

**Report of the Head of Finance**

**LOCAL COUNCIL TAX SUPPORT SCHEME 2016/17**

**1 Purpose of Report**

- 1.1 To amend the Borough Council of Wellingborough's Local Council Tax Support Scheme (CTS) for 2016/17 and subsequent years.

**2 Executive Summary**

- 2.1 At the Resources Committee on 16 September 2015, members agreed that consultation should take place on eight amendments to the scheme to take account of national welfare changes and mitigate financial pressures already identified within the budget. New case law recommended that it was best practice to consult on any changes to the scheme
- 2.2 The results of this consultation and the officer's recommendations of options to be adopted are outlined in this report. The recommendations will mitigate the financial pressures identified to date.

**3. Appendices**

- 3.1 Equality Impact Analysis

**4 Proposed Action:**

- 4.1 **The Committee is invited to RECOMMEND to adopt the scheme changes as outlined in 6.11 of this report.**

**5 Background**

- 5.1 Local Council Tax Support (CTS) schemes provide help for people on low incomes with their council tax bill and replaced the national Council Tax Benefit scheme (CTB) in April 2013. The funding for CTS changed from the previous regime, where full subsidy was paid by central government on all properly paid CTB, to a fixed grant, which formed part of the overall funding of the council.

- 5.2 The local CTS scheme for this Borough was amended in 2014/15 so that a maximum of 80% of the Council Tax liability was used in the entitlement calculation for working age claimants, requiring them to make a contribution of at least 20%. There was no change to the scheme for 2015/16.
- 5.3 As an award of CTS is a 'discount' against a council tax liability, all major precepting authorities (county council, police and crime commissioner) and local preceptors (parishes) are affected by decisions to amend the scheme. The impacts are potentially financial pressure on the collection fund and future reductions in the council tax base calculation.
- 5.4 **People of pension age continue to be protected**  
Under these local arrangements people of pension age are protected from any changes. Any person of pension age continues to be entitled to support of up to 100% of Council Tax liability in the same way as if they had applied for Council Tax Benefit. There has however been an impact that the remaining burden of funding reductions has been borne by working age benefit claimants. It has been estimated that for the scheme to remain fully self financing, that working age claimants would have to continue to make a contribution of at least 20% to their council tax charge.
- 5.5 Income from certain other benefits e.g. Disability Living Allowance or Personal Independence Payments is fully disregarded under the local scheme. Income from War Disablement Pensions of War Widow's Pensions and the Armed Forces Compensation Scheme will also continue to be fully disregarded. No changes have been proposed to these provisions.
- 5.6 **Uprating**  
The local CTS scheme will continue to be adjusted annually in line with housing benefit to allow for any changes in premiums, allowances and non-dependant deductions in accordance with periodic announcements made by the Department for Work and Pensions. This process is called uprating.

## **6 Discussion**

### **6.1 Current scheme provisions**

The current scheme allows for up to 80% of the Council Tax liability to be used in the entitlement calculation for working age people. An illustration of what working age people are required to pay is shown below.

#### **Illustration :**

A couple with children, living in a Band A property in Wellingborough and in receipt of Income Support, have a Council Tax charge of £949.95. In 2015/16 they are required to pay 20% of this, they would have to pay £189.99 per year or about £3.65 per week because their maximum entitlement would be based on 80% of the Council Tax liability.

## 6.2 Consultation options

Consultation took place on retaining the existing liability calculation as shown above, reducing the amount of liability used in the scheme to 75% or alternatively increasing the level used to 85%. The options were presented as shown below:

### **Option 1 – Reduce the maximum amount of help working-age people may receive from 80% to 75%.**

This would mean that people would have to pay at least 25% of their bill. For a band A house this could be around **£237.49\*** a year or **£4.57** a week.

This option would help to fund the CTS scheme and reduce extra pressure on the council's budget. The impact on claimants could be eased by spreading their payments over a slightly longer period.

### **Option 2 – Make no change to the maximum amount of help working-age people may receive.**

This would mean that people would have to pay at least 20% of their bill. For a band A house this could be around **£189.99\*** a year or **£3.65** a week.

With this option, the CTS scheme would put extra pressure on the council's budget and we would have to find savings somewhere else to fund it.

### **Option 3 – Increase the maximum amount of help working-age people may receive from 80% to 85%.**

This would mean that people would have to pay at least 15% of their bill. For a band A house this could be around **£142.49\*** a year or **£2.74** a week.

With this option, the CTS scheme would put extra pressure on the council's budget and we would have to find savings somewhere else to fund it.

\* Based on 2015-16 council tax charges.

This table shows the amount of Council Tax payable assuming someone is entitled to the maximum Council Tax Support

Band	Your Council Tax charge this year	Amount you would pay if you had to pay 15% of your bill	Amount you would pay if you had to pay 20% of your bill	Amount you would pay if you had to pay 25% of your bill
A	£949.95	£142.49	£189.99	£237.49
B	£1,108.28	£166.24	£221.66	£277.07
C	£1,266.61	£189.99	£253.32	£316.65
D	£1,424.93	£213.74	£284.99	£356.23
E	£1,741.58	£261.24	£348.32	£435.40
F	£2,058.24	£308.74	£411.65	£514.56
G	£2,374.88	£356.23	£474.98	£593.72
H	£2,849.86	£427.48	£569.97	£712.47

- 6.3 A number of other changes were consulted on. These changes help to bring the way we calculate CTS in line with other benefits and make sure that everyone is treated the same.

