reduced by 10% nationally (estimated at around £2.4m for Dudley).
- b) The money spent on the new scheme will be determined by local need, funded by a cash limited Government grant (so expenditure may be higher or lower than the amount of grant received).
- c) Pensioners will be protected and must receive the same level of support as currently through CTB.
- d) Councils will be expected to observe their duty to protect certain other vulnerable groups although these are not defined.
- e) Schemes should support incentives to work.
- f) To provide certainty for claimants, schemes must run for a full year.

The government's EIA for localising Council Tax Support was considered when determining Dudley's local scheme. <<http://www.communities.gov.uk/documents/localgovernment/pdf/2063707.pdf>>

### *7. Who is it intended to affect or benefit (the target population)?*

Due to the very nature of CTR and associated socio-economic and demographic issues, people who access the service are more likely to be classed as vulnerable or having protected characteristics.

CTR will potentially affect any Dudley resident, including their households, of working age who is entitled to, or becomes entitled to help with their council tax costs.

In March 2012 the unemployment rate in Dudley for people aged 16 and over who were unemployed was 9.9%, these people could be affected by any changes to the scheme. With the economic climate these people could have difficulty in finding employment so they are reliant on the welfare benefit system, which includes council tax reduction.

Residents of pensionable age will be subject to CTR but the government believes it is right to protect vulnerable pensioners so they have prescribed that pensioners must be protected. They must receive the same level of reduction under CTR as they do currently through CTB.

After considering a number of issues including:

- Pensioners need to be protected so if saving were to be made all of the cuts would be in benefit for working age households.
- Government legislation will not be passed until autumn 2012 (now expected to be late November 2012).
- The tight timescales to design new rules, assess the impact on low income, working age households and get processes in place to process claims.
- Computer systems will not be available to support local schemes unless they are largely based upon the current rules.

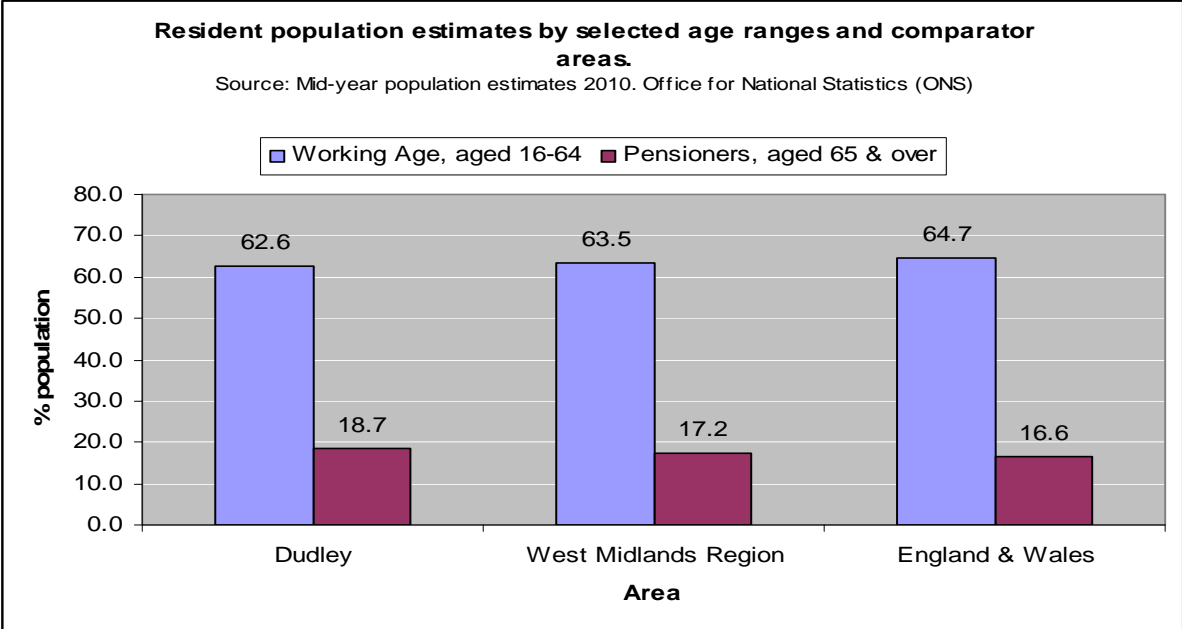
Dudley Council's preferred option for its 2013/14 scheme for working age customers is to continue calculating benefit in the same way under the new scheme as it was under the old national scheme, so providing the same level of reduction for all groups.

