



# HILLINGDON

LONDON

## Appendix B

### Impact Assessment

#### STEP A) Description of what is to be assessed and its relevance to equality

**What is being assessed?** Please tick ✓

Review of a service  Staff restructure  Decommissioning a service

Changing a policy ✓ Tendering for a new service  A strategy or plan

A review of the Council Tax Reduction Scheme

Who is accountable? E.g. Head of Service or Corporate Director

Nancy le Roux - Deputy Director, Strategic Finance

Date assessment completed and approved by accountable person

12 October 2015

Names and job titles of people carrying out the assessment

Vicky Trott, Senior Policy Officer, Equalities and Diversity  
Sunita Ghudial, Benefits and Governance Manager

A.1) What are the main aims and intended benefits of what you are assessing?

#### **Aim of proposed changes to local Council Tax Reduction scheme for 2016**

The local Council Tax Reduction (CTR) scheme was first implemented on 1 April 2013 for an initial period of two years and then extended for a further year, during which time a review of the scheme's funding and operation has been undertaken.

The key aims for the proposed amendments to the Council's local CTR scheme are to ensure costs would be contained within the central government funding to the Council and that the scheme is simple and easy to understand for residents. There are also some amendments proposed to align the scheme with the impending Governments Welfare and Housing Benefit changes to keep consistency and to ease administration of the processes.

#### **National principles**

- No change in the current level of award for pensioners (people who have reached the qualifying age for state pension credit) as this group is protected by legislation
- Consideration of continuing support for other vulnerable groups; and

- Local schemes should support work incentives, and in particular avoid disincentives to move into work

### **Underpinning principles**

- Everyone will be liable to pay something (excluding pensioners and those entitled to war widow's pension, war disabilities pension or armed forces and reserve forces compensation scheme)
- Making work pay
- Restrictions on maximum support
- Simplified backdating arrangements
- Expectation that other adult occupiers within the household will contribute
- Simplified administration arrangements

The proposed amendments to the Council's local CTR scheme effective from 1 April 2016 are:

- the maximum amount of reduction a working age household can receive is reduced from 80% to 75% of the council tax liability;
- the maximum amount of reduction for a household where any disability premium is received is reduced from 100% to 90% of the council tax liability;
- to align the scheme with recent and impending welfare reforms, including changes to Housing Benefit;
- to increase non-dependant charges for working aged households; and
- to reduce capital/savings disregards to align it with Housing Benefit legislation.

### **Scheme design**

Pensioners will be unaffected by this change as their CTR will be calculated as prescribed by legislation.

War widows, war disabled and armed forces compensation scheme applicants will continue to receive support calculated on 100% of their liability.

The proposed changes to the CTR scheme, for 'working age' claimants is set out below:

- Maximum support will be capped at 75%;
- Maximum support will be capped at 90% for customers in receipt of any disability premium
- Non-dependant charges will be increased
- Backdating will be restricted to 1 month;
- Capital restrictions will be changed - the capital limit will be £16k over which no support would be granted and between £6k and £16k, support will be reduced by £1 for every £250 of capital savings.
- The family premium to be withdrawn from April 2016 for new claims to align with Housing Benefit legislation

A.2) Who are the service users or staff affected by what you are assessing? What is their equality profile?

**Total population of Council Tax Reduction Scheme claimants**

As at October 2015 there were 108,975 properties within the borough with a Council Tax liability. At that time, Hillingdon had 18,660 households receiving CTR, showing that 17.12% of total tax payers receive Council Tax Reduction.

Of the 18,660 households receiving CTR, the breakdown of impacted groups is as follows: 6,520 are pensioners; 3,962 are classed as vulnerable; and 8,178 are working age. This information is provided in greater detail below:

| <b>Breakdown of current CTR scheme customer profile</b> |               |                    |                   |
|---|---------------|--------------------|-------------------|
| <b>Type of Customer</b>                                 | <b>Number</b> | <b>Yearly (£)</b>  | <b>% of Total</b> |
| Pensioners  | 6520          | £6,472,670         | 37.92%            |
| Passported (IS, JSA, ESA)                               | 6563          | £6,319,740         | 37.03%            |
| Working Age Disabled                                    | 949           | £970,403           | 5.69%             |
| Single Working  | 272           | £123,062           | 0.72%             |
| Couple Working  | 118           | £75,455            | 0.44%             |
| Lone Parents Working                                    | 1278          | £809,198           | 4.74%             |
| Families Working  | 1929          | £1,502,793         | 8.81%             |
| Single non Workers                                      | 334           | £225,944           | 1.32%             |
| Couple Non Working                                      | 456           | £341,936           | 2.00%             |
| Lone Parents Non Workers                                | 29            | £23,270            | 0.14%             |
| Families Non Workers                                    | 212           | £202,712           | 1.19%             |
|   | <b>18660</b>  | <b>£17,067,183</b> | <b>100%</b>       |

