

**Equality Impact Assessment
Council Tax Reduction Scheme**

Authority:	Maidstone Borough Council
Date EqIA commenced:	July 2020
Date first stage EqIA finalised for pre-consultation decision:	August 2020
Date second stage EqIA finalised after consultation closed, prior to final decision being taken:	October 2020
Job titles of officers involved in completing the EqIA:	Head of Mid Kent Revenues & Benefits Partnership Equalities and Corporate Policy Officer

Summary of decision to be made

Since 1 April 2013 the Council has maintained a local Council Tax Reduction Scheme. The Council has the ability to determine the level of reduction given to working age applicants only. The scheme for pension age applicants is determined by Central Government and cannot be changed.

Each year our local scheme has been 'refreshed' annually for general changes in applicable amounts (primarily in relation to disability premiums) and, taking into account the introduction of Universal Credit, approved by Full Council. The current scheme (for working-age applicants) is means tested and all applicants, irrespective of their financial circumstances, are currently required to pay a minimum of 20% towards their Council Tax liability.

The Council is proposing to change the way in which it delivers its Council Tax Reduction Scheme from 1 April 2021 to bring it into line with welfare changes, in particular, Universal Credit.

3 models have been identified to fulfil the following objectives:

- Maintain the maximum award of 80% of the Council Tax due
- Protect disabled households
- Simplify assessments and reassessments
- Maintain costs of award in line with what the current scheme would have been in 2021-22
- Look at longevity of any new scheme

Scope of this equality impact assessment

- Review the proposed changes to the scheme from 1 April 2021 and identify areas of impact on groups with protected characteristics.
- Review impact of the scheme in line with results of public consultation.

How is the decision relevant to the three aims of the Public Sector Equality Duty?

- The need to ensure that the scheme is not unlawfully discriminatory is relevant to the first aim of the duty to eliminate discrimination, harassment and victimisation.
- The need to consider how we can take steps to meet the needs of people with protected characteristics and whether people with disabilities may need to be treated more favourably, in how the scheme is designed, is relevant to the second aim of the duty to advance equality of opportunity.
- The proposed service changes could also be relevant to fostering good relations with regard to maintaining the confidence and trust in the local authority by people with protected characteristics who may use our services.

New Scheme proposed, to be introduced from April 2021

The Council is looking to change its Council Tax Reduction Scheme from 1 April 2021.

The introduction of Universal Credit (UC) which is delivered by the Department for Works and Pension (DWP) has brought about a number of changes that mean the current scheme is now outdated.

Under the current scheme, Council Tax Reduction entitlement has to be recalculated each time a change is reported the DWP.

The 3 models proposed for public consultation seek to simplify the administrative burden placed on the claimant and the Council.

On average, 40% of UC claimants have between eight and twelve changes in entitlement per year which can lead to an adjustment of their Council Tax Reduction entitlement. Although full migration to Universal Credit is not expected before 2024, a 20% increase in Universal Credit applications is expected each year.

Each adjustment generates a letter to advise the claimant of their award and a new bill is sent advising of the revised Council Tax instalments.

The new 3 models proposed are income banded schemes. A number of councils have already changed their Council Tax Reduction schemes to income banded schemes with wide income bands to work with changes made.

A banded scheme has the following advantages:

- Simpler and easier to understand for existing claimants and new applicants with the reduction of adjustments to the award, which will reduce the need for revised bills to be issued with changes to the instalments due.
- Entitlement for every applicant will be maximised; the Council will automatically be advised by DWP when someone has made a claim for Universal Credit which will help to reduce the risk of applicants losing out on their entitlement.
- A simpler and less burdensome administration process will improve the speed of processing significantly because Council Tax Reduction will only be changed if income falls into the next income band which will in turn limit delays; only significant changes in income will affect the level of discount awarded.
- Collection rates will be maintained because the new scheme will avoid constant changes in entitlement and the need for revised bills to be issued with changes to the instalments due.

If a banded scheme is adopted by the Council, it is expected to provide a long-term solution to the scheme's administrative disadvantages, with minimal changes needed in the future.

In terms of fulfilling the Council's objectives in developing a new scheme, it is important that a future scheme maintains costs in line with the current scheme. Both Models 1 and 2 keep costs (award of support) in line with the cost of the current scheme in 2021/22 (£9.44 million). Model 3 costs are £9.1 million, offering a reduction in costs.