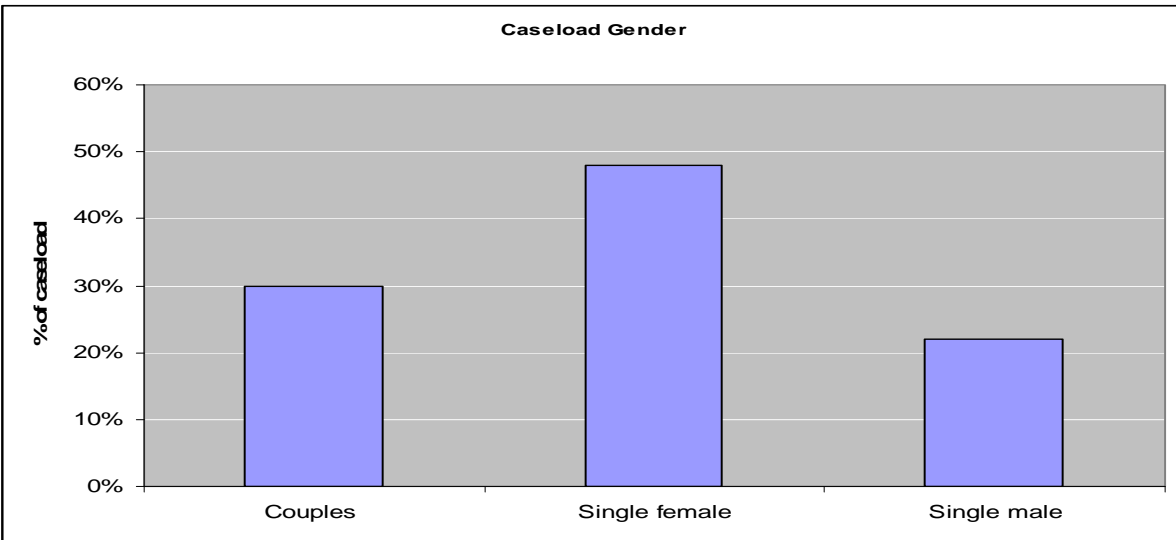
The preferred option takes account of legislation e.g. Equality Act 2010, Child Poverty Act

### *8. What are the main issues relating to each protected characteristic?*

Consider all three parts of the public sector equality duty:

- eliminating discrimination, harassment and victimisation,
- advancing equality of opportunity, and
- fostering good relations