| <b>Breakdown of working age CTR Scheme customer profile by age</b> |               |                   |
|--|---------------|-------------------|
| <b>Age of Customer</b>   | <b>Number</b> | <b>% of Total</b> |
| 18 to 21   | 179           | 1.47%             |
| 22 to 30   | 1801          | 14.83%            |
| 31 to 40   | 3293          | 27.12%            |
| 41 to 50   | 3668          | 30.21%            |
| 51 to 63   | 3200          | 26.36%            |
| <b>Total</b>   | <b>12141</b>  | <b>100%</b>       |

| <b>Breakdown of working age CTR scheme customer by gender</b> |               |                   |
|---|---------------|-------------------|
| <b>Gender of Customer</b>                                     | <b>Number</b> | <b>% of Total</b> |
| Male  | 4210          | 34.68%            |
| Female  | 7931          | 65.32%            |
| <b>Total</b>  | <b>12141</b>  | <b>100.00%</b>    |

| <b>Breakdown of working age CTR scheme customer by ethnicity</b> | <b>Number</b> | <b>% of Total</b> |
|--|---------------|-------------------|
| White (including Irish, Gypsy Traveller and other)               | 3943          | 32                |
| Black Caribbean  | 226           | 2                 |
| Black African  | 672           | 6                 |
| Black Other (including Black Mixed and other)                    | 266           | 2.3               |
| Indian   | 499           | 4                 |
| Pakistani  | 414           | 3                 |
| Bangladeshi  | 143           | 1                 |
| Chinese  | 31            | 0.3               |
| Other Asian ( including Asian Mixed and other                    | 457           | 4                 |
| Other  | 2544          | 21.4              |
| not known  | 2946          | 24                |
| <b>Total</b>   | <b>12141</b>  | <b>100</b>        |
| <b>BAME</b>  | <b>8198</b>   | <b>44</b>         |

  

| <b>Breakdown of working age CTR scheme customer by disability</b> | <b>Number</b> | <b>% of Total</b> |
|---|---------------|-------------------|
| In receipt of disability premium                                  | 3960          | 32.62%            |

A.3) Who are the stakeholders in this assessment and what is their interest in it?

| <b>Stakeholders</b>                                    | <b>Interest</b>  |
|--|--|
| Council Tax Reduction Claimants                        | To ensure any changes to the scheme are applied in a fair and transparent manner following a full consultation process.  |
| Local interest groups e.g CAB, DASH, Hillingdon Carers | These groups may work with the affected claimants and will need to have the right information to provide support and advice.   |
| Head of Revenues and Benefits                          | To ensure any changes to the scheme are applied in a fair and transparent manner following a full consultation process.  |
| Corporate Director of Finance                          | To ensure any changes to the scheme are applied in a fair and transparent manner following a full consultation process and that the administration of the scheme is providing value for money to the council and Hillingdon residents. |

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|--|--|
| Chief Executive  | To ensure any changes to the scheme are applied in a fair and transparent manner following a full consultation process and that the administration of the scheme is providing value for money to the council and Hillingdon residents. |
| Cabinet Member for Finance, Property and Business Services | To ensure any changes to the scheme are applied in a fair and transparent manner following a full consultation process and that the administration of the scheme is providing value for money to the council and Hillingdon residents. |
| Council Cabinet  | To ensure any changes to the scheme are applied in a fair and transparent manner following a full consultation process and that the administration of the scheme is providing value for money to the council and Hillingdon residents. |
| Leader of the Council                                      | To ensure any changes to the scheme are applied in a fair and transparent manner following a full consultation process and that the administration of the scheme is providing value for money to the council and Hillingdon residents. |
| Hillingdon residents                                       | Not implementing the scheme may put increased financial pressures on other Council services which may have an impact on some Hillingdon residents.   |

A.4) Which protected characteristics or community issues are relevant to the assessment?

|                               |   |                    |   |
|-------------------------------|---|--------------------|---|
| Age                           | ✓ | Religion or belief |   |
| Disability                    | ✓ | Sex                | ✓ |
| Gender reassignment           |   | Sexual Orientation |   |
| Marriage or civil partnership |   | Carers             |   |
| Pregnancy or maternity        |   | Community Cohesion |   |
| Race/Ethnicity                | ✓ | Community Safety   |   |

## **STEP B) Consideration of information; data, research, consultation, engagement**

B.1) Consideration of information and data - what have you got and what is it telling you?

