

# Crawley Borough Council

## Report to Overview and Scrutiny Commission 28 November 2016

### Report to Cabinet 30 November 2016

#### Review of the Council Tax Reduction Scheme

Report of the Head of Finance, Revenues & Benefits, **FIN/399**

---

#### 1. Purpose

- 1.1 Benefit claimants receive two types of 'benefit' – housing benefit which is help to pay their rent and Council Tax reduction, this is a reduction on the amount of council tax payable to the authority. The Council introduced a Local Council Tax Reduction Scheme in April 2013 (LCTRS). The Scheme is means tested and determines the amount by which a taxpayer's council tax will be reduced. Due to Government welfare reform changes it is appropriate for the Council to consider whether it wishes to revise the current scheme as the council is under a legal obligation to keep the scheme under review. This report considers some possible amendments to the current scheme, which, if agreed, would come into effect from 1 April 2017.
- 1.2 The report presents the Local Council Tax Reduction Scheme (LCTRS) options for 2017/2018 and asks Members to consider and agree which option(s) are to be applied taking into account the results of a Consultation on the options to the scheme as well as the findings of the second stage Equality Impact Assessment (EQIA).

#### 2. Recommendations

- 2.1 To the Overview and Scrutiny Commission:

That the Commission consider the report and decide what comments, if any, it wishes to submit to the Cabinet.

- 2.2 To the Cabinet:

The Cabinet is requested to:

- i. Consider the options set out in Appendix 1 together with the results of the analysis of the consultation exercise undertaken in respect of the options and the findings of the second stage Equalities Impact Assessment (EQIA) shown in Appendix 2.
- ii. The Cabinet is asked to **RECOMMEND** to Council what options, if any, should be included in the Council's Council Tax Reduction Scheme 2017/2018 from 1 April 2017.

### 3. Reasons for the Recommendations

- 3.1 The Council needs to decide whether it wishes to make any changes to its Local Council Tax Reduction Scheme (LCTRS).

### 4. Background

- 4.1 The Government ended the national council tax benefit scheme in March 2013. It required billing authorities to introduce their own local council tax schemes from April 2013. This was set out in the Welfare Reform Act 2012 and the Local Government Finance Act 2012 and Regulations issued thereunder. It also cut the grant support for the scheme by 10%. This grant (Revenue Support Grant) has been reducing since and will be phased out by 2020/21.
- 4.2 The legislation included a default scheme that some authorities adopted. The Council decided to implement its own scheme, which was agreed by Council in December 2012; further minor amendments were made to the scheme in December 2013. As with other authorities introducing their own scheme, it had no freedom over the provision made for pensioners as this was prescribed in the legislation.
- 4.3 The Council must publish its LCTRS, for each financial year, the Council is required to consider whether to revise its Scheme or replace it with a different Scheme. Any revision or replacement must be made by 31<sup>st</sup> January. Before revising or replacing its Scheme, The Council must :
- (a) Consult any major precepting authority which has power to issue a precept to it
  - (b) Publish a draft scheme in such manner as it thinks fit and
  - (c) Carry out a consultation on any proposed changes.
- 4.4 The implementation of the LCTRS went smoother than officers had expected and there have been very few adverse comments from those affected and arrears are low. The original budget for the scheme at 1<sup>st</sup> April 2013 was £8.097m with 8,167 claimants.

The Table below shows the position in 2013.

Claimant type	% of total claims	Caseload (number of claimants)	% spend	Total spend £000's
Working Age	57%	4,674	61%	4,919
Pensioners	43%	3,493	39%	3,178
<b>Total</b>	<b>100%</b>	<b>8,167</b>	<b>100%</b>	<b>8,097</b>

The budget for the current year is £7,725,712, this is a reduction of over £344,000 since the scheme commenced. The scheme is currently costing less than the budget and there are 270 less claimants. The Table below shows the position as at November 2016.

Claimant type	% of total claims	Caseload (number of claimants)	% spend	Total spend £000's
Working Age	64%	5,073	63%	4,771
Pensioners	36%	2,824	37%	2,810
<b>Total</b>	<b>100%</b>	<b>7,897</b>	<b>100%</b>	<b>7,581</b>

The scheme is currently underspending by £144,543 (£7,725,712 less committed to date £7,581,169). This underspend will be reallocated as shown in the Table below.

	Band D Council Tax	Percentage Split	Share of Underspend
West Sussex County Council	1,207.89	78.13%	112,926
Sussex Police and Crime Commissioner	148.91	9.63%	13,922
Crawley Borough Council	189.27	12.24%	17,695
<b>Total</b>	<b>1,546.07</b>	<b>100.00%</b>	<b>144,543</b>

4.5 Welfare reform changes made by the Government will mean that if the Council do not consider making the same changes, the Scheme may pick up the costs of these reductions being made by central Government and the costs will be passed onto all Council Tax payers. However an objective is to have regard to the impact of such changes on vulnerable residents.