All protected characteristics	Continuing to calculate benefit in the same way under the new local scheme as it was under the old national scheme for 2013/14 will ensure that there is no further reduction in household incomes as a result of CTR at a time when households are being impacted by a number of other welfare reforms.												
Age	<div><p><b>Resident population estimates by selected age ranges and comparator areas.</b></p><p>Source: Mid-year population estimates 2010. Office for National Statistics (ONS)</p><table border="1"><thead><tr><th>Area</th><th>Working Age, aged 16-64 (%)</th><th>Pensioners, aged 65 &amp; over (%)</th></tr></thead><tbody><tr><td>Dudley</td><td>62.6</td><td>18.7</td></tr><tr><td>West Midlands Region</td><td>63.5</td><td>17.2</td></tr><tr><td>England &amp; Wales</td><td>64.7</td><td>16.6</td></tr></tbody></table></div> <p><u>Pension Age</u></p> <p>In Dudley, approximately 16,482 (49%) of the current CTB caseload are of pension age and account for approximately £11.8 million of the annual £24 million CTB expenditure, the average weekly award being £13.76.</p> <p>The rules governing CTR for people of pensionable age will be prescribed nationally by the Government and will ensure that people of pensionable age receive the same level of council tax reduction as they receive under the current CTB scheme.</p> <p>Nationally it is estimated that up to 40% of pensioners do not receive CTB to which they are entitled. Any communications and publicity generated as a result of the change to CTR will provide an opportunity to encourage take up amongst people of pension age.</p> <p>The following issues are considered to affect the number of people of pension age failing to claim:</p> <ul style="list-style-type: none"><li>• Stigma</li><li>• Financial exclusion</li><li>• Bureaucracy</li><li>• IT access</li><li>• Ability to access services due to age, health or caring responsibilities</li></ul> <p><u>Working age</u></p> <p>Currently 17,270 (51%) of the current CTB caseload are of working age and account for approximately £12.2 million of annual CTB expenditure, the average weekly award being £13.56.</p>	Area	Working Age, aged 16-64 (%)	Pensioners, aged 65 & over (%)	Dudley	62.6	18.7	West Midlands Region	63.5	17.2	England & Wales	64.7	16.6
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	<p><u>Under 25s</u></p> <p>CTB is currently a means tested benefit so the income of the customer is set against an 'applicable amount' set by the government on a yearly basis and represent the needs of person claiming benefit and their family, if they have one. Under 25's receive a lower applicable amount which means that they receive a lower award of benefit. Continuing to calculate benefit in the same way under the new scheme as it was under the old national scheme for 2013/14 will mean this group will continue to receive less benefit than someone over 25.</p>								
Disability	<p>It is acknowledged that significant proportions of CTB recipients are themselves disabled or have a disabled household member.</p> <p>In April 12 we had 3,410 working age customers with a disability premium, disabled child premium, or Employment Support Allowance in payment.</p> <p>Depending on disability some of these customers are more likely to be unemployed. Additional costs relating to disability mean some people rely heavily on benefits. Parents of disabled children are less likely to be in employment. People with mental health problems or learning disability may have difficulty in coping with or understanding a new system.</p> <p>Access to the service maybe difficult due to communication (e.g. visual, hearing, learning disability) or mobility problems.</p>								
Sex	<p style="text-align: center;"><b>Caseload Gender</b></p>  <table border="1"> <thead> <tr> <th>Category</th> <th>% of caseload</th> </tr> </thead> <tbody> <tr> <td>Couples</td> <td>30%</td> </tr> <tr> <td>Single female</td> <td>48%</td> </tr> <tr> <td>Single male</td> <td>22%</td> </tr> </tbody> </table> <p>Statistically females are more likely to claim CTB and parents in single parent households are more likely to be female and some single parent households are likely to be less well off. This group will still continue to receive family premiums when assessing council tax reduction.</p> <p>Compared to men, older women are less likely to have good pension provision and women are more likely to be carers, thus limiting their employment opportunities.</p>	Category	% of caseload	Couples	30%	Single female	48%	Single male	22%
Category	% of caseload								
Couples	30%								
Single female	48%								
Single male	22%								
Pregnancy or maternity	<p>There is no case data for this category as it is not required to be collected for CTB claiming process.</p>								

Race	<p>There is no case data for this category as it is not required to be collected for CTB claiming process.</p> <p>Data shows that people living in areas of above average ethnic diversity are more likely to claim benefit. Language and cultural barriers can also impact on the number of people claiming from Black and Minority Ethnic communities</p>
Gender reassignment	<p>There is no case data for this category as it is not required to be collected for CTB claiming process.</p>
Religion or belief	<p>There is no case data for this category as it is not required to be collected for CTB claiming process.</p> <p>Staff need to be aware of cultural differences within the customer base as this may have an impact on the way services are delivered e.g. religious festivals, dress</p>
Sexual Orientation	<p>There is no case data for this category as it is not required to be collected for CTB claiming process.</p>

## Stage 1 – evidence gathering

*Provide details of all information about the policy, service or decision which will help the assessment. Use the headings below as reminders of what may be useful, this is not an exhaustive list.*

### Equality monitoring data:

*What systems are in place to monitor current and future impact for each protected characteristic? What monitoring data is collected for each of the protected characteristics? Give details of this data.*

Customer satisfaction surveys are conducted for all front line services; enquiry counter, call centre, home visits and investigations and also a general monthly customer satisfaction survey.