**The following proposed changes would align the CTS scheme with national changes being made to housing benefit:**

Option 4 – Take away the £17.45 a week family premium from the calculation when working out CTS entitlement, which would remove a financial advantage currently provided to people with children.

Option 5 – Reduce retrospective support from six months to four weeks for people who delay in claiming.

Option 6 – Match the period in which earnings are taken into account when calculating CTS and housing benefit. This will have no financial impact; it will simply make decision letters clearer.

- 6.4 **The following proposed changes would affect people who receive Universal Credit:**

Option 7 – Change our CTS scheme so that Universal Credit claimants who rent their homes do not receive a greater amount of help than those who own them.

Option 8 – Change our CTS scheme so that Universal Credit claimants who are repaying benefit debts and sanctions through a reduction in their Universal Credit do not receive extra CTS.

- 6.5 **Public Consultation and Equality Impact Analysis**

A public consultation exercise began on the 1st October and ended on the 30th November 2015. Survey techniques were utilised to try and achieve a balanced

view of the proposals. These included an electronic feedback form on the Council website, writing to various welfare groups and to all persons on the Council's consultation database, direct surveys of benefit claimants visiting the Council offices and direct surveys of the general public in supermarkets and outside the Swansgate shopping centre.

6.6 Recent case law has directed councils to undertake meaningful consultation on local council tax schemes, even if the scheme provisions remain unaltered.

6.7 A total of 286 online and paper forms were completed and the results showed that of those people surveyed, 152 (53%) supported Option 1, 50 (17%) supported Option 2, 82 (29%) supported option 3 and 2 (1%) people selected none of the options.

Of the 286 respondents who considered the other changes consulted on, 53 supported option 4, 96 supported option 5, 104 supported option 6, 64 supported option 7, 79 supported option 8.

Of the respondents, 91 (32%) were in receipt of CTS and 195 (68%) were not. There are 5,693 households in receipt of CTS out of a total of 34,183 registered for council tax, a proportion of 16.7%. As such CTS recipients are over-represented in this survey.

6.8 The survey results provide a representative sample of our 34,183 council tax payers. This overall result is statistically representative at a confidence level of 95%, with a margin of error of 6%. The results are presented in full at Appendix 3.1.

6.9 Amongst those 195 people who **were not** in receipt of CTS, 115 (64.6%) supported Option 1, 25 (14.1%) supported Option 2, 38 (21.3%) supported option 3, 17 supported option 4, 71 supported option 5, 62 supported option 6, 50 supported option 7, 64 supported option 8.

Amongst the 91 people who **were in** receipt of CTS, 27 (30%) supported Option 1, 23 (25.5%) supported Option 2, 40 (44.5%) supported option 3, 12 supported option 4, 20 supported option 5, 40 supported option 6, 13 supported option 7, 12 supported option 8.

Of the 54 people who described themselves being a little or a lot disabled, 1 respondent didn't specify between options 1-3, however 28 (52%) supported Option 1, 9 (17%) supported Option 2, 16 (30%) supported option 3, 8 supported option 4, 17 supported option 5, 13 supported option 6, 6 supported option 7, 11 supported option 8.

6.10 Respondents were also asked to comment on the option they had chosen, however few chose to do so. More detail from the results is reported in the

equality and impact analysis.

**6.11 Conclusions and recommendation.**

Based on the information collected, the officer's recommendation is that option 2 should be retained and the amendments in options 4 to 8 should be adopted.

6.12 Retaining option 2 limits further pressure on working age council tax payers, and by implementing options 4 to 8 further financial pressures on the revenue budget caused by national welfare changes are mitigated. This would maintain the 'status-quo' position of a broadly self-financing scheme.

6.13 The consultation showed that 202 or 70.6% of the people surveyed showed support for options 1 or 2. Consultation results therefore supported a change to option 1, however a shift in contribution for the working age CTS recipients would also result in a higher risk of hardship, default of payment and subsequent increased costs of collection. In view of these increased risks, option 1 is not recommended.

6.14 It is noted that changes to tax credits will not now take place during 2016/17 and this further reduces the necessity to consider a change to adopting option 1 at this time. This has changed the national position reported to members at the September meeting of this committee.

6.15 Overall 82 (28.7%) people supported option 3. If a decision was made to adopt option 3 the council would be required to fund the revenue pressure, at a time of falling budgets and increasing demands.

**7 Legal Powers**

7.1 Local Government Finance Act 1992

7.2 The Welfare Reform Act 2012

7.3 The Local Government Finance Act 2012

**8 Financial and Value For Money Implications**

8.1 The CTS annual total expenditure is predicted to be in the region of £4,300,000 for 2016/17, which is an increase of £250,000 on estimates which were previously reported. The impact of this additional financial pressure on the scheme is shared amongst the preceptors, this council bearing (11%) £27,500, police and crime commissioner (14%) £35,000 and the county council (75%) £187,500. As at 1st November 2015, monitoring estimates show that the existing scheme is broadly self-funded, taking into account the 20% contributions made by working age claimants to paying Council Tax. Based on the evidence currently available, the risk of the existing caseload rising in the short term appears low.