An important feature of the new scheme is the retention of the Exceptional Hardship Policy to protect those who may otherwise experience severe financial hardship.

The full impact of 3 models being presented for consultation was outlined in the consultation documentation.

It should be noted that claimant information is collected on disability (including carers), age and sex only as this information is relevant to the claim. These characteristics formed part of the modelling process.

All claimants, including those with protected characteristics and those without

- Models 1 and 2 maintain the maximum level of support for all claimants which is in line with the current scheme of 80%.
- Model 3 maintains the maximum level of support for households with an illness or disability benefit of 80%.
- Simplified assessments and reassessments that would benefit all claimants are offered by Models 1, 2 and 3 as they only require basic household earnings information to calculate the initial award. All models would only require reassessments when income crosses income-band thresholds.

Disability

- Model 1 protects households living with an illness or disability as the benefits received are not taken into account as income. Only employment earnings are taken into account.
- Model 2 gives further support for households living with an illness or disability in bands 2- 5. Support is increased by an additional of 5% for households in which the claimant or partner receives DLA/PIP or ESA in addition to the protection in Model 1.
- Model 3 maintains the maximum level of support for households with an illness or disability benefit of 80%
- Model 3 gives further support for households living with an illness or disability in all Council Tax bands across all bands 1-5.
- Disabled households are under-represented in the worse-off group across models. This is because of the 5% uplift for disabled households.

Age

- Pension age households will not be affected by the models proposed.
- Although the impacts may differ by age group, calculation of Council Tax reduction is not related to a person's age.
- Households aged 18-24 where they have low earnings or are in receipt of out-of-work benefits are under-represented.

Sex

- Female households are over-represented compared to male households.
- It should be noted that in terms of gender females are more likely to be the primary applicant and/or have dependent children.

Race

This information is not collected from claimants as it is not relevant to the calculation of council tax reduction. The Census (2011) shows no significant or notable difference that people from Minority Ethnic backgrounds are more likely to be economically active and less likely to be self-employed, than people from a White background. We have no evidence to indicate that working age people with different ethnic backgrounds would be affected differently. However, we will ask people to identify their ethnic group when responding to the consultation.

Armed Forces Community

This is considered in this equality impact assessment as part of the commitments within the Community Covenant. Armed forces personnel deployed on operations overseas, who normally pay council tax, benefit from a tax-free payment on the cost of council tax paid directly by the Ministry of Defence. Following the announcement by the Chancellor in his 2012 Budget statement, Council Tax Relief will be worth just under £600 (based upon 2012/13 council tax) for an average six-month deployment based on the average Council Tax per dwelling in England. This will continue to be paid at a flat rate to all eligible personnel. More information is available at www.mod.uk. We also disregard income from war disablement pensions, providing eligible claimants with a higher 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

Summary of initial findings prior to consultation

All working age claimants, including those with protected characteristics, receive a reduction in their benefit amount. Pension age claimants, who also have protected characteristics, do not fall into the proposed income banded scheme receive a

reduction as they are protected from any changes by Central Government. Claimants with a disability will maintain the maximum level of support under all models.

	Impact on protected characteristic (identified prior to consultation)		
Consultation option	Disability	Age	Sex
Model 1	No	Yes	Yes
Model 2	Yes	Yes	Yes
Model 3	No	Yes	Yes

(table 1)

Actions to mitigate any identified impacts

The Exceptional Hardship Policy will be retained as part of all 3 models under a new scheme to protect those who may otherwise experience severe financial hardship.

Findings following public consultation

Residents were consulted on proposed changes to Council Tax benefit between 31 July 2020 and 27 September 2020.

The impact on protected characteristics was considered prior to consultation. Claimant data includes disability (including carers), age and sex only. It does not include information on a claimant’s ethnicity as it is not relevant to the collection of Council Tax but this does form part of the demographic information collected in the consultation. The response from these groups’ forms part of the consultation report analysis.

Disability

Disabled respondents and non-disabled respondents ranked the proposed models in the same order. There were no notable differences.

Model 1 –Ranked second by disabled respondents and non-disabled respondents.

Model 2 –The preferred option for disabled and non-disabled respondents.

Model 3 - Ranked third by disabled respondents and non-disabled respondents.

Carers

Carers and non-carers ranked model 2 first in order of preference.

- **Model 1** - 37.5% of non-carers placed preferred Model 1 compared to 16.7% of carers, making Model 1 the second choice, in order of preference, for non-carers.