Computerised HB&CTB system collects and maintains data on benefit customers in relation to age and gender and the amounts paid out, so information could be extracted to identify cases in different age ranges, gender, single, married, have children etc.

Headline data is included in section 8 above.

### Engagement and customer feedback:

The Local Government Finance bill specifies that before adopting a scheme LAs must:

1. Consult any major precepting authorities which has power to issue a precept to it
2. Publish a draft CTR scheme in such a manner as it thinks fit
3. Consult other persons who it considers are likely to have an interest in the scheme

On the 21<sup>st</sup> June the council wrote to the West Midland's Police and Fire Authorities inviting comments on the design of the new CTR scheme. At the councils cabinet of 20<sup>th</sup> June approval was sought to calculate benefit in the same way under the new localised scheme as it was under the old national scheme for 2013/14. Formal public consultation ran from 1/8/12 -25/9/12 (8 weeks).

### Formal consultation ran from 1/8/2012 to 25/9/2012 (8 weeks)

The consultation was conducted for a period of 8 weeks; this timescale was decided after consideration of the following:

- Impact of the proposals i.e. proportionate to the level of change
- Budgetary / political timetables

- Time to consider feedback and understand the key themes and impacts
- Time to make changes resulting from consultation through the Internal governance processes

**The consultation was intended to reach the following groups:**

- Members
- Precepting authorities
- Benefit recipients
- General public
- External stakeholders – tenants associations, Customer Consultation Group, Citizens Advice Bureau, Housing Associations, Tenants and Resident Associations
- Social landlords
- Council Tax payers
- Representatives of the Department for Work & Pensions and Job Centre Plus
- Internal stakeholders - Social care, Housing, Revenues, Dudley Council Plus (DCP)
- Dudley Council For Voluntary Services

**The consultation process included the following activities:**

- Briefing
- Emails
- Leaflets distributed via the libraries and DCP
- Information with benefit entitlement letters
- DMBC Website
- Public notices in both 'paid for' and free newspapers
- Twitter
- Facebook

**Barriers to access:**

Continuing to calculate benefit in the same way under the new scheme as it was under the old national scheme for 2013/14 will ensure that there are no further barriers to equal access.

**Information about the borough e.g. Census data:**

The 2011 Census figures show that Dudley has the 24<sup>th</sup> largest population of the 326 Local Authority Districts (LADs) in England, and the 3<sup>rd</sup> largest of the 30 LADs in the West Midlands Region after Birmingham and Coventry. Dudley still has the largest population amongst the Black Country LADs, though their populations have seen greater absolute and proportionate increases (see Table below).

**Comparison of 2001 and 2011 Census Population Estimates,  
West Midlands Metropolitan Local Authority Districts**

Local Authority District	2001 Census Population	2011 Census Population	Change 2001 to 2011	% Change 2001 to 2011
Birmingham	977,100	1,073,000	+ 95,900	9.8
Coventry	300,800	318,600	+ 17,800	5.9
Dudley	305,200	312,900	+ 7,700	2.5
Sandwell	282,900	308,100	+ 25,200	8.9
Solihull	199,500	206,700	+ 7,200	3.6
Walsall	253,500	269,300	+ 15,800	6.2
Wolverhampton	236,600	249,500	+ 12,900	5.5

Note: Comparison based on population figures rounded to the nearest hundred. Unrounded figures are available from the 2001 Census but are yet to be published for the 2011 Census.