### **Impact of the proposals by equality characteristic**

**Sex** - The data indicates that women are over represented in claiming CTR when compared to the working age borough population as a whole (65.32% to 49.8%<sup>1</sup>). As a result, the proposals are likely to impact women more than men.

**Race** - The data indicates that the largest group of claimants for CTR are White British at 32% which is below the total White British borough working age population of 54%<sup>2</sup>. BAME people make up 44% of claimants which is in line with the total BAME borough working age population of 46%. The largest percentages of claimants are in the Other race category at 21.4% compared to 5% of the total Other borough working age population. As data is unavailable for 24% of claimants and the race breakdown for the 'Other' category is not provided, it is not possible to analyse the impact with any statistical significance.

**Age** - The data shows that those claimants aged 41 to 50 (30.21%) are more likely to be affected by the proposals compared to those aged 31 to 40 and 51 to 63 (27.12% and 26.36% respectively). When compared to the total borough working age population, the number is more than double for those aged 41 to 50 (30.21%<sup>3</sup>) and the proposals are therefore more likely to have an impact on this group.

**Disability** - The data shows that 32.62% of CTR scheme working age claimants have a disability and will be directly affected by the proposals. This is double the amount of total borough working age population with a disability at 16%<sup>4</sup>.

### **Consultation**

B.2) Did you carry out any consultation or engagement as part of this assessment?

No specific consultation has been carried out as part of this assessment however a full public consultation on the changes to the scheme was undertaken.

Full details can be found here: <http://www.hillingdon.gov.uk/article/30416/Council-tax-reduction-scheme-consultation-201617>

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<sup>1</sup> ONS population projections (2012 based), 2015

<sup>2</sup> Greater London Authority Ethnic Group Projections (2013 based), 2014

<sup>3</sup> ONS population projections (2012 based), 2015

<sup>4</sup> Annual Population Survey (2012)

B.3) Provide any other information to consider as part of the assessment

**Background information**

**Impact of specific changes proposed for Council Tax Reduction Scheme**

Each of the options being proposed on its own would not reduce the cost of the scheme sufficiently to maintain the scheme as self funding. However, a combination of the options as recommended does go further towards bridging the gap.

As part of the review of the scheme, a review of Council Tax collection rates for Council Tax since the introduction of the CTR in April 2013 demonstrates that whilst it is taking longer to collect the tax, there is very little impact on the total amount of tax collected for each of the 3 years CTR has been in operation. The in-year collection rate in 2012/13 was 97.30%, in 2013/14 96.86% and then it rose to a record level in 2014/15 of 97.31%. In addition, the review also looked at the impact of CTR on court summonses issued and liability orders granted. These figures remain fairly consistent year on year, before and after the introduction of the CTR scheme. Total summons issues in 2012/13 were 12,487, in 2013/14 this rose to 12,735 but of those 4,231 were in respect of CTS cases and then in 2014/15 total summons issued again rose to 12,783 but the number for CTR cases decreased to 3,509. Final figures are not yet available for 2015/16 but comparing the period from April to October, 2014/15 there were 6,754 summons issued, 1,870 for CTR cases and in 2015/16 5,978 summons were issued, 1,642 for CTR cases. This analysis provided assurance that the CTR scheme was not making a significant impact on the Council's ability to collect.

As a result of the introduction of CTR in April 2013 the council amended its recovery procedures to include additional stages to assist those affected by the changes. This involved sending additional letters, allowing weekly payments and sending payment cards in advance to all CTR recipients. The council also held discussions with the CAB and we work closely with them to enable us to refer cases who need budgetary support or monetary/debt management advice.

**Maximum Support will be capped at 75%;**

This will further restrict the maximum amount of CTR that the majority of working age residents claiming a reduction can receive. Currently most working aged claimants with no non-dependants receive CTR are capped to 80% of their Council Tax liability.

CTR is currently received by 12,141 working age households of which 30% are low paid working households. The proposed changes to the scheme is the most equitable in that it will equally affect all working age households not deemed vulnerable, irrespective of income. By applying a standard reduction to all working age claimants, the impact is spread across the widest possible group, thereby minimising the impact on each individual affected claimant. The proposed CTR scheme will be the most efficient to deliver and the easiest to communicate to residents.

