

Agenda Item No: 11
Report To: CABINET
Date of Meeting: 11 July 2019
Report Title: Council Tax Reduction Scheme 2020/21
Report Author & Job Title: Peter Budden, Revenues & Benefits Manager
Portfolio Holder: Cllr. Neil Bell
Portfolio Holder for: Finance



Summary: The existing scheme for Council Tax Reduction (CTR) has existed in its current form since 1 April 2017. This report sets out draft scheme options that can form the basis for consultation.

The proposals seek to simplify the scheme for both the claimant and the administrator. The scheme will operate within the existing cost envelope and the exceptional hardship scheme has been enhanced to protect claimants who have been disadvantaged by the proposed changes.

Claimants of pensionable age are not affected by the changes to the scheme.

The Council's scheme is the only one in Kent that offers additional protection to the Disabled and Carers; these protections will continue in the new scheme.

In order for any changes to be adopted a full consultation exercise is necessary, and this report will kick off this process.

Key Decision: NO

Significantly Affected Wards: All

Recommendations: **The Cabinet is recommended to:-**

- I. Agree the options to be put forward for public consultation and the proposed form of consultation.**

Policy Overview: Cabinet must approve a Council Tax Reduction Scheme by 11 March 2020 for the 2020/21 financial year.

Financial: None – the scheme is designed to be cost neutral and any

Implications: savings generated will be set aside to provide a safety net within the scheme.

Legal Implications None

Equalities Impact Assessment See attached appendix – a full EIA will be completed for the final proposed scheme.

Other Material Implications: No

Exempt from Publication: **NO**

Background Papers: Appendix 1 DRAFT Equalities Impact
Appendix 2 DRAFT Consultation document

Contact: Peter Budden peter.budden@ashford.gov.uk

Report Title: Council Tax Reduction Scheme 2020/21

Introduction and Background

1. In December 2016 Cabinet considered and approved the Council's Council Tax Reduction (CTR) Scheme [also known as Council Tax Support] for 2017/18. It resolved:
 - a. To increase the minimum contribution for working-age customers to 17.5% (from 10%), except disabled/carer customers.
 - b. To remove Second Adult Rebate.
 - c. To introduce a capital limit of £10,000 (previously it was £16,000).
 - d. To introduce a standard non-dependant deduction of £10.00.
 - e. To introduce a band D cap to CTR cases.
 - f. To introduce a minimum income floor for self-employed cases.
 - g. To introduce an exceptional hardship scheme.
2. Cabinet agreed to reduce the maximum level of support for working-age applicants from 90% to 82.5%, whilst maintaining the maximum level of support for working-age disabled/carer applicants at 95%.
3. Since the introduction of the scheme there have been changes in welfare reform that have required the Council to review the existing scheme and the impact that it will have on residents and the authority in the future. There is a Kent-wide working group looking at this issue together.
4. The introduction of Universal Credit full service from June 2018 in the district has had an impact on the Council's CTR scheme increasing the team's workload. This is a trend being recognised nationally as more schemes are adapted to meet the changing needs of residents.
5. Regulations require that in the event that there are proposals to make significant changes to the scheme there will be a requirement for a full public consultation and agreement at full Council by 11 March 2020.
6. Any proposed change would only relate to working-age residents as the pensionable age regulations are maintained by Central Government and out of scope for local review.

Impact of the rollout of Universal Credit

7. From June 2018 working-age residents that apply for 'legacy benefits' (Income Support, Jobseekers Allowance, Employment Support Allowance, Working & Child Tax Credits and Housing Benefit) in the Ashford Job Centre area have had to claim Universal Credit instead of the legacy benefits.
8. Under Universal Credit claimants will receive once monthly payments encompassing their qualifying benefits. This does not include Council Tax Reduction which remains an administrative function of the Local Authority.

9. Research in areas where Universal Credit rolled out in earlier years has identified trends in three key areas:
 - Low take up of customers in receipt of Universal Credit applying for Council Tax Reduction.
 - Large numbers of change in circumstances received by Councils via DWPs data hub. Approximately 40% of UC cases will have an adjustment each month (this results in an increase in claims administration work for the Council).
 - Collection difficulties with multiple demand notices being issued.
10. National trends have demonstrated that on average Universal Credit customers receive at least 8 change notifications in a year. Under the existing scheme each change to income would produce a new demand notice for the customer; amending their instalments on a regular basis and making it difficult to collect via Direct Debit due to rules around the administration.
11. Multiple changes for the customer in Universal Credit result in a knock-on effect of multiple changes for the customer in their Council Tax Reduction award. Using the existing scheme, which is a calculation on tapered income, any small change to income can amend the CTR award.
12. Regular changing of instalments can make it difficult for a customer to use Direct Debit as a payment method, due to the lead-in times that the Council needs to advise the customer of a change before taking payment. Multiple demand notices can also be confusing for residents to keep up with.
13. Regular changes can also provide the customer with difficulties in budgeting as they would not have a regular payment amount known for their Council Tax. This can lead to difficulties in paying which leads to further action and potential costs to vulnerable residents.
14. Multiple changes have demonstrated to have a significant negative impact on administration and billing for the Local Authority in areas where UC has already rolled out. Each change that results in a new demand notice needs to be administered by an officer and the demand notice needs to be produced, either by post or email, and sent to the charge payer.
15. If a resident has a monthly change it may not be possible to collect payments via Direct Debit due to the regular changes. This has been recognised nationally where collection rates for CTR cases have reduced significantly, having a negative impact on collection and recovery teams.
16. Therefore when reviewing the current scheme it is important to design a scheme that mitigates for the impacts of these issues, making the scheme more understandable for the customer and simpler to administrate.

Proposed Scheme

17. It is proposed to introduce a Banded Scheme which means claimants are allocated to a range of income bands which are then entitled to a certain level of discount. As long as the claimant's income remains within the band then their awarded discount will be unchanged, in the event that they move beyond the band their entitlement is reviewed and a new discount calculated and applied to their bill.