- 8.2 Council Tax collection has held up well since the introduction of the local CTS scheme and there has only been a small increase in arrears, due to residents on low incomes spreading their instalments over the full twelve months of the year. A prudent 70% 'in year' collection rate for CTS contributions is used in scheme calculations, which has been achieved to date. More resources have been deployed in servicing accounts; however this has been achieved within existing budgets.
- 8.3 Any changes to local CTS schemes also have an impact on the tax base for the area. Under old scheme measures Council Tax Benefit was paid against the full council tax liability, however in the current scheme CTS is awarded as a discount, thus reducing liability and the taxbase for the local area. If the CTS scheme remained unaltered, the impact of the recent budget changes would be a further reduction in the 2017/18 taxbase and limit the impacts of growth. The resulting consequence of this is an additional budget pressure for future years.
- 8.4 The grant funding from the government is part of a wider financial settlement and paid at the start of the year, in advance of any actual expenditure. As there is no provision for in year adjustments, any risk of increases in expenditure caused by rising caseloads or other further national changes will have to be met locally. Universal Credit was introduced in the borough on 28<sup>th</sup> September 2015 and therefore financial implications of the future full rollout must be taken into account when considering future local support scheme design.

## 9 Risk Analysis

<b>Nature of risk</b>	<b>Consequences if realised</b>	<b>Likelihood of occurrence</b>	<b>Control measures</b>
Affordability of local scheme for customers	Increased Council Tax arrears	Probable	Proactive recovery process
Legislative timetable very challenging	Insufficient time to amend Council Tax bills	Unlikely	Careful management.
Scheme open to legal challenge	Reputation loss or claim	Possible	Appropriate consultation and EqIA
Software and systems not ready to calculate awards	Financial / reputation loss	Unlikely	Simple amendments applied to the default scheme
Council not able to recover increase in arrears	Collection fund deficit / increased budget pressure	Possible	Prudent financial planning / proactive recovery

Funding shortfall is higher than anticipated in the financial settlement	Increased financial burden	Possible	Prudent financial planning / contingency
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## **10 Implications for Resources**

10.1 No implications foreseen.

## **11 Implications for Stronger and Safer Communities**

11.1 None

## **12 Implications for Equalities**

12.1 An EQIA screening was undertaken for the amendments to the scheme being consulted on. The EQIA screening identified a number of potential adverse effects of the proposed changes, and as a result of this, a full EQIA was carried out.

12.2 The nature of the impacts is similar for all options.

12.3 Age - People of pension age (currently 2165 (45.93%) claimants) are protected by the government from the changes.

People of working age (currently 3078 (54.07%) claimants) will be adversely affected and in order to protect older people will have to contribute proportionally more. In addition, due to predicted increases in the older population in the borough this proportion is likely to increase as time goes on. The consultation has shown that residents of the borough are generally in favour of working age people contributing to their council tax payments and this group could not be exempted without resulting in a significant shortfall to the council's budget.

Children of lone parents, particularly disabled children and those under 5, are likely to be adversely affected due to the inability of parents to undertake paid work to increase income. The majority of our claimants are female (66.37%). There are 1195 lone parents, 1117 female and 78 male. This group could not be exempted without resulting in a significant shortfall to the council's budget.

12.4 Disability - People with disabilities are not explicitly protected from the changes and whilst it is accepted that some will be unable to work, others do work or are able to work. In 2013, 21% of working age DLA recipients were in work (DWP FOI request 3438-2013) People with disabilities are entitled to additional welfare benefits aligned to their needs. 821 working age CTS claimants get some form of DLA or Personal Independence Payments (PIP).



Pension age claimants receiving DLA will be fully protected as per government specifications. Working age people in receipt of DLA are not fully protected, however income and capital are assessed and support adjusted to take into account individual circumstances. Income from certain other benefits e.g. DLA/PIP will be fully disregarded in this calculation. Income from War Disablement Pensions or War Widow's Pensions and the Armed Forces Compensation Scheme will continue to be locally fully disregarded. This group could not be exempted without resulting in a significant shortfall to the council's budget.

- 12.5 Gender reassignment - Whilst local figures are unavailable for transgender people, national statistics indicate that there is likely to be only a very small number in Wellingborough (approximately 20). However adverse employment effects are likely whilst transgender people are changing their sexual identity. In light of the small numbers affected no exemption is proposed.
- 12.6 Marriage and civil partnership/pregnancy and maternity - The changes will have a negative impact on 1198 lone parents, 93.47 of whom are female. 137 lone parents look after a disabled child or children. Claimants in this category could not be exempted without a significant shortfall to the revenue budget.
- 12.7 Race - National trends indicate minority groups are more likely to be unemployed. The 2011 Census show that 12.7% of the population of the borough are from Black and Minority Ethnic backgrounds, so it is reasonable to assume that at least 400 claimants will fall into this category and could not be exempted without a significant shortfall to the revenue budget. There are also potential language and literacy barriers to people understanding the changes and this will need to be considered in developing the communication plan.
- 12.8 Gender - The changes will have a negative impact on lone parents and carers and it is reasonable to assume that most of them will be female, whose ability to work may be restricted due to their caring responsibilities. 93.47% of lone parents are female. 66.37% of our CTS claimants are female (compared to 51.18% of the borough population) and we have 415 working age CTS claimants classified as carers. Female claimants and carers could not be exempted without a significant shortfall to the revenue budget.
- 12.9 Other - The changes may have unknown impacts on other groups who are likely to suffer from accumulative effects from this measure, such as those in receipt of other benefits which will also be reducing, those living in areas of multiple deprivation, and children in poverty. The changes may also lead to an increase in homelessness as people are increasingly unable to afford their housing costs.