4.6 Members are reminded that review of the local Council Tax Reduction Scheme will only affect working age households. Generally those receiving Income Support, income based Job Seekers Allowance or income related Employment Support Allowance get 100% reduction in their Council Tax liability (known as passported).

Applicants are means tested, income is compared to their 'living allowance' (called applicable amount), this is the amount the Government say that someone needs to live on compared to their circumstances. However if they have savings of £9,000 or more they do not get any reduction.

If income equals their living allowance then, generally, they are entitled to 100% reduction of their council tax bill. If income is more than their living allowance, then the Council Tax Reduction is adjusted by 20p for every £1 above this living allowance.

In all cases if there is a non-dependent (an adult of working age) in the household and an exemption does not apply, then the amount of reductions is taken into account depending on their income too; this is because we expect them to contribute to household bills, including council tax.

Any reduction calculated as less than £5 per week is not granted, so the minimum payable is £5 per week if not receiving 100% reduction.

4.7 Following further discussion with the relevant Cabinet Members it was agreed to undertake consultation on these potential changes -

- Option 1 - Removing the Family Premium for all new working age applicants
- Option 2 - To remove a Work Related Activity Component in the calculation for new ESA (Employment Support Allowance) applicants
- Option 3 - To limit the number of dependent children for Council Tax Reduction to a maximum of two
- Option 4 - Where someone is already paid Universal Credit (carer's element) to look after someone with a disability, to remove entitlement to the Severe Disability premium
- Option 5 - Uprating
  - a. No increase (the cost of the scheme will reduce if there is no uprating) this could help towards the budget gap (which is saving around £100,000 in the current financial year).
  - b. Increase to the same level as the council tax increase. We could only do this looking backwards due to the deadlines of consultation. The total increase in Council Tax including the County and Police and Crime Commissioner in 2016/17 was 3.5%, this would cost around £100,000 and can be met from within the existing budget.
  - c. Increase the allowance by the same as the default scheme (costing £84,000 and can be met from within the existing budget) – i.e. by the September CPI going back to when the scheme started in April 2013, this would make the scheme easier to administer.
  - d. Increase by another amount

The survey also asked - 'Should the Council keep the current Council Tax Reduction scheme? (Should it continue to administer the scheme and have the same level of support as it does at the moment?)'

More detailed information is given about these options in **Appendix 1** with background information on the options in **Appendix 1(i)**.

### Consultation

4.8 Prior to the implementation of any change to the LCTRS, authorities are required to consult with the public. There have been a number of legal challenges to LCTRS consultations, it should be noted that the Supreme Court in the decision of R (Moseley) v Haringey LBC defined what is meant by 'good consultation'. The guiding principles which have been established through case-law for fair consultation are:

- The consultation must be carried out at a stage when proposals are still at a formative stage;
- Sufficient information on the reasons for the decision must be provided to permit the consultees to carry out intelligent consideration of the issues and to respond;
- Adequate time must be given for consideration and responses to be made; and The results of the consultation must be properly taken into account in Finalising any decision

- Due regard needs to be paid to the need to follow the principles on consultation in particular the need to set out alternative choices with the Consultation.<sup>1</sup>

The Consultation outlining the options has taken place and ran for 7 weeks starting on 3 August 2016 and ending on 28 September 2016. It included an on line survey via the Council's Home page on the web. It is a requirement of the Regulations that the views of the major preceding partners are sought; correspondence was sent to West Sussex County Council and the Sussex Police & Crime Commissioner advising them of the Consultation and linking the survey.

4.9 The [survey](#) was made available online and public could also request a paper copy. An online survey was deemed most effective in terms of distribution and cost, in this case reaching a wide range of people cost effectively and allowing for changes to the consultation documents quickly. In addition we used a range of advertising methods below –

- Regular social media updates (Facebook & Twitter) The Council has almost 6,000 followers on Twitter and over 2,500 followers on Facebook The message was re-tweeted a number of times throughout the consultation.
- Council website (news and consultation page) with a direct link from the front page
- Members Bulletin
- Email alerts to subscribers of consultation updates
- Press release with double page spread in Crawley News
- Crawley Homes newsletter – distributed to council residents via post.
- Posters given to members to put in public notice boards throughout the Borough

## 5 Description of Issue to be resolved

5.1 This report presents the Local Council Tax Reduction Scheme (LCTRS) options for 2017/18 and asks the Council to consider and agree which options are to be applied.

## 6 Information & Analysis Supporting Recommendation

### 6.1 Results of the Consultation

In total, we received 22 responses to the on-line survey, of which 36% were males and 64% females responded; 18% were pensioners. The working age population of Crawley in 2014 (ONS survey) was 72,079 of which 6,930 were claiming one or more DWP benefit. At that time there were 14,400 pensioners.

<sup>1</sup> Supreme Court Ruling in the case of R (On the application of Moseley) v London Borough of Haringey (2014).