18. Banded schemes have become more common in CTR in areas where Universal Credit was rolled out earlier. One such example is the London Borough of Sutton. Locally in Kent, Folkestone & Hythe (as well as Dartford and Sevenoaks) have introduced banded schemes.
19. A banded scheme would reduce the number of changes to entitlement and improve opportunities for billing and collection. Whilst the Council still needs to review each change this simplifies the assessment process for officers, treating CTR more as a discount and moving away from it being a benefit with traditional benefit rules.
20. A banded scheme would enable the resident to budget their payments as the scheme could operate using a simpler formula that could be used by residents. An example of this can be seen in Table 1.

Table 1 – Proposed Banded Matrix

Table 1 Band	Single	Couple	1 Child	2+ children
80% discount	0.00 to 82.10	0.00 to 122.10	0.00 to 172.10	0.00 to 222.10
65% discount	82.11 to 123.15	122.11 to 163.15	172.11 to 213.15	222.11 to 263.15
50% discount	123.16 to 164.20	163.16 to 204.20	213.16 to 254.20	263.16 to 304.20
35% discount	164.21 to 205.25	204.21 to 245.25	255.20 to 295.25	305.25 to 345.25
20% discount	205.26 to 246.30	245.26 to 286.30	295.26 to 336.30	345.26 to 386.30

These income bands have been set using the National Living Wage hourly rate (£8.21) x 10 hours/15 hours/20 hours/25 hours/30 hours.

The disabled/carers scheme would follow the 2+ children income bands, regardless of household, and the percentages would be 10% higher in each band, i.e. 90%/75%/60%/45%/30% discount.

21. A banded scheme allows a resident to place their total income into a category. They would then use this to work out how much Council Tax they are due to pay. A banded scheme also considers that small changes are less likely to have impacts on the CTR award. Therefore less changes are needed for the issuing of demand notices throughout the year as only significant changes between bands would produce a change in award. This would benefit the customer with less changes to their CTR and less demand notices being produced.
22. It is recognised that such a scheme may impact detrimentally on some residents near the bottom of a band. The Council will continue to operate its Exceptional Hardship Payment scheme to support residents showing a need for additional support in their payments.

Principles of a new scheme:

23. The main features of a new scheme proposed to be applied across the district are as follows:
 - i. The scheme has been designed to be cost neutral. Whilst there is an expected saving in the overall expenditure as a result of increasing the minimum contribution levels to 20% and 10% (from 17.5% and 5% respectively), it is anticipated that this saving will be re-invested into the scheme by awards of exceptional hardship, in order to alleviate any negative impacts on particular customers who experience hardship.

By making these changes, it is also bringing our CTR scheme more into line with other schemes locally (in Kent). Ashford is the only district in Kent that currently has additional protection for disabled/carers customers. Whilst the new proposal is less generous in this protection, it still affords protection to this group as the proposed minimum level of contribution is 10% (as opposed to 20%), and it still disregards all disability benefit income from the income calculation;

ii. The changes can only be made to the working-age scheme as the current scheme for pensioners is prescribed by Central Government;

iii. The current means-tested scheme will be replaced by a simple income grid model as shown by table 1;

iv. The levels in each grid will be determined based on:

1. Overall expenditure of the scheme;
2. Ensuring maximum number of applicants are protected; and
3. Ensuring that any losses to individual applicants are minimised.

v. It is proposed that the highest level of discount will be set at 80% (as opposed to the current 82.5%) of liability and that all current applicants that are in receipt of a 'passport benefit' such as Income Support, Jobseeker's Allowance (Income Based) and Employment and Support Allowance (Income Related) receive maximum discount. This is therefore an increase of 2.5% in the minimum level of contribution that each customer has to pay (from 17.5% to 20%);

vi. It is also proposed that the highest level of discount will be set at 90% (as opposed to the current 95%) of liability for disabled customers, and for carers. This is therefore an increase of 5% in the minimum level of contribution that each customer has to pay (from 5% to 10%). Where hardship is caused then an exceptional hardship application will be available to support them

vii. The precise levels for all other bands will be determined during the modelling process – this is an ongoing process and will be undertaken regularly through the year to ensure that the final decision of the Council is as accurate as possible and protects the majority of applicants from significant change (either positive or negative)

However, the proposed new scheme does limit the amount of support to families with 3 or more children, as the maximum income band is for families with 2 children. This is in line with central government and Universal Credit principles. This will mean that many families with 3 or more children will see a significant reduction in the amount of CTR they receive. These families tend to have larger incomes so many will be able to pay, but where hardship is caused then an exceptional hardship application will be available to support them;

viii. The scheme framework allows for variation in household size with the levels of income per band increasing where an applicant has a partner, and/or dependants;

- ix. Where an applicant has non-dependants living with them, the new scheme will make a standard deduction from any entitlement, as in the current scheme;
- x. To encourage work the existing earnings disregards will be replaced by a standard £25 per week disregard across all applicant types. This is to incentivise work, which is a key priority of any scheme;
- xi. Disability benefits such as Disability Living Allowance and Personal Independence Allowance will continue to be disregarded and, in addition, Carers Allowance will also be disregarded; again providing additional protection with the scheme. A disability disregard of £40 will also be included for all cases where there is a qualifying disability benefit in payment;
- xii. Carers Allowance will be disregarded as an income within the scheme.
- xiii. Child Benefit and Child maintenance will continue to be disregarded within the scheme;
- xiv. The total disregard on war pensions and war disablement pensions will continue;
- xv. It is proposed that the capital limit used will be in line with the current scheme;
- xvi. Extended payments will be removed; and
- xvii. Student rules will be amended in line with Council Tax legislation. Where there is a liability a reduction will be considered.