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**14 Consultees**

Liz Elliott, Head of Finance  
Julie Thomas, Head of Planning and Local Development  
Bridget Lawrence, Head of Resources  
John Campbell, Chief Executive

**15 Background Papers**

Local Government Finance Act 2012,  
DCLG Local Govt Financial Settlement Provisional 2014/15  
(<http://www.local.odpm.gov.uk/finance/1314/settle.htm>)

## Equality Impact Analysis (EqIA) – full analysis

### Appendix 3.1

#### LOCAL COUNCIL TAX SUPPORT 2016/17

##### 1.0 Introduction

1.1 Wellingborough Council collects council tax from residents in the borough, which is used to pay for local services such as schools, community policing, refuse collections and much more. The money is split three ways with 75% going to Northamptonshire County Council, 14% going to the police, and 11% going to Wellingborough Council itself.

Council tax support (CTS) is available for people on low incomes. This scheme grants discounts to people who need help with paying.

Wellingborough Council raises £37 million in council tax charges each year. This is the total of everyone's bills, before any discounts are applied. The CTS scheme grants annual discounts of just over £4 million.

This means that around £33 million of council tax is collected by Wellingborough Council and split between the three authorities every year.

The CTS scheme is funded locally, with the £4 million of discounts granted by Wellingborough Council and not by the government. This means that the more CTS we grant the less council tax we collect and the less we have available to fund the services that we provide.

Every local authority sets its own CTS scheme. The government has specified how it must operate for pensioners, but the council has some flexibility in deciding a scheme for working-age people. In 2014/15 and 2015/16 we asked working-age people to pay at least 20% of their council tax bill, and by doing so were able to finance our CTS scheme in Wellingborough as part of our yearly budgets.

However, the government recently announced a number of changes, including potential reductions to tax credits and also the introduction of Universal Credit in our area. CTS is means-tested, meaning that we calculate the amount people are entitled to based on their income. If their income is reduced because of the government changes, the amount of CTS we grant will increase.

This could mean that less council tax is collected to pay for local services and the cost of the scheme could increase.

As a result the council needs to make a decision; we can either meet this funding shortfall by; a) further reducing the level of support available under the scheme or b) Increasing council tax and/or reducing other council services. As the changes to tax credits are not now going forward as expected, it may be viable to keep contributions at a similar level to 2015/16.

Due to the legislative protection given to people of pension age, the proposed changes will only apply to working age people. The policy is being introduced to reduce overall expenditure in this area while at the same time encouraging people back into work.

Analysis of the current CTS caseload, along with the other statistical sources listed in Part 3 of this analysis, has been undertaken. This has identified some areas of possible negative or positive impact, which are detailed below.

1.2 There are three main options available for changing the liability reduction, in line with the current policy:

### **Council Tax Support scheme 2016/17 - Proposed Options**

#### **OPTION 1: Reduce the maximum amount of help working age people may receive from 80% (2015/16 rate) to 75%**

This would mean that people would have to pay at least 25% of their council tax bill.

This would mean that people would have to pay at least 25% of their bill. For a band A house this could be around **£237.49\*** a year or **£4.57** a week.

This option would help to fund the CTS scheme and reduce extra pressure on the council's budget.

#### **OPTION 2: Make no change to the maximum amount of help working-age people may receive.**

This would mean that people would have to pay at least 20% of their council tax bill.

This would mean that people would have to pay at least 20% of their bill. For a band A house this could be around **£189.99\*** a year or **£3.65** a week

With this option, the CTS scheme would put extra pressure on the council's budget and extra savings would have to be found to fund it.

#### **OPTION 3: Increase the maximum amount of help working-age people may receive from 80% to 85%.**

This would mean that people would have to pay at least 15% of their council tax bill.

This would mean that people would have to pay at least 15% of their bill. For a band A house this could be around **£142.49\*** a year or **£2.74** a week.

With this option, the CTS scheme would put extra pressure on the council's budget and extra savings would have to be found to fund it.

\* Based on 2015-16 council tax charges.

In addition to the options outlined above, we are proposing a number of other changes to the CTS scheme. These would help bring the way we calculate CTS in line with other national benefits.

The following proposed changes would align the CTS scheme with national changes being made to Housing Benefit.

**OPTION 4: Take away the £17.45 a week family premium from the calculation when working out CTS entitlement for new claims.**

This change would not affect claimants receiving Income Support, income based Jobseeker's Allowance, income related Employment and Support Allowance and Universal Credit. Any transitional protection outlined in the Housing Benefit Regulations will be incorporated into the scheme.

**OPTION 5 : Reduce retrospective support from six months to four weeks for people who delay in claiming.**

This option would reduce "backdating" of CTS from 6 months to 4 weeks.

**OPTION 6: Match the period in which earnings are taken into account when calculating CTS and Housing Benefit.**

This is a technical change only and has no financial impact.

The following proposed changes would affect those people who receive Universal Credit (UC) and CTS:

**OPTION 7: Change the CTS scheme so that UC claimants who rent their home do not receive a greater amount of help than those who own them.**

A technicality in the scheme allows greater levels of Council Tax Support to those receiving Universal Credit if they rent their home; the proposed change would remove this advantage.