Under this proposal the weekly Council Tax payment for a claimant in a property band D would increase by £1.34.

**Maximum support will be capped at 90% for customers in receipt of any disability premium**

The proposal is to lower the level of financial support available to working aged households in receipt of any disability premium from 100% to 90%. This means claimants would become liable for the payment of 10% of their council tax liability.

This is in line with many other authority schemes that require everyone to pay something towards the service they receive, but still continue to provide a significant amount of protection to disabled applicants/families. All other working aged council tax reduction households currently receive no more than a maximum of 80% financial support to help pay their council tax. This widens the number of claimant contributing towards the council tax and in doing so stops a disproportionate of burden falling on all other working aged council tax reduction recipient.

Under this proposal the weekly council tax payment for a claimant in a property band D would increase by £2.69. This payment is still lower than the payments made by all other working aged claimants who currently pay £5.38.

**Non-dependant charges will be increased**

Increase non-dependant charges for working aged households. The current CTR scheme non-dependant charges have not increased at the same pace as the Housing Benefit non-dependant charges. These changes are being proposed in order to align and have some consistencies between the Housing Benefit and CTR charges.

**Non-dependant deductions for Council Tax Reduction Scheme**

| Description of deduction  | Amount of weekly reduction in 2015/16 | Proposed weekly reduction 2016/17 |
|---|---------------------------------------|-----------------------------------|
| In receipt of Pension Credit  | Nil                                   | Nil                               |
| In receipt of assessment phase Employment & Support (ESA (IR))                      | Nil                                   | Nil                               |
| In receipt of main phase ESA (IR)   | Nil                                   | £6.00                             |
| Aged under 25 and in receipt of Income Support or Jobseeker's Allowance (JSA(IB))   | Nil                                   | Nil                               |
| Aged 25 or over and in receipt of Income Support or Jobseeker's Allowance (JSA(IB)) | Nil                                   | £6.00                             |
| Aged under 25 in receipt of Universal Credit without any earned income              | Nil                                   | Nil                               |
| Aged 25 or over in receipt of Universal Credit without any earned income            | Nil                                   | £6.00                             |
| Aged 18 or over and in remunerative work (16 or more hours a week) or on Universal  |                                       |                                   |



|  |        |        |
|--|--------|--------|
| Credit with earnings (these are the current income band which are likely to change from April 16) :- |        |        |
| - gross income less than £189 per week   | £3.74  | £6.50  |
| - gross income £189 - £327.99 per week   | £7.52  | £13.50 |
| - gross income £328 - £407.99 per week   | £9.49  | £16.50 |
| - gross income £408 or more per week   | £11.36 | £19.50 |

However, not all claimants have non-dependant resident and where the claimant or partner receive DLA care there is no non-dependant charge.

#### **Backdating will be restricted to 1 month**

This proposal will limit backdating to 1 month for working aged customers. The current CTR Scheme allows three months backdating providing applicants can show continuous good cause for not applying earlier. Many claims are received but do not meet the legal conditions to allow back date.

**Capital restrictions will be amended** - the capital limit will be £16k over which no support would be granted and between £6k and £16k, support will be reduced by £1 for every £250 of capital savings.

#### **Remove family premium from April 2016**

The proposal is to remove family premium for new claims from April 2016 to align with the proposed Housing Benefit legislation.

Under this proposal the weekly Council Tax payment for a claimant would increase by £3.49.

Whilst clearly all residents entitled to Council Tax Support through the CTRS scheme will see their Council Tax liability 2016/17 increase (excluding Pensioners and other groups who will remain fully protected), the impact upon both the ability to pay and the income the Council receives will be monitored closely to ensure there is no adverse impact upon any particular groups. The EIA currently identifies negative impacts upon women who make up nearly two thirds of claimants and people with a disability who will be impacted by the new proposals. The key actions to mitigate these impacts will continue to be deployed, such as increasing the number of payment options to ensure residents are given a choice over how they pay their council tax and for those residents with a disability will still receive extra premiums and higher earnings disregards both of which increase CTR entitlement.

#### **Legal context**

The council has a public duty to pay due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations (Equality Act 2010)

### **Financial context**

Since 2010, the Business Improvement Delivery (BID) programme has driven transformation across the Council, reducing costs and improving efficiency to ensure we continue to deliver high quality services that put residents first. During this period over £84m of savings have been achieved.

Through sound financial management, the Council remains in a very strong financial position. However, going forward, we will continue to face very tough financial challenges with funding from Government being significantly reduced year on year, making the savings increasingly harder to achieve.