## Mid-Year Residential Population Estimates by Ethnic Group, 2001-2009, Dudley Borough

Ethnic Group	2009
White: British	88.65
White: Irish	0.52
White: Other White	1.17
Mixed: White and Black Caribbean	0.85
Mixed: White and Black African	0.10
Mixed: White and Asian	0.39
Mixed: Other Mixed	0.23
Asian or Asian British: Indian	2.28
Asian or Asian British: Pakistani	2.51
Asian or Asian British: Bangladeshi	0.36
Asian or Asian British: Other Asian	0.49
Black or Black British: Black Caribbean	1.01
Black or Black British: Black African	0.55
Black or Black British: Other Black	0.16
Chinese or Other Ethnic Group: Chinese	0.33
Chinese or Other Ethnic Group: Other	0.42
All Groups	100.00

Source: Mid-Year Population Estimates by Ethnic Group, Office for National Statistics (ONS), Release 8.0, Published 18 May 2011

Jobseekers allowance (JSA) figures (which are available for the borough by available protected characteristics), provide some indication of groups with low income levels who may be eligible for CTB. However many of those eligible for claiming CTB, such as pensioners do not of course claim JSA. The census does not include questions on household income

### Background or comparative information:

Before recommending the preferred option for the new localised council tax reduction scheme a number of options were considered which are analysed below.

5 of the 7 West Midlands councils have recommended calculating benefit in the same way under the new local scheme as it was under the old national scheme for 2012/13.

### What evidence is missing? What will be done to collect it?

Each year Local Authorities will be required to consider whether it wants to replace or not its council tax reduction scheme.

Details of ethnic origin may be collected from customers making a new application to inform decision making in future years.

## Stage 2 – data analysis

*Provide details of the analysis completed on the information presented at stage 1 above, identify patterns or trends and compare with other authorities, national research, census data, etc.*

All 9 options were modelled against the council tax caseload to identify the groups that would be adversely affected by the changes.

### **Option 1 - Continue with current CTB scheme & fund 10% reduction in grant (preferred option)**

#### Pros

- No impact on benefit claimants
- Time to adopt a more considered scheme for Yr2 (if required)
- Impact of other LA schemes can be reviewed
- Current collection rate maintained

#### Cons

- £2.4m savings would need to be found
- Proportional reduction in funding for precepting authorities?
- Funding for transition protection to any less generous scheme in future
- Potential migration of claimants from other LAs with less generous schemes

### **Option 2 - Continue with current CTB scheme & fund 10% reduction by increasing CT levels**

#### Pros

- Time to adopt a more considered scheme for Yr2 or beyond
- Impact of other LA schemes can be reviewed
- No impact on 100% CTB claimants

#### Cons

- Already planning to increase CT levels to the max without referendum
- Impacts on all CT payers

### **Option 3 – Spread the reduction in a equal % across all CTB working age claimants**

#### Pros

- Spreads the reduction across all CTB claimants

#### Cons

- Would require a benefit decrease of at least 20% (saves £2.4k) across all protected characteristics
- Would require CT collection from an extra 14k households who currently pay no Council Tax
- Additional provision would be needed for non collection (Poll Tax collection rates were 96%)
- Recovery administration costs would increase

### **Option 4 – Protect local defined ‘vulnerable’ and spread in a equal % across rest of working age CTB claimants**

#### Pros

- Can align protection with local priorities
- Can protect claimants who are not able to work from cuts
- Spreads the cuts across all non-vulnerable CTB claimants

#### Cons

- The more vulnerable protection applied the larger the % benefit cut to all other claimants
- Any benefit claimants could be argued ‘vulnerable’ due to their low income
- Data (not currently held) may need collecting from passported cases to check vulnerability classes (e.g. unknown number of disabled income support claimants)
- Protecting just households with some sort of (known) disability would result in a minimum 25% benefit cut for all other claimants



#### **Option 5 – Protect passported benefit claims only and apply the cuts across all LA means tested benefit claims**

##### **Pros**

- Protects some families on the very lowest income
- No extra pre-implementation data collection (Admin easier)

##### **Cons**

- Would result in a benefit cut of over 70% to this group
- Provides a disincentive to work
- LA means testing inconsistent with DWP means testing (no protection for 100% standard claims or other LA vulnerable)
- Incompatible with universal credit implementation
- DWP passporting to stop – not a viable option

#### **Option 6 - Protect all current working age 100% benefit claimant (passported & standard)**

##### **Pros**

- Protects all families on the very lowest incomes
- No extra pre-implementation data collection