Although the level of response is somewhat disappointing, the number of results allows for a reasonable degree of confidence that we have a representative view from residents of the Borough.

The breakdown of each option are given in **Appendix 1** together with background information.

The results for each option, together with stand-alone financial effect, equality impact assessment and a balanced view of comments is set out below and in more

detail in **Appendix 2**. The financial effect for each option is designated as 'stand-alone' because it is an estimate of the income generated or cost of the option in full if only that option were selected and applied to the working age caseload. It must only be viewed as a rough indication if multiple options were applied.

Some options such as 5 a - d are exclusive, whereas others can be combined.

The benefit or loss generated by the options is shared amongst the billing authority and major preceptors in the same way as council tax as shown in the table in paragraph 4.4. Effectively, any option causing a financial change to the scheme reduces or increases the Borough's Taxbase.

The full responses with all comments from the website survey can be found on the attached [link](#)

6.2 Members will note that;

- When asked 46% were in favour of changing the current scheme with 41% not in favour.
- Options 2, 3 and 4 below received the highest support. These are the options that would effectively mirror the changes or proposed changes to housing benefit by central Government.
- In option 5 the options to align CTRS to housing benefit showed the greatest support at 46%.
- The majority of respondents did not agree to the alternative ways of funding the scheme, such as increasing council tax or cutting services however 50% agreed that we should use reserves.

This information on responses is shown in the Table in **Appendix 2**.

6.3 A response from West Sussex County Council is given below -

'We accept that the local council tax support scheme is a matter for the billing/collecting authorities to decide. As the administrators of the scheme they are in a better position than the County would be to judge the pros and cons of any changes.

However, essentially the national funding support for council tax support schemes is tapering sharply in line with the overall major funding cuts we all face and we believe this point should be borne in mind when reviewing your options. Much of the cost of reduction schemes is borne by the County Council due to the impact it has on the tax base.

As the funding is cut, it shouldn't be automatically assumed the level of support within each localised scheme continues. It needs to be seen in the context of the diminishing central funding available and the potential cuts inflicted elsewhere, if the level of support for a local scheme is maintained unabated.'

There was no response from Sussex Police and Crime Commissioner.

### **Implications**

#### **Legal Implications**

The relevant legislation is the Local Government Finance Act 1992 and Regulations made thereunder. The Regulations sets out the various prescribed

requirements that all Councils must include in their Scheme. There is a legal requirement that consultation takes place as outlined in paragraph 4.8 above.

Due regard needs to be taken of the responses to the Consultation on the Option(s) so that an informed decision is taken on the preferred Option(s).

### **Equality Implications**

Before making a decision, section 149 of the Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:

- (i) eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
- (ii) advance equality of opportunity between persons who share a relevant protected characteristic and those do not share it. This involves having due regard, in particular, to the need to:
  - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic.
  - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons’ disabilities);
  - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- (iii) foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to tackle prejudice and promote understanding.

#### **6.4** An Equality Impact Assessment has been completed based on the results of the Consultation this can be found at **Appendix 2**.

Both the Cabinet and the Council must have due regard to the Public Sector Equality Duty and must take into account and consider the Equality Impact Assessment as set out in **Appendix 2** in order to discharge their statutory obligation <sup>2</sup>

Some working age claimants will be affected by more than one of the options. It is not possible to model any cumulative impacts but the possibility that some claimants especially those with families that make new claims from April 2017 may be adversely affected by more than one option should be taken into account when deciding which options will be taken forward.

#### **6.5** **Financial Implications**

The financial implications of the potential options are set out in **Appendix 3** in order to enable the Cabinet and Council to make an informed decision.

Appendices: -

Appendix 1 - Breakdown of Options with background information

Appendix 2 Second Stage Equality Impact Assessment Council Tax Reduction Scheme 2017/18

Appendix 3 Potential financial implications

## **8 Background Papers**

[Local Council Tax Reduction Scheme – report FIN/286 Nov 2012](#)

[Review of the Council Tax Reduction Scheme Fin/318 Dec 2013](#)

Report author and contact officer: Karen Hayes, Head of Finance, Revenues & Benefits (tel.: 01293 438263)

<sup>2</sup> Logan R (On the application of) v London Borough of Havering (2015)



## Breakdown of Options with background information

### Option 1 - Family Premium changes

The results of the consultation were inconclusive with 50% for, 46% against and 4% didn't know.

The living allowance (applicable amount) includes a 'family premium' if you apply for Council Tax Support and you have one or more dependent children.

Under our current scheme, the family premium is £17.40 a week.

From 1<sup>st</sup> May 2016 Central Government removed the family premium allowance from **new** claims for **housing benefit**. The consultation asked if **new** claims for Council Tax Reduction should be brought in line with the housing benefit scheme.

This change would **not** affect those on Universal Credit, Income Support, Income Related Employment and Support Allowance or Income Based Jobseeker's Allowance. So the main people affected would be those in work and claiming Council Tax Reduction.