**OPTION 8: Change our CTS scheme so that UC claimants who are repaying benefit debts and sanctions through a reduction in their UC do not receive extra CTS.**

This would mean that those repaying Housing Benefit overpayments do not receive extra CTS due to the deductions being made to their UC.

1.3 Whilst all the above options will mainly affect Council Tax Support claimants, other groups will also be affected. If the amount of money that the council spends on CTS is not reduced, the Council will have a funding shortfall which will have to be met by increasing Council Tax and/or reducing services which will affect all Council Tax payers in the Borough. The proposed options pass the cut in funding to all but the statutory protected group (pensioners) and the Council considers that this is the most equitable way of dealing with the reduced budget whilst still supporting those most in need.

1.4 In undertaking this analysis we will take into account the following:

- Could this policy/activity and the way we deliver it '**adversely affect people who share a protected characteristic**' and thus contributing to **inequality and** discrimination
- Could this policy/activity and the way we deliver it '**advance equality of opportunity**' and/or '**foster good relations**' between people who share a protected characteristic and those who do not
- Identifying negative impact does not mean that we cannot do it, but it is important that we are aware of the affects of that impact before making a decision.

## 2.0 Background

2.1 As at 3<sup>rd</sup> November 2015, 5693 people in the borough on low incomes are currently able to receive CTS to help them pay their council tax bill.

The government has legislated to protect people of pension age from the changes so that they must retain the same level of support under any CTS scheme as they did under the old Council Tax Benefit scheme. This however means that the whole burden of the funding reduction will be borne by working age benefit claimants.

When designing local schemes, authorities are expected to have due regard to vulnerable groups and their responsibilities in respect of child poverty, disabled people, and homelessness.

2.2 If we reduce the amount of council tax support and thereby increase the amount of council tax payable it will have the following impact on protected groups:

Council Tax Support Scheme 2016/17 – Equality Impact Assessment					
	The options being considered only affect claimants of working age as people of pensionable age are protected.				
	Age	Disability	Gender	Race	Other
	54.07% (3078) of council tax support claimants are of working age	The number of claims where there is a disability premium 1050	66.37% of claimants are female and 33.63% are male	We do not hold sufficient data	Sexual orientation, religion and belief.
<b>Option One</b>	<b>Negative Impact</b> – This would increase the minimum amount of council tax payable by 5% to £4.57 a week on a Band A house.	<b>Neutral Impact</b> – no data to suggest that this would have a proportionately negative impact.	<b>Negative impact</b> – More women than men would be affected by this increase.	<b>Neutral Impact</b> – no data to suggest that this would have a proportionately negative impact.	
<b>Option Two</b>	<b>Neutral Impact</b> – No change on current scheme				
<b>Option Three</b>	<b>Positive Impact</b> – This would reduce the minimum amount of council tax payable by 5%				

<b>Option Four</b>	<b>Negative Impact</b> – By removing the £17.45 a week family premium claimants with children will eventually be worse off. This will affect all new CTS claims with children from 1 <sup>st</sup> May 2016. We are unable to estimate how many families this will affect in 2016/17.	<b>Neutral Impact</b> - no data to suggest that this would have a proportionately negative impact.	<b>Negative Impact</b> - By removing the £17.45 a week family premium claimants with children will eventually be worse off. This will affect all new CTS claims with children from 1 <sup>st</sup> May 2016. More women than men would be affected. We are unable to estimate how many families this will affect in 2016/17.	<b>Neutral Impact</b> - no data to suggest that this would have a proportionately negative impact.	
<b>Option Five</b>	<b>Neutral Impact</b> – No evidence to suggest this will adversely affect claimants as a result of age.	<b>Negative impact</b> - The reduction in the backdating period may disadvantage those with good cause who have not applied within the permitted period and who may struggle to understand the rules	Neutral	<b>Negative impact</b> - Customers who do not have English as a first language may struggle with understanding a shorter back-dating period.	
<b>Option Six</b>	<b>Neutral Impact</b> – This is a technical change only				
<b>Option Seven</b>	<b>Neutral Impact</b> – this option will ensure that CTS claimants, in receipt of Universal Credit, who rent their home do not receive more CTS than UC claimants who own				

	their home. There are no known negative impacts.
<b>Option Eight</b>	<b>Neutral Impact</b> – this option will amend how reductions in Universal Credit are treated so that the Council doesn't give more help to Universal Credit claimants who are repaying debt. At present, a person paying off debt through a reduction in their Universal Credit payment may receive more CTS. There are no known negative impacts.

**2.3** As a result of the EqIA screening it was identified that a full Equalities Impact Analysis was required and consultation was commenced as detailed at section 4 below.

### **3.0 Baseline data and research**

**3.1** As at 3<sup>rd</sup> November 2015, there are 5693 council tax benefit claimants in the Borough. Of these:

- 2615 (45.93%) are of pensionable age
- 3078 (54.07%) are of working age
- Of the 3078 working age claimants, 1035 (33.63%) are male, and 2043 (66.37%) are female

**3.2** National and local information has been gathered using various sources e.g. The Census, The Joint Strategic Needs Assessment (JSNA), Northamptonshire Observatory, NOMIS official labour market statistics, the Equality and Human Rights Commission (EHRC), Indices of Multiple Deprivation, BCW Benefits and Council tax databases, Department for Work and Pensions (DWP) data, Family Resource Survey.