##### **Cons**

- Even a 100% reduction in benefit to part-claimants would only save around £1.5 million (£0.9m short of required saving)
- Provides a disincentive to work
- Incompatible with universal credit implementation

#### **Option 7 - Limit benefit for working age to xx% of their CT liability – Protects part-benefit claimants**

##### **Pros**

- Provides an incentive to work
- Similar to Option 3 but protects some part benefit claimants who already contribute up to the xx% due to working
- Encourages work by protecting the low income claimants

##### **Cons**

- To save £2.4m require limit to be 75-80%
- Every benefit claimant will be liable for a percentage of their CT liability
- Similar disadvantages to option 3 regarding increased collection

#### **Option 8 – Capping support to maximum liability of property band A**

##### **Pros**

- Protects families in the lower banded properties

##### **Cons**

- Targets the larger families
- Targets asset rich / income poor households
- Would require CT collect from an extra 4.5k households who currently pay no Council Tax

#### **Option 9 – Remove support if working non-dependant present in household**

##### **Pros**

- More adults in household = higher income = more contribution to CT

##### **Cons**

- Disproportionately affects rented properties (more than it does currently)
- Non-dependant charges for HB already increasing rapidly year on year

**Other options to model**

- Remove second adult rebate
- Lowering capital limits
- Set minimum benefit award

These options were modelled against the council tax caseload to identify the groups that would be adversely affected by the changes should they be adopted.

These options and their affects were considered by officers and members before a preferred option was approved for consultation.

**Stage 3 - assess the impact**

*Does the policy or function/service have any potential adverse impacts on particular protected groups? If so explain what they are.*

The proposal to adopt the preferred option for the 2013/14 scheme will not result in a change in impact on protected groups as benefit will be calculated in the same way under the new localised scheme as it was under the old national scheme. As shown above other options are all likely to have an adverse impact on particular protected groups and/or a range of other disadvantages.

**Stage 4 - reasons for adverse impacts**

*Outline the reasons identified for adverse impacts*

See stage 3 above.

**Stage 5 - consider alternatives/mitigating actions**

*How will any adverse impacts identified be reduced or removed? Explain if it is decided that an adverse impact is unavoidable.*

Given that other options are likely to have some adverse impact on particular groups in future years should it be proposed that another option be adopted then the following process will be followed:-

Each year options will be developed and these option will be modelled against the current caseload

Once modelling is complete each option will be considered taking into account the impact it will have on a specific group. A preferred option will be developed, appropriate consultation will be conducted, feedback will be considered a revised scheme will be approved and implemented. If any group is adversely affected transitional arrangement will be considered.

**Stage 6 - test the changes**

*Detail how the mitigating actions to reduce or remove the adverse impacts were tested, piloted or consulted on and the results of this.*

See above

The experience of other authorities who have adopted other options will be reviewed.

### **Stage 7 – decision making**

*Did the test, pilot or further consultation illustrate that the mitigating actions will be effective? What decision is recommended about the policy or service and why?*

*How will the decision maker be briefed on the EIA?*

For the reasons outlined in the EIA, council will be recommended to adopt the preferred option to continue calculating benefit in the same way under the new localised scheme under the old national scheme in 2013/14. The reasons for this will be included in the report to council and members attention will drawn to the public sector equality duty and the contents of this EIA.

### **Stage 8 - monitoring arrangements**

*How will the equality impact of the policy or service be monitored in the future?*

The LA has a duty to review the CTR scheme on an annual basis, this review will include reviewing the EIA Data will continue to be gathered and analysed about benefit customers as outlined in stage 1 above

### **Stage 9 – action planning**

*Provide details of actions or improvements identified during the EIA.*

The EIA sets out the process to be followed in future years in selecting the option to be adopted for a localised council tax reduction scheme.

Collection of ethnic origin data on new claims commenced in October 2012

To include additional questions on the consultation forms in future years

Date completed: 8<sup>th</sup> October 2012

Signed by assessment leader officer: Sharon Whale

Signed by assistant director/ head of service:

Date: Mike N Williams (Assistant Director)