HOW THE NEW SCHEME FRAMEWORK WILL ADDRESS THE PROBLEMS OF FULL SERVICE UNIVERSAL CREDIT

24. Due to the simplicity of the proposed new scheme framework and by taking a more 'Council Tax discount approach', it will help to address the problems associated with Universal Credit as follows:

i. **The scheme framework will require a simplified claiming process.** In the case of Universal Credit applicants *any* Universal Credit data received from the Department for Work and Pensions will be treated as a claim for Council Tax Reduction. Where information is received from DWP, the entitlement to Council Tax Reduction will be processed automatically without the need to request further information from the taxpayer. This will have the following distinct advantages namely:

- a). **Speed of processing** Claims will be able to be calculated automatically and promptly without the need to request further information which inevitably leads to delays;

b). **Maximising entitlement to every applicant** As there will no requirement for Universal Credit applicants to apply, entitlement to Council Tax Reduction will be maximised with a reduced risk of loss of discount or the need for backdating;

c). **Maintenance of collection rates** In most cases the new scheme will avoid constant changes in discount, the need for multiple changes in instalments and therefore assist in maintaining the high collection rates currently achieved.

ii. **The income bands are wide avoiding constant changes in discount.** The current Council Tax Reduction scheme is very reactive and will alter even if the overall change to the person's income is small. This is leading to constant changes in Council Tax liability, the need to recalculate monthly instalments and the requirement to issue a large number of Council Tax demands. The effect of this is that Council Tax collection is reduced where Universal Credit full service has been introduced.

The new scheme, with its simplified income banded approach will have the following advantages:

a). Only significant changes in income will affect the level of discount awarded (unless on the cusp of a band); and

b). Council Taxpayers who receive Council Tax Reduction will not receive multiple Council Tax demands and adjustments to their instalments

iii. **A modern approach to changes in entitlement.** The current Council Tax Reduction scheme is based on an old-fashioned benefit approach which alters entitlement on a weekly basis. The new scheme framework is designed to reflect a more modern approach, notwithstanding that the number of changes will be reduced, where discount changes it will be effective from the day of the change rather than the Monday of the following week;

iv. **A simpler scheme.** The current Council Tax Scheme document is large, benefits based and unduly complex. The intention is to make the new scheme document simpler, reducing the level of complexity and more understandable to applicants.

Implications and Risk Assessment

25. Ashford Borough Council is currently the only District Council in Kent that provides additional protection to the disabled, and whilst changes are proposed, the new scheme will still be the only one in the county that offers additional protection to the disabled and carers.

26. The estimated total level of expenditure for the Council Tax Reduction scheme for 2019/20 is £7.4 million (£3.3 million of which is in respect of pensionable age scheme, which is not part of this review). Therefore, the working-age expenditure is currently £4.1 million.

27. The cost of the scheme is split between Ashford Borough Council and the major precepting authorities - Kent County Council, Kent Police and Kent Fire. The Council's share of the cost is approximately 10%.
28. The intention is to maintain expenditure at current levels (by re-investing any savings by payments of exceptional hardship) and to incentivise work. The modelled expenditure for 2020/21 based on the new scheme is:

Working-age (non-disabled) expenditure is currently £1.6 million. A reduction in CTR of 2.5% for working-age (non-disabled) customers will reduce the level of discount awarded by approx. £50,000.

Disabled/carer expenditure is currently £2.1 million. A reduction in CTR of 5% for disabled/carer customers will reduce the level of discount awarded by approximately £100,000.

The intention is to re-invest this saving through exceptional hardship payments where necessary to focus support to claimants in greater need.

29. Early modelling analysis suggests the following impacts on different groups (this analysis will be subject to change):

Table 2: Indicative Modelling

Household group	Inc/Dec in expenditure per group	Current Caseload	New Caseload	Average annual gain/loss (£)	Average weekly gain/loss (£)
Single	+15,742	113	123	+139.31	+2.68
Couple	+1,062	16	17	+66.35	+1.28
Family with 1 child	+32,737	175	209	+187.07	+3.60
Family with 2+ children	-85,066	459	392	-185.33	-3.56
Passported claim	-28,417	713	713	-39.86	-0.77
Disabled passported claim	-97,004	1889	1889	-51.35	-0.99
Disabled earnings	-26,160	260	213	-100.62	-1.93
Totals	-187,107	3625	3556	-51.62	-0.99

The table above excludes customers in receipt of Universal Credit. It is also only indicative and is subject to change once more detailed breakdown of the groups is available. Further changes will be made to ensure that average weekly gains/losses are minimised.

30. As the table demonstrates, the biggest impact would be on families with 3 or more children, as would be expected. The operation of the exceptional hardship scheme can mitigate some of these impacts. The overall saving of circa £180,000 is attributed mainly to the reduction in maximum level of support from 82.5% to 80% and 95% to 90%, as detailed earlier. Whilst the changes to the scheme in terms of making it a banded scheme are estimated to be cost neutral.

31. The new scheme framework will inevitably change the amount of discount to some applicants. The modelling suggests that whilst a number will have an

enhanced award, where any award is reduced applicants will be able to apply for an exceptional hardship payment.

Table 3: summary of the perceived risks

Perceived risk	Seriousness	Likelihood	Preventative action
Council not able to maximise collection due to increased demand notices	High	Medium	To review the scheme so that small changes in income are not reflecting in multiple changes to a CTR award with multiple demand notices.
Council not able to recover increase in arrears	Medium	Medium	To utilise resource effectively and administer hardship schemes appropriately.
Negative public reaction to proposals	Medium	Medium	Response from consultation will be taken into consideration when the final scheme is recommended.
Potential legal challenge to 2020/21 CTRS	Medium	Low	Ensure full consultation has taken place with genuine options and that a proper equality impact assessment has been undertaken.

Equalities Impact Assessment

32. A full Equality Impact Assessment, together with the results of the consultation, will be presented to Cabinet once the consultation is closed. At this stage, Cabinet is only being asked to agree draft scheme options that can be put out to consultation.
33. The draft Initial Stage Equality Impact Assessment has been attached (**Appendix 1**) for reference.

Consultation Planned or Undertaken

34. As the proposals are a fundamental change to the current approach, full consultation is required with the public and with precepting authorities.
35. It is proposed that a consultation is carried out specifically writing to all current working-age CTR customers (approx. 4,000), as well as targeting a sample of approximately 2,000 Council Tax payers who are not CTR customers. The consultation questionnaire will only be available on the Council's web site and

stakeholders such as CAB and Shelter will be directly contacted via email and invited to respond.