From this information we know Wellingborough has a population of 76,000 living in 33,660 households. Of these 37,100 are male and 38,900 female. There are 13,600 people aged 65 and over – 17.89% of the population. (Mid 2013 population estimates) and it is predicted this will rise to 22% by 2024 (2012 sub national population projections – ONS). There are 46,900 people (61.71%) aged between 16 and 64 (roughly working age).

In the UK as a whole, almost 1 in 5 has a disability (Family Resources Survey 2012/13) and this equates to approximately 15,200 of all people in Wellingborough. Figures from the Department for Work and Pensions showed that in May 2014, approximately 2.2% of working age people in Wellingborough were claiming Incapacity Benefit or Employment Support Allowance.

According to 2011 Census, more than 10% of the population of Wellingborough provide some unpaid care ranging from 1 to more than 50 hours per week; this is slightly higher than the national average of 10.2% and the county average of 10.0%. There are 328 CTS claimants who are carers in the borough.

We also know Wellingborough is more ethnically diverse than the county average. Over 12% of the population are of Black and Minority Ethnic (BME) origin, which is comparable with some of the most diverse urban communities in the UK. As claimants do not have to indicate their ethnic origin we have no reliable statistics on the ethnicity of people in receipt of Council Tax Support in the borough.

The unemployment figures for October 2013 to September 2014 show that approximately 2,200



or 5.9% of people of working age were unemployed in Wellingborough. This is compared to a national average of 6.5% and a county average of 4.8%. Wellingborough ranks in the Indices of Multiple Deprivation (a way of measuring disadvantage) at 138th out of 326 (where 1st is the most deprived).

Areas called “Lower Super Output” Areas (LSOAs) are used to help us look at parts of the borough in more detail and contain an average of 1500 people.

Parts of Hemmingwell, Brickhill and Croyland wards rank in the 10% most deprived areas in the country and almost 21% of the population of the borough live in areas that are in the 20% most deprived areas in England.

20.9% of children in Wellingborough are living in poverty. There are proven links between levels of deprivation amongst children and poor health and wellbeing outcomes for them as they grow up. Three quarters of children in poverty in the County live with a lone parent. Half the families in poverty in the County have a child under 4.

Wellingborough has 1195 lone parents on CTS, 1117 female and 78 male.

The majority of our Council Tax Support claimants are female (66.37%). The ONS estimates that less than half of women lone parents work and most who do work, work part time and a greater proportion of income is spent on childcare.

#### **4.0 Consultation undertaken**

4.1 An eight week information and consultation period took place from 5th October 2015 to 30th November 2015. This consisted of the following:

Press releases explaining the impact of the changes.

A website consultation explaining the impact of the changes, including a web-based response form and equalities monitoring.

A leaflet explaining the impact of the changes, including a response form and equalities monitoring

Face to face consultation with customers and benefit claimants in our receptions.

Face to face consultation with residents of the Borough at supermarkets.

Letters to advocacy groups inviting responses.

Letters to all precepting authorities (NCC, Police commissioner and all parishes)

## 5.0 Results of consultation and feedback

5.1 A total of 286 responses were received.

The overall result was as follows:

Option 1	152	Option 2	50	Option 3	82
Option 4	53	Option 5	96	Option 6	104
Option 7	64	Option 8	79		

2 responses did not choose an option from 1 to 3

### 5.2 Breakdown by receipt of Council Tax Support

In receipt of Council Tax Support	Option	Number	Percentage
	1	27	30
	2	23	25.5
	3	40	44.5
	4	12	
	5	20	
	6	40	
	7	13	
	8	12	

NOT in receipt of Council Tax Support	Option	Number	Percentage
	1	115	64.6
	2	25	14.1
	3	38	21.3
	4	17	
	5	71	
	6	62	
	7	50	
	8	64	

### 5.3 Breakdown by disability status

Disabled	Option	Number	Percentage
	1	28	51.9
	2	9	17.0
	3	16	29.6
	4	8	
	5	17	
	6	13	
	7	6	
	8	11	

Not Disabled	Option	Number	Percentage
	1	87	52.7
	2	29	17.6
	3	49	29.7
	4	35	
	5	54	
	6	67	
	7	44	
	8	50	

#### 5.4 Breakdown by respondent type

On line respondents	Option	Number	Percentage
32	1	17	53.13
	2	5	15.62
	3	10	31.25
	4	8	
	5	10	
	6	18	
	7	14	
	8	8	

Paper respondents	Option	Number	Percentage
254 2 did not choose an option from 1-3	1	136	53.5
	2	45	17.7
	3	71	27.9
	4	45	
	5	86	
	6	86	
	7	50	
	8	71	

## 5.5 Breakdown by gender

Female	Option	Number	Percentage
165	1	89	53.9
	2	28	17.0
	3	48	29.0
	4	30	
	5	55	
	6	63	
	7	38	
	8	43	

Male	Option	Number	Percentage
120	1	63	52.5
	2	21	17.5
	3	34	28.3
	4	23	
	5	40	
	6	40	
	7	25	
	8	35	

1 parish council was identified.

## 5.6 Breakdown by ethnicity and marital status

The sample was not large enough for these results to be broken down by ethnicity or marital status with any reasonable level of statistical significance.

5.7 Comments. None.

## 5.8 Responses from precepting authorities

(It should be noted that responses may have been received from bodies who have not identified themselves)

We have not received any identifiable responses from Northants County Council or The Police and Crime Commissioner

There has been one identifiable response from Parish Councils, from Irchester who opted for options two, five, six, seven and eight.