The benefit of this is:

- It brings the CTRS in line with Housing Benefit changes implemented by Central Government (although the HB change came into effect on 1 May 2016) - any change to the CTRS would be from 1<sup>st</sup> April 2017
- It avoids additional costs to the Council Tax Reduction Scheme, for any **new** claims from 1<sup>st</sup> April 2017, however the scheme currently does allow for this premium.
- It does not affect existing claimants

The drawbacks are

- New working age residents may see a reduction in the amount of support they receive
- Some households with children will pay more Council Tax (only new claimants)

As an example of what this change would mean, let us take a family with three children, they move into a property in Crawley in May 2017, they make a claim for Council Tax Reduction.

They have total earned income and tax credits of £409.80. They are in a band C property.

Under the current scheme they are awarded a Council Tax reduction of £9.24 a week. Under the proposal that will be reduced by £3.48 per week.

As a consequence, they will be required to pay an additional £181 a year in Council Tax.

The following table summarises some key information regarding the option:

Costs	This will affect new claims only, the estimated number of new claims with a family are around 170. The saving to the scheme would be £30,763 – of which the saving to Crawley would be £3,765.
No. Affected	Approximately 170 households will be required to pay an average of £181 a year more council tax.
Consultation	<p>Sample of comments</p> <p>If applying this should apply to existing and new claims or is unfair and children may suffer</p> <p>Should align the government policy. Also it's impacted appears limited due to all the exceptions stated above, those on income support for example.</p> <p>I do not think that discriminating against families with children is a good idea. Children are costly so any help that these families can get will always be a good thing</p> <p>Unemployed people should be made to contribute to their council tax</p>

### **Option 2 - Employment Support Allowance claimants in the Work-Related Activity Group**

The results of the consultation showed that 68% were in favour of this option.

From April 2017, all **new** applications of Employment and Support Allowance (ESA) who fall within the Work Related Activity Group will no longer receive the component in either their ESA or within the calculation of Housing Benefit.

A person who falls within the Work Related Activity Group, and currently receives this component, is someone who has limited capability to work due to limited physical. And/or mental conditions, and that limitation is not reasonable to require them to undertake work.

It is proposed that the Council's Council Tax Reduction Scheme is amended to reflect the changes.

The benefits for the Council of this are:

- The treatment of ESA will be brought into line with Housing Benefit
- It avoids additional costs to the Council Tax Reduction Scheme
- Persons currently receiving ESA will not experience any reduction in Council Tax Reduction

#### **There are no drawbacks**

This proposed change will bring the scheme in line with Housing Benefit and will not result in anyone receiving less CTR

If we do not action this change it could result in additional costs for the authority as customers retaining the work related component in CTR but having less income from ESA could be entitled to more CTR if they had other forms of income

Costs	0
No. Affected	None - Treatment of Employment & Support Allowance would be brought into line with Housing Benefit, <u>it avoids additional costs to the CTRS</u> (avoids duplication).
Consultation	Sample of comments  If no drawbacks why an option and not just implemented?  If it doesn't change the benefits the person receives why does it need to change?

As Members are aware, some of the options consulted upon were intended to align Council Tax Reduction with the administration of Housing Benefit. At the present time, this change has yet to be made within the Housing Benefit scheme but regulations are expected before the 1st April 2017.

### **Option 3 - Removal of applicable amounts for third and subsequent children born after April 2017**

Within the current scheme, claimants who have children are awarded a dependant's additional allowance of £64.99 **per child** within their applicable amounts. There is no limit to the number of dependant's additions that can be awarded.

From April 2017 Central Government will be limiting dependant's additions in Universal Credit, Housing Benefit and Tax credits to a maximum of two. This will only affect households who have a third or subsequent child on or after 1 April 2017.

There will be exceptions where: there are multiple births after 1 April 2017 (and the household is not already at their maximum of two dependants within the calculation); adopted children.

The benefits for the Council of this are:

- Council Tax Reduction will be brought in line with Housing Benefit, Universal Credit and Tax Credits
- It is simple and administratively easy

The drawbacks of doing this are:

- Claimants who have a third or subsequent child after 1 April 2017 (and are not excepted from the rules) may receive less Council Tax Reduction than a claimant who has more children born before 1 April 2017.

Take the same family of three from above, say that they have a new claim. Under the current scheme they are awarded a reduction of £9.24 a week. Under the proposal would be no reduction. As a consequence, they will be required to pay £480.40 more Council Tax per annum; this is because they do not qualify for an allowance for the third child.