- **Model 2** - Carers and non-carers ranked model 2 first in order of preference.
- **Model 3** - The second choice for carers. 45.8% of carers selected model 3, compared to 29.9% of non-carers.

Age

Pension age households will not be affected by the models proposed, however there is a potential impact on other age groups.

Model 1

- The preferred option for those aged 35-44.
- The 65 years and over group had the lowest proportion of respondents ranking Model 1 as a preferred option at 19.4%.

Model 2 - The preferred option for the age groups **up to** 64 years.

Model 3

- The preferred model for the those aged 65 years and over with 50.0% of respondents in this age group selecting model 3.
- The 45 to 54 years had the lowest proportion of respondents selecting this model at 27.6%

Sex

Model 2 was the preferred model for both male and female respondents.

Model 1 – No notable findings.

Model 2 - The preferred model for both male and female respondents.

Model 3 - Male responders were more likely to rate model 3 first with 43.1% responding this way compared to 28.6% of female responders. However, male respondents were just as likely rank model 3 third or last (43.1%).

Armed Forces Community

There were no comments relating to the impact on the Armed Forces Community.

Other protected characteristics

Although information is not collected on the following characteristics from claimants as it is not relevant to the calculation of Council Tax reductions, some relevant points have been noted from the consultation:

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

Race – Race is included under the demographic information collected from respondents in their consultation response. However, there were only 8 responses from respondents from BAME communities so a meaningful assessment could not be made in terms of differences in response.

Household type is not a protected characteristic but there are correlations that can be made with marital status from the consultation findings. These are noted below:

- **Model 1** - Single persons had the greatest proportion ranking model 1 as first at 44.4%, this is significantly higher than the proportion responding the same who were in couples without children (23.9%).
- **Model 2** - Lone parents had a stronger preference for model 2 than couples

Impact pre-consultation		Consultation findings			
Model	Features	Disability	Carers	Age	Sex
1	Households aged 18-24 where they have low earnings or are	Ranked second by disabled respondents	The second choice for non-carers (37.5% of	The preferred option for those aged 35-44.	No notable findings.

without children
 • **Model 3**

- 74.1% of lone parents ranked model 3 as third. This is significantly greater than the proportions responding the same from both groups containing couples.

Consultation summary

Prior to consultation, the only model that did not present a potential detrimental impact in terms of an equalities impact, based on the information presented, was Model 1 (see table 1 above).

As set out in the consultation documents, Models 1 and 2 maintain the maximum level of support for all claimants which is in line with the current scheme of 80% with both offering protection to disabled applicants.

It is model 3 that offers disabled applicants with a maximised level protection. However, disabled respondents to the consultation ranked Model 3 third in terms of their overall preference.

The table below summarises the consultation findings by model and protected characteristic.

The overall preferred option was Model 2 across all groups, with the exception of the 65 and older age group.

Pensioners are however protected under the scheme and make up the lowest proportion of applicants at 2%

The table below (table 2) summarises the consultation findings by model and protected characteristic.

	<p>in receipt of out-of-work benefits are under-represented.</p> <p>Models 1 (and 2) maintains the maximum level of support for all claimants which is in line with the current scheme of 80%.</p>	and non-disabled respondents.	non-carers compared to 16.7%).	Lowest proportion 65 and over of respondents ranking Model 1 as a preferred option at 19.4%.	
2	<p>Models 2 (and 1) maintains the maximum level of support for all claimants which is in line with the current scheme of 80%.</p> <p>Model 2 protects households living with an illness disability in bands 2-5. Support is increased by an additional of 5% for households in which the claimant or partner receives DLA/PIP or ESA.</p>	Preferred option for Disabled respondents and non-disabled respondents	Carers and non-carers ranked model 2 first in order of preference	The preferred option for the age groups up to 64 years.	Preferred option for male and female respondents
3	Model 3 maintains the maximum level of support for households with an illness or disability benefit.	Ranked third by disabled respondents and non-disabled respondents.	The second choice for carers (45.8% of carers compared to 29.9% of non-carers).	<p>The preferred model for the those aged 65 years and over with 50.0% of respondents in this age group selecting model 3.</p> <p>The 45 to 54 years had the lowest proportion of respondents selecting this model at 27.6%</p>	<p>Male responders were more likely to rate model 3 first with 43.1% responding in this way compared to 28.6% of female responders.</p> <p>Male responders were just as likely rank model 3 third or last (43.1%).</p>

(table 2)