36. The consultation will be web-based. The questionnaire will be anonymous but will ask for basic personal details such as age, disability and CTR entitlement. This will enable the Council to demonstrate the diversity of groups feeding into the process.
37. Social media outlets and local press will be utilised to promote the consultation.
38. It should be noted that whilst there is a risk that customers could complete more than one questionnaire to try to influence results; this risk is felt to be low. There was no evidence of this during previous CTR consultations. In addition, to completely exclude views of Council Tax payers who have not been specifically invited to respond but who have a view would not be fair.
39. The timeline for the consultation is drafted in table 2. Dates for presenting the final scheme will be confirmed at a later date but the scheme must be agreed and published by 11 March 2020.

Table 4: Timetable

Key dates	Activity
5 August 2019	Open consultation
30 September 2019	Close consultation
<i>December 2019</i>	Present results and scheme to Cabinet
11 March 2020	Deadline for publishing agreed scheme for 2020/21
1 April 2020	New scheme live

40. The consultation will offer the choice of remaining with the existing scheme or a new banded scheme, offering examples as part of the information available. The draft Consultation questionnaire has been attached (**Appendix 2**) for reference.

Other Options Considered

41. To retain existing scheme.

Reasons for Supporting Option Recommended

42. As set out in the report, it will be a simpler scheme to administer and understand, and it will further incentivise work. In terms of legal implications, 11.1 Schedule 1A (5) of the Local Government Finance Act 1992 as amended requires local authorities to consider the following:

For each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme.

The authority must make any revision to its scheme, or any replacement scheme, no later than 11th March in the financial year preceding that for which the revision or replacement scheme is to have effect.

43. In addition, where there are changes to the scheme, the authority is obliged under Schedule 1A (5) (4) *if any revision to a scheme, or any replacement scheme, has the effect of reducing or removing a reduction to which any class of persons is entitled, the revision or replacement must include such transitional provision relating to that reduction or removal as the authority thinks fit.*

Next Steps in Process

44. To carry out public consultation.

45. Once consultation is completed, to consider the consultation responses and to propose a final scheme to Cabinet in December 2019.

Conclusion

46. There is a need to carry out public consultation in respect of the proposed changes to the Council Tax Reduction Scheme for 2020/21.

Portfolio Holder's Views

47. To be given at meeting.

Contact and Email

Peter Budden, Revenues & Benefits Manager
peter.budden@ashford.gov.uk

Equality Impact Assessment Templates

Quick Guidance Notes

Stage 1. Screening Stage

Stage 1 of the template is classed as the Screening Stage. This should always be completed. **Remember it should be an integral part of policy development not a last-minute thought.**

At this stage you should be assessing obvious negative/positive impact or gaps in knowledge about likely impact. It should be a relatively short process which makes use of any previous consultation results, any differences in user satisfaction among groups, personal knowledge and experience, research, reports, existing equality data about service usage, internet searches, internal and external specialist advice, employees with previous experience of similar work, known inequalities etc. **If the likely impact on a particular group is unknown, then action should be taken to acquire this information.**

If the impact is positive (i.e. the outcome will benefit an Equality Group) then no further action is required. If no positive or negative impacts are identified then no further action is required. If the activity has the potential to cause adverse/negative impact or discriminate against different groups in the community it will require a full impact assessment (Stage 2).

In some cases it might be easy to put in place simple adjustments to eliminate any negative impact while you are working through the screening process, especially if you already have clear evidence/consultation and the process is an integral part of your policy development. It should only be done if you are absolutely confident that no other impact will be identified. If you choose to do this you should clearly document the reasons/evidence and put in place monitoring to ensure action is taken if unanticipated impact occurs.

Stage 2. Full Equality Impact Assessment Report

Stage 2 of the EIA process guides officers through the full impact assessment process, ensuring that research/consultation with relevant equality groups has been carried out and leads to an action plan aiming to minimise the negative impact/s.

Consultation involves engaging with representatives from equality groups who are likely to be affected by the activity. It could involve engaging with employees and Members, trade unions, other public bodies, voluntary and community groups. It is important to ensure sufficient time and resources are dedicated to the consultation process to encourage full participation. You should refer to the Consultation Toolkit to ensure your consultation follows good practice. The Focus system should also be used and is able to give you information relating to other consultation activities across the council as well as existing groups/volunteers you may be able to access.

Take a Proportionate Approach

Your approach to assessing the equalities impact of a policy, strategy or service should be proportionate to the likely impact it will have. Issues you should consider include:

- the number of people likely to be affected
- the size of the budget/amount of money involved
- the extent of the proposed change
- wider public policy implications

This means you will assess more rigorously policies which are likely to have a significant impact on the local community.

Additional guidance notes to help you through the process are available in the Equality Impact Assessment Guidance Document.

DRAFT

Stage 1 and 2 Equality Impact Assessment Templates

Directorate: Finance Service: Revenues & Benefits

Accountable Officer: Peter Budden

Telephone & e-mail: 01233 330698 peter.budden@ashford.gov.uk

Date of assessment: 17th June 2019

Names & job titles of people carrying out the assessment: Peter Budden

Name of service/function/policy etc: Council Tax Reduction Scheme
Is this new or existing? Replacement of existing scheme

Stage 1: Screening Stage

1. Briefly describe its aims & objectives

The Council Tax Reduction scheme provides support for certain taxpayers who have a low income.

Where entitled, the scheme provides a reduction in liability for Council Tax.

The replacement scheme is designed to overcome the significant administrative complications with the introduction of Universal Credit within the area. The main issues are;

- The current scheme is too reactive to the constant changes in Universal Credit. With the frequent changes in liability, taxpayers receive multiple Council Tax demands which in turn has a negative effect on the taxpayer's ability to manage their finances and on collections levels;
- There is a need to make the scheme simpler and for taxpayers to be encouraged to claim a reduction; and
- The scheme needs to be future proofed to avoid constant amendments.

2. Are there external considerations? (legislation/government directive etc.)

Yes - the legislation (Local Government Finance Act 1992 as amended) allows the Council to amend the scheme for working age applicants only.

The scheme for pension age applicants is prescribed by Central Government and cannot be amended.