The following table summarises some key information regarding the option:

Costs	This will affect <b>new</b> claims only. The saving from implementing this change in the current scheme is in the region of £32,300 a year.
No. Affected	50 households, who will be required to pay an average of £647 a year more council tax
Consultation	<p>Sample of comments</p> <p>Again align to government policy, this is not retrospective so the rules can be clear. People need to take accountability for the finances and council needs to send that message. The exceptions appear reasonable.</p> <p>People shouldn't use having children as an excuse to not pay taxes. If they choose to have a large family they should pay the same as anyone without children or with a small family. Also I feel the unemployed (JSA or ESA not disabled) should have to make some form of contribution as a way to get them back to work to want to earn more money. The whole time being unemployed guarantees full benefits the lazy people of Crawley will continue to take advantage.</p> <p>People should have NO council tax reduction based on how many children they have.</p> <p>This is less disagreeable than the other options, only in the sense that having children is a lifestyle option especially in a world that is overpopulated.</p> <p>Anything that discriminates against families with children must be bad as if the family is on benefits they already have a strain on their budgets</p>

The results suggest that the majority of respondents agree to implementing this option (82%). As Members are aware, some of the options consulted upon were intended to align Council Tax Reduction with the administration of Housing Benefit. At the present time, this change has yet to be made within the Housing Benefit scheme.

**Option 4 - Where someone is already paid Universal Credit (carers element) to look after someone with a disability, to remove entitlement to the Severe Disability premium**

Currently when another person is paid Carers Allowance to look after a Council Tax Reduction claimant, the Severe Disability Premium is not included when working out their needs (Applicable Amounts). **The reason for this is that it avoids paying for the same care twice.** This proposed change will align the scheme with Housing Benefits by treating persons who receive the Universal Credit (Carers Element) in the same way as anyone receiving Carers Allowance

The benefits for the Council of this are:

- Council Tax Reduction will be brought in line with Housing Benefit, Universal Credit and Tax Credits
- It is simple and administratively easy
- It is fairer as we will be treating those receiving Universal Credit Carers Element in the same way as those receiving Carers Allowance.

Costs	0
No. Affected	None - Treatment would be brought into line with Housing Benefit, <u>it avoids additional costs to the CTRS.</u>
Consultation	<p>Sample of comments</p> <p>If no drawbacks why an option and not just implemented. These things should just be done rather than crowding these consultations. Assume the council needs to make some hard choices focus on what people need to decide with impacts.</p> <p>Families with a disabled person have stressful lives as it is. Removing money from them will only add to concerns as to whether they can afford to live. Discriminating against the disabled is wrong.</p>

The results suggest that the majority of respondents agree to implementing this option (77%).

### **Option 5 - Uprating**

Around half of working age recipients of a reduction are 'passported' – i.e. they automatically receive 100% reduction as a result of receiving one of a number of state benefits. The rest are means tested.

The assessment for those that are means tested is based on a comparison of their income and a living allowance (referred to as applicable amounts under the old national scheme). The living allowance varies according to the make up of the household.

The scheme includes the option to uprate the living allowance each year. It neither makes uprating mandatory nor does it determine the amount of the uprating. The default scheme, set by the Government, does get uprated annually. So does the living allowance for pensioners, as the Government determines all the rules for pensioners.

Therefore, the freedom only affects non-passported working age recipients.

If income equals their living allowance then, generally, they are entitled to 100% reduction of their council tax bill. If income is more, then the Council Tax Reduction is adjusted by 20p for every £1 above (this is known as the Taper).

No uprating has been made to the living allowance for working age recipients since the scheme started. This was based on the logic that as the Council Tax had not increased then the living allowance did not need to either.

The increase in the current year in Council Tax was too late to consult on to make any changes to the living allowances as consultation has to be take place and be approved by Full Council and published by 31<sup>st</sup> January.

Potentially there are four choices:

- a. No increase (the cost of the scheme will reduce if there is no uprating) this could help towards the budget gap (this is saving around £119,000 in the current financial year).
- b. Increase to the same level as the council tax increase. We could only do this looking backwards due to the deadlines of consultation. The total increase in Council Tax including the County and Police and Crime Commissioner in 2016/17 was 3.5%, this would cost around £100,000 and can be met from within the existing budget.
- c. Increase the allowance by the same as the default scheme (costing £84,000 and can be met from within the existing budget) – i.e. by the September CPI going back to when the scheme started in April 2013, this would make the scheme easier to administer.
- d. Increase by another amount

The results of the consultation suggest that the majority of respondents agree with Option C (46%).

This would make it easier for claimants to understand their claim if Housing Benefits and CTRS were aligned.

Costs	£83,900 a year (however the scheme is currently underspending and could absorb this cost)
No. Affected	5,073 households, who will be required to pay an average of £16.54 a year less council tax
Consultation	<p>Sample of comments</p> <p>If applying this should apply to existing and new claims or is unfair and children may suffer</p> <p>Should align the government policy. Also it's impacted appears limited due to all the exceptions stated above, those on income support for example.</p> <p>I do not think that discriminating against families with children is a good idea. Children are costly so any help that these families can get will always be a good thing</p> <p>Unemployed people should be made to contribute to their council tax</p>

**Second Stage Equality Impact Assessment  
Council Tax Reduction Scheme 2017/18**

### **The Council Tax Reduction Scheme for 2017/18**

It has now been decided by the Council that a review should be undertaken of the current Council Tax Reduction scheme and a public consultation has been undertaken to gather views as to whether the current scheme should be changed. A summary of the results of the consultation are provided together with this Equality Impact Assessment. The Council is minded to make changes to the working age scheme to meet the following:

The more accurate targeting of support to those working age applicants who most need it;

The need to change the scheme, not only to align with proposed changes to Housing Benefit, but also to align the scheme with the approach taken by the Department for Work and Pensions in the creation, introduction and roll out of Universal Credit; and

To address potential shortfalls in funding due to the continued reduction in Central Government grants.