Following on from £12.8m savings delivered in 2014/15, the budget for 2015/16 contains a further £10m of savings and our latest projections estimate that Hillingdon will need to achieve further savings of around £59m over the subsequent 5 years. By 2015/16 the funding Hillingdon receives from Central Government will have been cut by over 50% since the Comprehensive Spending Review in 2010.

### **CTR Scheme Funding**

Funding to support the local CTR scheme has been contained within the Council's Settlement Funding Assessment which consists of Revenue Support Grant and baseline Business Rates income. Upon the introduction of local schemes in 2013/14, the Council received funding at 90% of the current level of Council Tax Benefit expenditure, with Hillingdon's scheme being designed to operate within this initial £15,603k resource envelope.

From 2014/15 onwards the level of support for the scheme is no longer explicitly identified within the Local Government Finance Settlement and is therefore assumed to be falling in line with the overall grant award. The trend of declining government support is expected to continue until 2019/20, with further cuts in the region of 33% expected over this period to leave only £8,414k available to fund the local CTR scheme.

While the declining levels of eligibility noted above have been sufficient to contain the cost of the scheme within available resources until 2015/16, it is expected that from 2016/17 a local subsidy would be required to maintain the current scheme on the basis of current projections. Assuming eligibility remains constant and allowing for 2% per annum Council Tax increases from 2016/17, the deficit on providing a local scheme is forecast to reach £5,914k by 2019/20. Assumed Council Tax changes contribute approximately £700k towards this gap, with the remainder arising from funding reductions.

### **National context**

From April 2013, local authorities across England were given the power to devise their own systems of Council Tax Support (CTS) for working-age adults. It replaced the national system of the Council Tax Benefit (CTB) which ensured that the poorest households did not have to pay council tax. Each year the local authority decides how CTR should work in their area. There is a legal requirement for the Secretary of State to carry out a review of all CTR schemes in England.

**For more information, please see appendix A - REVIEW OF LOCAL COUNCIL TAX REDUCTION SCHEME as presented to Council Cabinet on 22 October 2015.**

## C) Assessment

C.1) Describe any **NEGATIVE** impacts (actual or potential):

| <b>Equality Group</b>    | <b>Impact on this group and actions you need to take</b>   |
|--------------------------|--|
| Women                    | <p>Nearly two-thirds of CTR claimants are women and the proposals will therefore have a potentially negative effect on this group.</p> <p>The Council will continue to monitor the impact of the proposed changes and where necessary extend Council Tax payment option for this group which includes introducing extra communication prior to recovery action.</p>  |
| People with a disability | <p>People with a disability will be directly, negatively affected by the proposals. The payment this group will have to make however is still lower than the payments made by all other working aged claimants.</p> <p>The Council will continue to monitor the impact of the proposed changes and where necessary extend Council Tax payment option for this group which includes introducing extra communication prior to recovery action.</p> |

C.2) Describe any **POSITIVE** impacts

| <b>Equality Group</b>   | <b>Impact on this group and actions you need to take</b>  |
|---|---|
| Those in receipt of state pension   | Pensioners are protected from changes in support introduced as part of the CTR Scheme.  |
| Claimants in receipt of War widow's pension, war disabilities pension or armed forces and reserve forces compensation scheme. | This group is protected and is calculated on 100% of the liability.   |
| People with disability  | <p>People with a disability will still receive extra premiums which increases the CTR entitlement.</p> <p>There are still no non-dependant deductions when the claimant or partner receive Disability Living Allowance (Care Component), Attendance Allowance, are registered blind, or get the daily living component of Personal Independence Payments.</p> |

|  |   |
|--|---|
|  | Certain classes of disabled people will still get higher earnings disregards which increase the entitlement to CTR. |
|--|---|

## **D) Conclusions**

The council has taken care to review and update the CTR Scheme to ensure that it is simple, efficient and meets the requirements made under the Government's statement of intent.

It is inevitable that some groups will be affected by the changes proposed to the Scheme, in addition to the broader changes being implemented under Welfare Reform.

The proposed changes will not affect pensioners. This is mandatory as legislation prescribes that CTR schemes in respect of pensioners must adhere to one national scheme. The reduction in CTR that the Council is looking to achieve can only therefore be made in respect of working age claimants so a differential impact is inevitable.

The Council is proposing a scheme which will be adopted for a year, during which time its impact alongside the broader sweep of Welfare Reforms will be monitored.

**Signed and dated:**

12 October 2015

**Name and position:** Nancy Leroux, Deputy Director Strategic Finance