Schemes must be amended by 11th March of the financial year preceding the year of implementation.

All changes to schemes are subject to consultation with both precepting authorities and the public.

3. Who are the stakeholders and what are their interests?

The stakeholders are:

- Working age Council Taxpayers who have a low income (who may make an applicant for reduction);
- The District Council ,who is responsible for administration of the scheme, and also receives a proportion (10%) of Council Tax receipts to provide services for local residents;
- The Major Precepting Authorities (Kent CC; Police & Crime Commissioner and Fire & Rescue) who receive the majority of Council Tax receipts to provide services for local residents;

4. What outcomes do we want to achieve and for whom?

Any new scheme must:

- Minimise any potential loss to existing applicants;
- Reduce administration costs which will occur through the roll out of Universal Credit;
- Ensure that collection rates are maintained in respect of Council Tax; and
- Prevent future changes in schemes

5. Has any consultation/research been carried out or relied upon?

Yes

Consultation is to be carried out in accordance with the legislation.

Major preceptors will be consulted as well as the public and interested groups.

Consultation will be carried out over the Summer Time and the results will be analysed and taken into account when the scheme is decided by full Council.

6. Are there any concerns at this stage which indicate the possibility of inequalities/negative impacts? (Consider and identify any evidence you have - equality data relating to usage and satisfaction levels, complaints, comments, research, outcomes of review, feedback and issues raised at previous consultations, known inequalities) If so please provide details.

Major changes to the scheme as proposed may affect applicants. Modelling of scheme options will be undertaken throughout 2019 up to the adoption by the Council.

Most applicants will experience a minimal change to their entitlement between £0.00 and £1.50 per week gain or loss.

The Council maintains an Exceptional Hardship Payment Scheme which can be applied for by any applicant. Where any applicant experiences exceptional hardship, further support can be given.

7. Could a particular protected characteristic be affected differently in either a negative or positive way? (Positive - it could benefit, Negative - it could disadvantage, Neutral - neither positive nor negative impact or Not sure?)

	Type of impact, reason & any evidence
Disability	Neutral - disability benefits will be disregarded as income and a further income disregard granted where a person would have met the previous criteria for awarding disability premium, enhanced disability premium, disabled child premium or severe disability premium
Race (including Gypsy & Traveller)	Neutral
Age	Only working age applicants will be affected
Gender	Neutral - based on current modelling both male and female applicants can either receive increased or decreased support
Transgender	Neutral
Sexual Orientation	Neutral - sexual orientation has no bearing on the scheme
Religion/Belief	Neutral - religion or belief orientation has no bearing on the scheme
Pregnancy & Maternity	Neutral - although it should be noted that a third or subsequent child will not affect entitlement
Marriage/ Civil Partnership Status	Positive- couples or persons in Civil Partnerships / relationships are able to have a higher level of income than singles to receive the same level of support.

8. Could other socio-economic groups be affected e.g. carers, ex-offenders, low incomes?

Carers	Positive effect as Carers Allowance will be disregarded as an income under the scheme
Low income taxpayers - will be able to apply as in the current scheme	Neutral effect - as low income applicants can still apply for a support under the scheme
Applicants who have more than two dependants	Negative because we'll no longer be protecting larger families who's children were born before 1 Apr 17.

	No additional support will be provided to a third or subsequent dependant.
Applicants who have non dependants	Neutral because the amount of charge for a non-dependant is not changing
Disabilities	Positive effect as all applicants who receive a disability benefit such as DLA, PIP etc will have the income disregarded and a further disregard of £40 per week will be taken from their net income potentially allowing further support to be granted

9. Are there any human rights implications?

No

10. Is there an opportunity to promote equality and/or good community relations?

Yes - the new scheme will make understanding the scheme easier and will treat all working age applicants equally, with an added protection for disabled & carer applicants.

11. If you have indicated a negative impact for any group is that impact legal? (not discriminatory under anti-discrimination legislation)

Yes

12. Is any part of this policy/service to be carried out wholly or partly by contractors?

No

Please note that normally you should proceed to a Stage 2: Full Equality Impact Assessment Report if you have identified actual, or the potential to cause, adverse impact or discrimination against different groups in the community. (Refer to Quick Guidance Notes at front of template document)

13. Is a Stage 2: Full Equality Impact Assessment Report required?

Yes

14. Date by which Stage 2 is to be completed and actions

Stage 2: Full Equality Impact Assessment Report

15. Summarise the likely negative impacts for relevant groups identified in the screening process (Refer to Stage 1, Questions 7-8, start to think about possible alternatives)

	Type of impact, reason & any evidence
Disability	Neutral
Race (including Gypsy & Traveller)	Neutral
Age	Only working age applicants will be affected
Gender	Neutral - based on current modelling both male and female applicants can either receive increased or decreased support
Transgender	Neutral
Sexual Orientation	Neutral - sexual orientation has no bearing on the scheme
Religion/Belief	Neutral - religion or belief orientation has no bearing on the scheme
Pregnancy & Maternity	Neutral - although it should be noted that a third or subsequent child will not affect entitlement
Marriage/ Civil Partnership Status	Positive- couples or persons in Civil Partnerships / relationships are able to have a higher level of income than singles to receive the same level of support.
Carers	Positive effect as Carers Allowance will be disregarded as an income under the scheme
Persons in receipt of Support Component of ESA	Positive effect as the Support Component of Employment and Support Allowance will be disregarded as an income under the scheme
Low income taxpayers - will be able to apply as in the current scheme	Neutral effect as low income applicants can still apply for a support under the scheme
Applicants who have more than two dependants	The scheme will provide additional support to families up to and including two dependants. No additional support will be provided to a third or subsequent dependant. This is in line

	with Central Government benefits such as Housing Benefit, Tax Credits and Universal Credit
Applicants who have non dependants	Positive effect as the new scheme will not make any deductions where there are non-dependants
Disabilities	Positive effect as all applicants who receive a disability benefit such as DLA, PIP etc will have the income disregarded and a further disregard of £xx per week will be taken from their net income potentially allowing further support to be granted

16. What consultation/involvement activities have taken place or will need to take place with groups/individuals from each relevant protected characteristic or equality group? (refer back to Stage 1, Question 5)

The scheme has been subject to consultation as follows:

- Major precepting authorities - the County Council, Fire & Rescue Service and the Police and Crime commission has been consulted on the new scheme. No objects have been received;
- A full public consultation has been undertaken between dd/mmm/yyyy and dd/mmm/yyyy.