## 5.9 Equalities monitoring information:

**Age.** Of those who answered this question, the numbers of respondents falling into each of the following age bands were as follows:

19 or under	<b>2</b>	20-24	<b>20</b>	25-29	<b>20</b>	30-44	<b>73</b>	45-59	<b>67</b>
60-64	<b>24</b>	65-74	<b>37</b>	75-84	<b>20</b>	85-90	<b>4</b>	90+	<b>0</b>

**Disability** – “are your day to day activities limited due to a disability that has lasted, or is expected to last, at least 12 months?” (Of those that answered the question)

	<b>Number</b>	<b>Percentage</b>
Limited a lot	17	6.77
Limited a little	37	14.74
No	169	67.33
Prefer not to say	28	11.16

## Ethnicity

		<b>Number</b>	<b>Percentage</b>
White	British	220	82.7
	Irish	7	2.6
	Gypsy or Irish Traveller	0	0
	Other	13	4.8
Black or Black British	Caribbean	3	1.1
	African	6	2.3
	Other	5	1.8

Mixed	White & Black Caribbean	2	0.8
	White & Black African	1	0.4
	White and Asian	1	0.4
	Other mixed ethnicity	2	0.8
Asian or Asian British	Indian	2	0.8
	Bangladeshi	0	0
	Pakistani	1	0.4
	Chinese	0	0
	Other	0	0
Other ethnic group	Arab	0	0
	Other	3	1.1

### Gender

Male	120
Female	165
Transgender	0

### Marital Status

Single	77	Widowed	22
Married	108	Separated	16
Divorced	22	Other	8
Civil partnership	4	Prefer not to say	9

## **6.0 Analysis of impact on individuals with 'protected characteristics'**

**6.1** The EqIA screening identified a number of adverse impacts on protected groups:

Age - People of pension age (currently 2165 (45.93%) claimants) are protected by the government from the changes.

People of working age (currently 3078 (54.07%) claimants) will be adversely affected and in order to protect older people will have to contribute proportionally more. In addition, due to predicted increases in the older population in the borough this proportion is likely to increase as time goes on. The consultation has shown that residents of the borough are generally in favour of working age people contributing to their council tax payments and this group could not be exempted without resulting in a significant shortfall to the council's budget.

Children of lone parents, particularly disabled children and those under 5, are likely to be adversely affected due to the inability of parents to undertake paid work to increase income. The majority of our claimants are female (66.37%). There are 1195 lone parents, 1117 female and 78 male. This group could not be exempted without resulting in a significant shortfall to the council's budget.

Disability - People with disabilities are not explicitly protected from the changes and whilst it is accepted that some will be unable to work, others do work or are able to work. In 2013, 21% of working age DLA recipients are in work (DWP FOI request 3438-2013)

People with disabilities are entitled to additional welfare benefits aligned to their needs. 821 working age CTS claimants get some form of DLA or Personal Independence Payments (PIP). Pension age claimants receiving DLA will be fully protected as per government specifications. Working age people in receipt of DLA are not fully protected, however income and capital are assessed and support adjusted to take into account individual circumstances. Income from certain other benefits e.g. DLA/PIP will be fully disregarded in this calculation. Income from War Disablement Pensions or War Widow's Pensions and the Armed Forces Compensation Scheme will continue to be locally fully disregarded. This group could not be exempted without resulting in a significant shortfall to the council's budget.

Gender reassignment - Whilst local figures are unavailable for transgender people, national statistics indicate that there is likely to be only a very small number in Wellingborough (approximately 20). However adverse employment effects are likely whilst transgender people are changing their sexual identity. In light of the small numbers affected no exemption is proposed.

Marriage and civil partnership/pregnancy and maternity -

The changes will have a negative impact on 1198 lone parents, 93.47 of whom are female. 137 lone parents look after a disabled child or children. Claimants in this category could not be exempted without a significant shortfall to the revenue budget.

Race - National trends indicate minority groups are more likely to be unemployed. The 2011 Census show that 12.7% of the population of the borough are from Black and Minority Ethnic backgrounds, so it is reasonable to assume that at least 400 claimants will fall into this category and could not be exempted without a significant shortfall to the revenue budget. There are also potential language and literacy barriers to people understanding the changes and this will need to be considered in developing the communication plan.



Gender - The changes will have a negative impact on lone parents and carers and it is reasonable to assume that most of them will be female, whose ability to work may be restricted due to their caring responsibilities. 93.47% of lone parents are female. 66.37% of our CTS claimants are female (compared to 51.18% of the borough population) and we have 415 working age CTS claimants classified as carers. Female claimants and carers could not be exempted without a significant shortfall to the revenue budget.

Other - The changes may have unknown impacts on other groups who are likely to suffer from accumulative effects from this measure, such as those in receipt of other benefits which will also be reducing, those living in areas of multiple deprivation, and children in poverty. The changes may also lead to an increase in homelessness as people are increasingly unable to afford their housing costs.

**6.2** Government policy is the CTS scheme is funded locally, meaning any shortfall has to be met either through reductions in council tax support and exemptions, or through increases in Council Tax and/or cuts in services which would affect all council tax payers in the borough. Whilst it is therefore accepted that the proposed changes will have a greater effect on some groups, the Council has considered reasonable adjustments and recommends a local scheme which offers the same level of support as in previous years.