It should be noted that the changes, if made, would only apply to the working age scheme although the consultation was open to all Council Taxpayers.

The main proposals of the scheme are as follows. Any changes if adopted will be effective from 1 April 2017:

- Should the Council maintain the current scheme for working age applicants?
- 1. Should the scheme be amended to align with Housing Benefit, namely that the Family Premium will not be granted for all new claims and for any 'new' families?
- 2. Should the scheme be amended in line with Housing Benefit and Employment and Support Allowance whereby the Work Related Activity Component will not be granted when calculating Council Tax Reduction for all new claims to Employment and Support Allowance on or after 1 April 2017?
- 3. Should the scheme be amended in line with Housing Benefit to restrict the number of dependants additions granted in the calculation to a maximum of two? This change will have specific exceptions and will only affect those applicants who have a third or subsequent child on or after 1 April 2017.
- 4. Where someone is already paid Universal Credit (carers element) to look after someone with a disability, to remove entitlement to the Severe Disability premium
- 5. Uprating living allowances
  - e. No increase (the cost of the scheme will reduce if there is no uprating) this could help towards the budget gap (which is saving around £100,000 in the current financial year).
  - f. Increase to the same level as the council tax increase. We could only do this looking backwards due to the deadlines of consultation. The total increase in Council Tax including the County and Police and Crime Commissioner in 2016/17 was 3.5%, this would cost around £100,000 and can be met from within the existing budget.
  - g. Increase the allowance by the same as the default scheme (costing £84,000 and can be met from within the existing budget) – i.e. by the September CPI going back to when the scheme started in April 2013, this would make the scheme easier to administer.
  - h. Increase by another amount

As an alternative to changing the Council Tax Reduction scheme, the Council consulted on whether it should:

- a. Increase the Council Tax; or
- b. Find the additional income by cutting other services; or
- c. Increase the income received by the Council



## **Scope of the Equality Impact Assessment**

The following identifies the potential impact on claimants and particularly groups of claimants. It should be noted that Pensioners will continue to be protected under the rules prescribed by Central Government. These broadly replicate the council tax benefit scheme, which existed prior to 1 April 2013. Central Government has not been prescriptive in how it does this but points to the Council's existing responsibilities including the Child Poverty Act 2010, the Disabled Person Act 1986 and the Housing Act 1996 as well as the public sector equality duty in section 149 of the Equality Act 2010.

## **Disability**

Working age people with disabilities continue to make up a high proportion of the caseload at 22%. Working age people with disabilities receive more per week, than working age people without disabilities, on average due to the design of the scheme that ignores certain disability benefits and awards higher applicable amounts.

## **Carers**

There is a slightly lower proportion of claimants with a carer in the household at 10%. Working age claimants with a carer in the household receive more per week, on average, than working age claimants without a carer in the household. The main reason for this is both the treatment of disability and care within the existing scheme.

## **Age**

Age groups of person receiving reduction broadly reflect the overall population. Those aged 55-64 currently receive the highest weekly amount, on average. Those aged 18-34 currently receive the lowest weekly amount, on average.

## **Sex**

Females continue to make up a high proportion of the caseload at 63%.

## **Race**

This information is not collected from claimants as it is not relevant to the calculation of council tax reduction.

## **Other protected characteristics**

We do not collect information about the following characteristics from claimants as it is not relevant to the calculation of council tax reductions:

- Religion or belief
- Sexual orientation
- Gender reassignment
- Marital or civil partnership status
- Pregnancy or maternity

### Full Analysis of the effects of the proposed changes

The following tables provide details of the expected effects of the changes (where available) on the working age claimants within the Council's area. The following however should be noted:

The population in Crawley in 2014 according to ONS population estimates were that there were 86,479 over 16 of which 72,079 were of working age.