17. What other research has been or will need to be carried out to help you with the assessment?

Modelling of the scheme will continue to be undertaken until final approval by full Council.

18. Results of research/consultation (what does it tell you about the negative impacts?)

Consultation results

19. Conclusions & Action Planning

You should explain what and how negative impacts have been reduced or removed and how positive impacts are to be improved or included.

Your final decisions or recommendations may include making immediate changes, stopping or proceeding with a new policy, justifying a decision or adding objectives/targets to the service development plan/equality scheme (long term changes).

You could use the template below to record your conclusions/actions. You should also make reference to any additional monitoring or research that is still required, or was not retrievable at the point of assessment, but will be required in subsequent reviews or in order to complete actions.

DRAFT

Impact/Issue	Action/Objective/Target or Justification	Will this remove negative impact?	Resources	Lead Officer & Timescale
Reductions in support	The Council will operate an Exceptional Hardship Fund. Any applicant who receives less support, may apply for additional support. A careful examination will be made of their circumstances (income and essential expenditure). Where it is determined that they are experiencing exceptional hardship, further support may be granted	Yes	Staff have been fully trained to administer the Exceptional Hardship Fund	

20. How will you monitor, evaluate and check the policy in the future?

The scheme will be monitored on an ongoing basis after implementation in April 2020

21. When will a review take place?

Constantly.

Please complete

We are satisfied that a full impact assessment has been carried out.

Completed by:

Date:

Role:

Countersigned by Head of Service:

Date:

Example

Council Tax Reduction Scheme 2020/21

Consultation Questionnaire

Background to the consultation

What is this consultation about?

Each year the Council has to decide whether to change the Council Tax Reduction scheme for working age applicants in its area. This year the Council has decided that changes should be made to significantly change the Council Tax Reduction scheme due to the introduction of Full-Service Universal Credit within the Ashford area. In effect the traditional link between Housing Benefit (which will no longer be available to new working age claimants, with some exceptions) and Council Tax Reduction will no longer exist and it is essential that the scheme is changed to meet future requirements, to reduce administration costs and to ultimately prevent any additional costs being added to the Council Tax

What is Council Tax Reduction?

Council Tax Reduction is a discount for Council Tax. The level of discount is based on the income of the household. Currently the maximum discount is 82.5% of Council Tax for working age households, 95% for working age disabled & carer households and up to 100% for pensioners.

Why is a change to the Council Tax Reduction scheme being considered?

In April 2013, the Council Tax Benefit Scheme was replaced by a new Council Tax Reduction Scheme. Council Tax Benefit had been funded by the Department for Work and Pensions and supported people on low incomes by reducing the amount of Council Tax they must pay.

The Council Tax Reduction scheme is determined locally by District Councils rather than the Department of Work and Pensions. Although the Government initially provided funding for the scheme, the funding has reduced each year in line with the reduction in Revenue Support Grant provided to councils.

People can claim Council Tax Reduction if they are on certain benefits. The current scheme requires all working age applicants to pay a minimum of 17.5% of their Council Tax (a maximum level of support of 82.5%). Working age disabled & carer households pay a minimum of 5% of their Council Tax. Applicants in receipt of income-based Jobseekers Allowance, Income Support and Income Related Employment and Support Allowance receive the maximum level of support. Others receive a level of Council Tax Reduction based on their income and other factors.

A separate Central Government scheme is retained for people of pension age and Councils are **only** able to vary their schemes for people of working age.

Each Council is required to review their schemes each year and decide if they want to make any changes. Before any changes can be implemented, they must

be subject to public consultation.

The District Council is proposing a number of changes to its existing scheme and, in line with legislation, we have a duty to consult you and provide you with the opportunity to tell us your views on the proposed changes to our Council Tax Reduction Scheme.

The Council is consulting on the following changes to its scheme for 2020/21:

- Introducing an income 'grid' scheme for all working age applicants replacing the current means tested approach which was based on the previous Council Tax Benefit scheme (Option 1);
- Limiting the number of dependent children used in the calculation of support to two for *all* working age applicants (Option 2);
- Changing the claiming process for all applicants who receive Universal Credit (Option 3);
- Removing the current earnings disregards and replacing them with a standard disregard of £25 (Option 4);
- Disregarding Carer's Allowance which is currently taken into account as income (Option 5);
- Where the applicant is in receipt of Universal Credit, any amount awarded as a housing element will be disregarded when calculating the applicant's income;(Option 6)
- Decrease the maximum level of protection for working age claimants from 82.5% to 80%, and from 95% to 90% for working age disabled & carer households

In the District, 7,500 people currently receive Council Tax Reduction, of which 4,500 are working age. The gross cost of the scheme is £7.4 million which is spread across the District Council (10%), the County Council (75%), Fire (5%), and the Police (10%) in accordance with the proportion of Council Tax which each organisation levies (which is shown in brackets).

Who will this affect?

Working age households in the District who currently receive or will apply for Council Tax Reduction.

Pension age households will **not** be affected as Central Government prescribe the scheme.

Are there any alternatives to changing the existing Council Tax Reduction scheme?

We have also thought about other ways to make the administration simpler. These have not been completely rejected (including maintaining the current scheme) and you are asked about them in the Questionnaire, but, at the moment we do not think we should implement them for the reasons given.

We have considered:

1 Continuing with the current scheme

This would mean higher administration costs and scheme costs generally. Not making these changes would significantly increase the administration of

Council Tax Reduction. The current scheme will not work effectively with the Government's Universal Credit system. The multiple changes in Universal Credit inevitably lead to multiple changes in Council Tax Reduction. This would increase the costs for all council tax payers in the District paying towards the scheme. The decision to increase Council Tax may need to be made by voting in a local referendum.