**6.3** The results of the consultation indicate that the majority of the residents of the Borough are in favour option 1, which would reduce the level of support available in the CTS scheme further to 75%.

## **7.0 How the impact will be addressed**

7.1 Government guidelines advise that vulnerability should be taken into account in developing local schemes. There is, however, no central definition of vulnerability. Income and capital are assessed and support adjusted to take into account individual circumstances. Premiums and allowances are awarded based on individual circumstances (family premium, disability premiums, child allowances etc) Income from certain disability benefits, e.g. Disability Living Allowance, is fully disregarded, thereby affording some protection for working age disabled claimants. Income from War Disablement Pensions or War Widow's Pensions and the Armed Forces Compensation Scheme will continue to be locally fully disregarded. The proposed options equally pass the cut in funding to all but the statutory protected group (pensioners) and the Council considers that this is the most equitable way of dealing with the reduced budget whilst still supporting those most in need.

7.2 The option of payment by instalment spread over 12 months is available to those affected.

## **8.0 Performance and monitoring arrangements**

8.1 The impact of the changes will be monitored through Performance Indicators. A report has been made to members about the impact of the change on those receiving CTS (e.g. collection rates, enforcement action taken etc) and this information will be provided again for the 2016/17 scheme.

8.2 There is an opportunity to review the local scheme annually

## **9.0 Publication of EqIA**

**The EqIA screening undertaken on 5<sup>th</sup> October 2015 which accompanies this EqIA report is available on request.**

**This EqIA, the Report to the council's Resources Committee and the results of the consultation will be published on the council's website. They are also available on request (01933 229777) or by emailing [equalities@wellingborough.gov.uk](mailto:equalities@wellingborough.gov.uk)**

## **Conclusions**

**10.1** A Council Tax Support Scheme is government policy and as such the council has to implement it. Changes to tax credits and other changes announced by government in the Summer of 2015 will mean that further pressure will be placed on the council's budget. This means making some very difficult decisions. If this shortfall in funding is not met through reducing the level of support available under the CTS scheme, it will have to be done by increasing levels of Council Tax and/or reducing services.

**10.2** The consultation undertaken has indicated that 53.15% of the public are in favour of option 1, which reduces the level of support available in the CTS scheme to 75%

**10.3** Whilst adverse effects have been identified for some of the protected characteristics, some of the effects are mitigated by the manner in which CTS is assessed, i.e. disregards for certain disability benefit and war pensions.

**10.4** The effects of the scheme will be mitigated by the use of discretion in the recovery process.

### **Please indicate the outcome of this EqlA:**

1.  **No change to the policy/activity no adverse impact identified.**
2.  **Adjustments made to the policy/activity** to remove negative impact and/or advance equality of opportunity and good relations.
3.  **Continue with no adjustments to the policy/activity** despite having identified some potential for adverse impact or missed opportunity to promote equality. (NB: you must have clearly justified your decision in the analysis above, and the decision must be in line with the duty to have 'due regard' to equality).
4.  **Do not implement policy/activity or redesign policy/activity.** The EqlA has revealed significant negative impact and in the light of this it is necessary to either not implement the policy/activity at all or to extensively redesign the policy and carry out a further impact analysis.

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Head of Service responsible for this EqlA: Liz Elliott

Lead officer conducting this EqlA:

Name:  
Ruth Barton

Signatures:

Date: 1<sup>st</sup> December 2015

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Others involved in the EqlA:

<p>Nigel Robinson, Principal Revenues and Benefits Manager Amanda Davis, Team Leader/Appeals Officer Carolyn Aldridge, Senior Organisational Development Officer Benefit Assessment Team</p>
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**This EqlA must be agreed by your Equalities Steering Group representative and signed off by your Head of Service or Director.**

In the event of any queries, please contact the Organisational Development Officer on ext 1711 or e-mail

**Agreed by Equalities Steering Group representative:**

Name:

Signature:

Date:

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**Agreed by Head of Service or Director:**

Name:

Signature:

Date:

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**Important:**

This EqlA provides documentary evidence to show that you **systematically considered** the potential impact that the policy/activity could have on equality groups in line with statutory obligations – the outcome of this analysis should be considered, **prior to** any final decisions being taken.

If the policy/activity is to be **approved/agreed by Members** then you will need to **indicate on the forward plan** that an EqlA accompanies the item and the **completed EqlA form must be appended to the committee report.**

## Procedure for sign-off of EqlAs:

1. This EqlA should be scrutinised by members of your own service.
2. Email a copy of this EqlA, together with the document(s) to which it relates to stating clearly in the title '**EQIA FOR QUALITY ASSURANCE**'
3. Your completed EqlA will then be circulated to members of the Equalities Steering Group (ESG) for scrutiny and will be returned to you with comments/amendments.
4. The revised version should then be checked by yourself and your ESG representative and signed off by your Head of Service or Director.
5. Email a copy of the final version of the EqlA to [equalities@wellingborough.gov.uk](mailto:equalities@wellingborough.gov.uk) stating clearly in the title '**EQIA FOR PUBLICATION**'. This will then be published on the website.
6. Send the signed paper copy of the final EqlA, together with the document(s) to which it relates, **to the Organisational Development Officer, Room F5, Swanspool Annexe**. This will be placed on a central file as evidence.
7. **PLEASE NOTE:** this EqlA is not deemed complete until all of the above stages have been carried out.