Current scheme 2016/17 including pensioners

All Claims	All Claimants	Disability	No Disability	Carer	Non Carer	Female	Male	Unkown	18-24	25-34	35-44	45-54	55-64	65+
Number of Claimants	7897	1145	6752	649	7248	4937	2643	317	295	1140	1472	1203	963	2824
Proportion of Claimants		14%	86%	8%	92%	63%	33%	4%	4%	14%	19%	15%	12%	36%
Average Benefit Paid (Weekly)		21.02	17.81	22.02	17.94	18.32	18.26	17.70	17.41	17.38	18.47	18.96	19.72	17.83
Difference Between Groups		£3.22		£4.08		£0.06			2.31					

Current scheme 2016/17 **Working Age**

Working age	All Claimants	Disability	No Disability	Carer	Non Carer	Female	Male	Unkown	18-24	25-34	35-44	45-54	55-64
Number of Claimants	5073	1140	3933	506	4567	3197	1609	267	295	1140	1472	1203	963
Proportion of Claimants		22%	78%	10%	90%	63%	32%	5%	6%	22%	29%	24%	19%
Average Benefit Paid (Weekly)		21.01	18.12	22.11	18.12	18.68	18.34	17.63	17.41	17.38	18.47	18.96	19.72
Difference Between Groups		£2.89		£3.99		£0.34			2.31				

**Option 5 would affect all of the above claimants**

## Proposed changes (2017/18)

### Removing the Family Premium – Option 1

Would apply to **new** claimants only (predicted on current data) – estimated at 170

Working age	All Claimants	Disability	No Disability	Carer	Non Carer	Female	Male	Unkown	18-24	25-34	35-44	45-54	55-64
Number of Claimants	2994	347	2647	358	2636	2182	625	187	215	960	1139	573	107
Proportion of Claimants	59%	12%	88%	12%	88%	73%	21%	6%	7%	32%	38%	19%	4%
Average Benefit Paid (Weekly)		22.98	18.10	22.14	18.10	18.48	19.13	18.02	17.65	17.55	18.74	19.97	20.75
Difference Between Groups		£4.88		£4.03		£0.65			3.09				

Removing the family premium impacts upon:

- 59% of CTR working age claimants
- Females more than males (73%)
- Age group 25 – 44 (70%)

### Removal of applicable amounts for third and subsequent children born after April 2017 – Option 3

Working age	All Claimants	Disability	No Disability	Carer	Non Carer	Female	Male	Unkown	18-24	25-34	35-44	45-54	55-64
Number of Claimants	50	6	44	6	44	37	11	2	3.5	1.92	16.72	1.14	1.76
Proportion of Claimants	1%	12%	88%	12%	88%	73%	21%	6%	7%	32%	38%	19%	4%
Average Benefit Paid (Weekly)	12.4	14.07	12.32	12.65	12.38	12.27	12.74	12.74	0.00	11.10	11.70	14.72	18.24
Difference Between Groups		£1.75		£0.27		-£0.47			7.14				

This change impacts upon:

- 1% of the working age CTR caseload
- Age group 35 to 44 (38%)

There is no data for Options 2 and 4

## Analysis of Consultation Responses

The following section details the responses to the consultation on the scheme. A total of 22 responses were received during the period 3 August 2016 and 28 September 2016.

Should the Council keep the current Council Tax Reduction scheme? (Should it continue to administer the scheme and have the same level of support as it does at the moment?)

**Yes 41%, No 46% Don't know 3%**

<b>Option 1 – Removing the Family Premium for all new working age applicants</b>		Yes	50%	No	46%	Don't Know	4%
<b>Option 2 – To remove a Work Related Activity Component in the calculation for new ESA applicants</b>		Yes	68%	No	14%	Don't Know	18%
<b>Option 3 – To limit the number of dependent children for Council Tax Reduction to a maximum of two</b>		Yes	82%	No	18%	Don't Know	0%
<b>Option 4</b>	<b>Where someone is already paid Universal Credit (carers element) to look after someone with a disability, to remove entitlement to Severe Disability Premium</b>	Yes	77%	No	14%	Don't Know	9%
<b>Option 5</b>	<b>Uprating</b>						
	a - No increase						41%
	b - Increase to same level as Council Tax increase						9%
	c - Increase the allowance to the same as the default scheme						<b>46%</b>
	d - Increase by another amount						5%
<b>As an <u>alternative</u> should the level of Council Tax be increased to support the CTRS?</b>		Yes	18%	No	<b>77%</b>	Don't Know	5%
<b>As an <u>alternative</u> should savings be found by cutting other Council Services?</b>		Yes	27%	No	<b>55%</b>	Don't Know	18%
<b>As an <u>alternative</u> should the Council use its reserves (savings)?</b>		Yes	<b>50%</b>	No	36%	Don't Know	14%

## Respondents Demographics

Gender –

Male – 8 (36%)

Female – 14 (64%)

Age –

Under 18 - 0

18 -24 - 1 (5%)

25 – 34 - 3 (14%)

35 – 44 - 9 (41%)

45 – 54 - 1 (5%)

55 – 64 - 4 (18%)

65 and over 4 (18%)

## Conclusions

Pension age claimants, who also have protected characteristics, will not be affected as they are protected from any changes by Central Government.

Some working age claimants will be affected by more than one of the options. It is not possible to model any cumulative impacts but the possibility that some claimants may be adversely affected by more than one option should be taken into account when deciding which options will be taken forward.