2 Reduce funding to other Council services to pay for additional administration costs

Keeping the current Council Tax Reduction scheme will mean an increase in administration costs and less money available to deliver other Council services; or

3 Use the Council's reserves to keep the Council Tax Reduction scheme

Using reserves to fund the additional administration costs would be a short-term option. Once used they will no longer be available to support and invest in other Council services and additional cuts would have to be made in the following years.

Questionnaire

Have Your Say on the Council Tax Reduction Scheme.

Q1.

I have read the background information about the Council Tax Reduction Scheme:

Yes No

This question must be answered before you can continue.

Paying for the Scheme

Q2.

Should the Council keep the current Council Tax Reduction scheme? (Should it continue to administer the scheme as it does at the moment?)

No Yes Don't know

Q3.

Please use the space below to make any comments you have on protecting the Council Tax Reduction Scheme from these changes.

Options to change the current Local Council Tax Reduction scheme

As explained in the background information, the Council is primarily consulting on the following proposals to change the existing Council Tax Reduction Scheme from 1st April 2020, which will reduce the administrations cost of the scheme generally and importantly make the scheme simpler. Please note that whilst the changes are intended to reduce the level and cost of administration, the Council is not looking to reduce the total overall level of support available. Your responses are a part of this consultation. Set out below are the proposals being considered.

Option 1 - The introduction of an Income Grid scheme to replace the current scheme for all applicants of working age

The current scheme for Council Tax Reduction is largely based on the previous Council Tax Benefit scheme which was assessed alongside Housing Benefit. Housing Benefit for working age applicants is being phased out and for new claims are no longer available (with some exceptions). Whilst Housing Benefit was the main provider of housing support for working age persons, it was logical to maintain a Council Tax Reduction scheme that mirrored the approach. Now that Universal Credit is being rolled out, it gives the Council the opportunity to significantly simplify what is in effect a Council Tax Discount.

It is proposed that a simplified income 'grid' scheme will be introduced as follows:

Single £	Couple £	WA1 £	WA2 £	Working Age %	Vulnerable	Vulnerable %
0-82.10	0-122.10	0-172.10	0-222.10	80	0-222.10	90
82.11-123.15	122.11-163.15	172.11-213.15	222.11-263.15	65	222.11-263.15	75
123.16-164.20	163.16-204.20	213.16-254.20	263.16-304.20	50	263.16-304.20	60
164.21-205.25	204.21-245.25	254.21-295.25	304.21-345.25	35	304.21-345.25	45
205.26-246.30	245.26-286.30	295.26-336.30	345.26-386.30	20	345.26-386.30	30

The key principles of the scheme are as follows:

- The level of discount (shown in the grid) will be based on the total net income (determined by the Council) of the applicant and their partner;
- Income levels can vary in accordance with household size and still receive the same level of discount;
- Applicants who are in receipt of income support, income related employment and support allowance and income based jobseekers allowance

will receive a discount of 80% against their liability for Council Tax, 90% for disabled & carer households

- d. Applicants who have total net income less than the levels in Band 2 will receive a discount of 80% against their liability for Council Tax. Where applicants are not in receipt of those benefits and their income is above the levels specified in Band 1, Council Tax Reduction shall be awarded at the appropriate level (Bands 3, 4 & 5);
- e. Applicants who have total net income levels above the levels shown in the grid will receive no discount;
- f. The grid will be limited to a maximum of two dependants (see Option 2)
- g. Making claiming simpler for applicants who receive Universal Credit (see Option 3);
- h. Removing the current earnings disregards and replacing them with a standard disregard of £25 (see Option 4);
- i. Certain incomes will continue to be disregarded including Disability Living Allowance; Personal Independence Payments, Child Benefit and Child Maintenance.
- j. Carer's Allowance received will be disregarded (see Option 5);
- k. Where the applicant is in receipt of Universal Credit, any amount awarded as a housing element will be disregarded when calculating the applicant's income;(Option 6)

It is inevitable that there may be both winners and losers; however, the Council is keen to protect as many applicants as possible. The Council is not minded to reduce the overall total level of support available within the scheme but there will be a redistribution of support in some cases. Where an applicant experiences exceptional hardship, they will be able to apply for additional support from the Council under the Exceptional Hardship Payment Scheme which will continue as at present.

The benefits of changing the scheme:

- It provides a simpler scheme, easily understood by all applicants;
- It will save significant increases in administration costs due to the introduction of Universal Credit;
- It will reduce the number of Council Tax demands that applicants receive during the year and prevent multiple changes to monthly instalments;
- Applicants in receipt of 'passported benefits' such as income support, income related employment and support allowance and income based jobseekers allowance, will still receive the maximum level of protection; and
- It will make claiming simpler for Universal Credit applicants ensuring that their entitlement to Council Tax Reduction is maximised.

The drawbacks of doing this are:

- Whilst the Council will look to protect applicants as far as possible, there may be winners and losers; and
- Some households with more than two children may receive less support.

Q4.

Do you agree with this change to the scheme?

Yes No Don't know

Q5.

If you disagree what alternative would you propose?

Option 2 - To limit the number of dependant children within the calculation for Council Tax Reduction to a maximum of two for *all* applicants

Within the current scheme, applicants who have children are awarded a dependant's addition within the calculation of their needs (Applicable Amounts). 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.

The benefits to the Council of doing this are:

- Council Tax Reduction will be brought into line for all applicants; and
- It is simple and administratively easy to incorporate within the scheme

The drawbacks of doing this are:

- Applicants who have three or more dependants may receive less Council Tax Reduction. However, if the applicants face exceptional hardship they may apply for additional support through the Council's Exceptional Hardship Payment scheme.

Q6.

Do you agree with this change to the scheme?

Yes No Don't know

Q7.

If you disagree what alternative would you propose?

Option 3 - Changing the claiming process for all applicants who receive Universal Credit

Currently, where an applicant wants to claim Council Tax Reduction, they must make a formal application on-line. Where applicants claim Universal Credit from the Department for Work and Pensions (DWP) there is often either a delay in receiving a Council Tax Reduction claim or no claim is made at all leading to a potential loss in entitlement. The latter occurs largely through confusion, with all other benefits being claimed from DWP and claimants not realising they must make an additional claim to the Local Authority.

When a person claims Universal Credit, their award details are passed to the Council automatically. It would be a distinct advantage and simplification in administration if the Council were to take any Universal Credit data received from DWP as a claim for Council Tax Reduction automatically.

The benefit of this option is:

- It will make the administration of the scheme simpler;
- Universal Credit claimants will receive any Council Tax Reduction automatically; and
- The change is simple and administratively easy to incorporate within the scheme

The drawbacks of doing this are:

- There are no drawbacks to this option.

Q10.

Do you agree with this change to the scheme?

Yes No Don't know

Q11.

If you disagree what alternative would you propose?

Option 4 - Removing the current earnings disregards and replacing them with a single disregard of £25.

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 (only one is awarded) 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. Also, if child care is paid for above that received free from Central Government, then further disregards can be made against earnings for monies paid out.

The proposed change to the scheme would introduce a single disregards of £25 per week. Disabled & carer working households will receive an additional disregard of £40 (£25 + £40 = £65) All other disregards will be removed (except the disregard in relation to paying for child care)

The benefit of this option is:

- It will make the administration of the scheme simpler; and
- The change is simple and administratively easy to incorporate within the scheme.

The drawbacks of doing this are:

- There may be certain applicants who may receive less support, and some may receive more support depending on their circumstances. (It should be noted that applicants with dependants will be allowed a higher level of income within the grid scheme and also if they face exceptional hardship, they may apply for additional support under the Council's Exceptional Hardship Payments Scheme).

Q12.

Do you agree with this change to the scheme?

Yes No Don't know

Q13.

If you disagree what alternative would you propose?

Option 5 - Disregarding Carer's Allowance which is currently taken into account as income

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 Council Tax Reduction. This is partially offset by an award of Carer's Premium within the current scheme. 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.

The benefit of this option is:

- It will make the administration of the scheme simpler;
- It may be more generous to applicants who receive Carer's Allowance; and
- The change is simple and administratively easy to incorporate within the scheme.

The drawbacks of doing this are:

- There may be a small increase in scheme costs although this is thought to be negligible.

Q14.

Do you agree with this change to the scheme?

Yes No Don't know

Q15.

If you disagree what alternative would you propose?

Option 6 - Where the applicant is in receipt of Universal Credit, any amount awarded as a housing element will be disregarded when calculating the applicant's income.

When an applicant for Council Tax Reduction is in receipt of Universal Credit it will be essential to disregard any housing element awarded from their income when calculating any income under the new scheme.

The benefit of this option is:

- It will make the administration of the scheme simpler;
- It will have the same effect as the current scheme; and
- The change is simple and administratively easy to incorporate within the scheme.

The drawbacks of doing this are:

- There are no drawbacks with this option.

Q18.

Do you agree with this change to the scheme?

Yes No Don't know

Q19.

If you disagree what alternative would you propose?

Alternatives to changing the Council Tax Reduction Scheme

If the Council keeps the current scheme, it will be administratively more complex and it will cost taxpayers more. If this happens we will need to find savings from other services to help meet the increase in costs. The proposals set out in this consultation will deliver administration savings. The alternatives are set out in the background information.

Q24.

Do you think we should choose any of the following options rather than the proposed changes to the Council Tax Reduction Scheme? Please select one answer for each source of funding.

Q24.1.

Increase the level of Council Tax to cover the additional administration costs

Yes No Don't know

Q24.2.

Find the additional administration costs by cutting other Council Services

Yes No Don't know

Q24.3.

Use the Council's reserves

Yes No Don't know

Q25.

If the Council were to choose these other options to pay for additional administration costs, what would be your order of preference? Please rank in order of preference by writing a number from 1 - 3 in the boxes below, where 1 is the option that you would most prefer and 3 is the least.

Increase the level of Council Tax

Reduce funding available for other Council Services

Use Council reserves

Q26.

Please use this space to make any other comments on the scheme.

Q27.

Please use the space below if you would like the Council to consider any other options (please state).

Q28.

If you have any further comments or questions to make regarding the Council Tax Reduction scheme that you haven't had opportunity to raise elsewhere, please use the space below.

About You

We ask these questions:

1. To find out if different groups of people in the Council's population have been able to take part in the consultation and identify if any groups have been excluded. This means it is not about you as an individual but to find out if people with similar characteristics have had their say.
2. To find out if different groups of people feel differently about the options and proposals in comparison to each other and all respondents. This means it is not about you as an individual but to find out if people with similar characteristics have answered in the same way or not.

This information is completely confidential and anonymous. Your personal information will not be passed on to anyone and your personal details will not be reported alongside your responses.

Q29.

Are you, or someone in your household, getting a Council Tax Reduction at this time?

Yes No Don't know/Not sure

Q30.

What is your sex?

Male Female Prefer not to say

Q31.

Age

18-24 25-34 35-44 45-54 55-64 65-74 75-84 85+ Prefer not to say

Q.32

Disability: Are your day to day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?

Yes No Don't know/Not sure Prefer not to say

Q33.

Ethnic Origin: What is your ethnic group?

Prefer not to say

White

British Irish Gypsy or Irish Traveller Any other White background

Mixed/Multiple ethnic groups

White & Black African White & Black Caribbean White & Asian Any other multi mixed background

Asian or Asian British

Pakistani Indian Bangladeshi Chinese Any other Asian background

Black/African/Caribbean/Black British

African Caribbean Any other Black background

Other Ethnic Group

Arab Other - please specify below:

Next steps....

Thank you for completing the questionnaire.

Progress reports on the consultation will be added to our website.

You may submit further evidence, ideas or comments (marked CTR consultation) by email to counciltaxsupport@ashford.gov.uk

The consultation closes on 30/09/2019.

We will listen carefully to what residents tell us and take the responses into consideration when making a final decision on the 2020/21 scheme.

Following the decision, the full results from the consultation will be available on the Council's website.

The new scheme will start on **1 April 2020**. The Council will consider the impact of the scheme annually and consult again if it thinks further changes need to be made.