Some options will affect existing claimants and some will affect new claimants from 2017.

When deciding which options to take forward, the potential severity of impacts on claimants with protected characteristics needs to be weighed up against any potential financial savings to the Council. Options resulting in higher savings to the Council are likely to impact on more claimants or result in some claimants paying higher amount towards their Council Tax bill.

In complying with our obligations under the Public Sector Equality Duty, we must have 'due regard' to the following:

- Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act.
- In deciding which options to take forward, we must ensure that the Council Tax Reduction Scheme does not unlawfully discriminate against any protected characteristics. This can be achieved by using the findings of this equality impact assessment to inform the decision about which options are taken forward.
- Advance equality of opportunity between people from different groups.
- In deciding which options to take forward, we must consider how we can minimise disadvantage experienced by people with protected characteristics, take steps to meet the needs of people with protected characteristics and encourage people who share a relevant protected characteristic to participate in public life. The public sector equality duty does not prevent us from taking a decision about our Council Tax Reduction Scheme. Should we decide to take forward any options that may put people with protected characteristics at a disadvantage, we should consider taking action to mitigate those impacts. The Equality Act allows us to treat some people more favourably than others in meeting their needs. This would allow us to protect some income received by people with disabilities and carers, provide exemptions for some claimants with protected characteristics or take the needs of people with protected characteristics into account within an exceptional hardship scheme.
- Foster good relations between people from different groups.
- In deciding which options to take forward, we may wish to consider whether our decision could impact on wider community relations between people with protected characteristics.

Comments have also been made by respondents as follows:

- The council needs to save money somewhere
- The changes should be implemented based on government policy.
- Everyone should pay a share of council tax.
- Anything that discriminates against families with children must be bad as if the family is on benefits they already have a strain on their budgets
- Although I have read the document, I am not entirely sure what the options mean. My main concern is that those that are most disadvantaged in society not get penalised because of reductions in benefits imposed by the UK government. As a town, we should do as much as possible to ameliorate the impact of central government reductions even if this means an increase in council tax for the rest of us, something that I did not see as an option.
- We are on benefits due to my health. My husband is my carer and we are living on a very tight budget £60 per week to cover food and petrol for us and our animals. If we had to pay out anything extra we wouldn't be able to feed ourselves
- If applying this should apply to existing and new claims or is unfair and children may suffer
- Should align the government policy. Also it's impacted appears limited due to all the exceptions stated above, those on income support for example.
- Your survey is rubbish and hard to read. Why is everything written in unnecessary capital letters? Either way, households with children should be paying more in council tax. They use more resources.
- I do not think that discriminating against families with children is a good idea. Children are costly so any help that these families can get will always be a good thing
- Unemployed people should be made to contribute to their council tax
- Again align to government policy, this is not retrospective so the rules can be clear. People need to take accountability for the finances and council needs to send that message. The exceptions appear reasonable.
- People shouldn't use having children as an excuse to not pay taxes. If they choose to have a large family they should pay the same as anyone without children or with a small family. Also I feel the unemployed (JSA or ESA not disabled) should have to make some form of contribution as a way to get them back to work to earn more money. The whole time being unemployed guarantees full benefits the lazy people of Crawley will continue to take advantage.
- People should have NO council tax reduction based on how many children they have.
- This is less disagreeable than the other options, only in the sense that having children is a lifestyle option especially in a world that is overpopulated.
- Families with a disabled person have stressful lives as it is. Removing money from them will only add to concerns as to whether they can afford to live. Discriminating against the disabled is wrong

**Potential Options - Financial Implications**

Option Description	Estimated number of claims affected	Estimated weekly gain / -loss in Council Tax Reduction	Estimated additional cost avoided the Council	Estimated additional cost avoided to West Sussex CC and Sussex Police	Total
Option 1 Family Premium Changes (new claims only)	170	-£3.48	£3,765	£26,998	£30,763
Option 2 Employment Support Allowance claimants in the Work-Related Activity Group (new claims only)	N/A	£0	N/A	N/A	N/A
Option 3 Removal of applicable amounts for third and subsequent children born after April 2017 (new claims only) This could impact on tax credits and not have such an impact of the claimant	50	-£12.40	£3,957	£28,370	£32,327
Option 4 Where someone is already paid Universal Credit (carers element) to look after someone with a disability, to remove entitlement to the Severe Disability premium. (This would avoid paying for the same care twice)	N/A	£0	N/A	N/A	N/A
Option 5 Uprating **					
a No change	0		0	0	
b Increase by 3.5%	5,073	£19.54	£12,134	£86,997	£99,131
c Increase to agree with the default scheme	5,073	£16.53	£10,266	£73,610	£83,876
d another amount	N/A		N/A	N/A	N/A

\* these figures are based on estimates from new cases declared in the current financial year

\*\* there is sufficient budget to cover this cost due to the increase in Council Tax and not applicable amounts