

Business Impact Assessment ¹

Background to the Working Age Council Tax Reduction (WACTR) Scheme

Since the introduction of Universal Credit in Teignbridge, the link between Housing Benefit and the Council Tax Reduction Scheme has been rapidly eroding. In 2019 it became evident that the customer's burden of filling out a lengthy application form and carrying out an evidence based full means test for council tax reduction could no longer be justified.

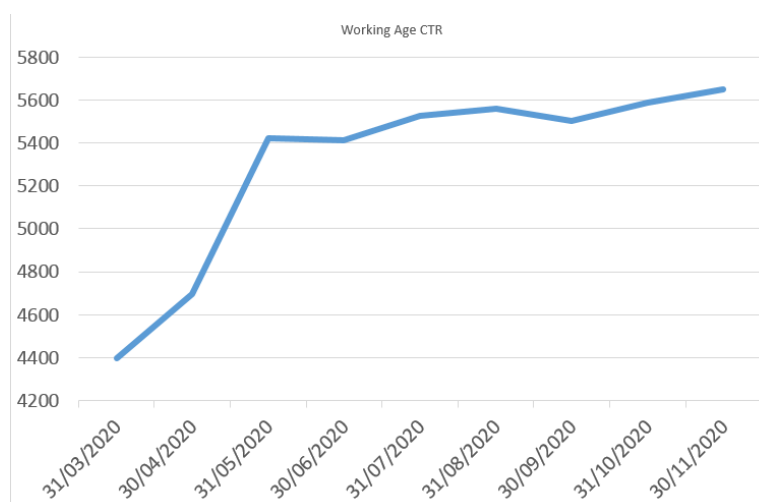
In 2020 the new discount-based income-banded Working Age Council Tax Reduction (WACTR) scheme was brought in with new simple rules and decisions to make the scheme more straightforward and transparent to the taxpayer. This also made the scheme easier to administer.

The scheme continues to pay 100% support to passported claimants and those on the lowest household incomes. To offset potential negative effects we have an Exceptional Hardship scheme in place to support households who might have suffered hardship as a result of the new changes.

Impact of the Working Age Council Tax Reduction Scheme

The impact of the new scheme in 2020 has been difficult to assess because its introduction has coincided with the Covid-19 pandemic. At the start of the pandemic there was a significant increase in WACTR applications. Although this has since levelled off, overall we have seen an increase of 29% in caseload since March 2020 due to Covid-19. See table 1 below:

Table 1 - caseload



As part of its response to Covid-19, the Government provided local authorities with £500m of hardship funding to enable a reduction of up to £150.00 to be applied to the council tax bills of all working age Council Tax Reduction claimants during the year 2020-21.

Teignbridge was allocated £940,055 to cover the cost of awarding this extra relief and any surplus monies could be used to provide further support as required. This money is available to the end of March 2021.

Since the start of the new scheme, the government has given 4,228 of our WACTR applicants up to £150 of additional help to reduce their Council Tax bill. All WACTR applicants who qualified for any reduction in their bill were entitled to this extra amount up to the value of their actual liability. Applicants already receiving 100% do not qualify as there is no council tax liability against which to make the award.

The Government also provided an extra £20 to all recipients of Universal Credit and Working Tax Credit to help support households through the Covid-19 crisis. The unintended consequence of receiving this extra income for anyone receiving WACTR is that their total income, with this extra £20, could put them into the next income bracket for the WACTR scheme and result in them receiving a lower discount on their Council Tax bill. This would nullify the effect of the extra income and could potentially make someone on WACTR financially worse off.

The Government made a further change to help people through Covid-19 by temporarily suspending the use of the Minimum Income Floor for self-employed people. The Minimum Income Floor assumes a minimum level of earnings for self-employed people who are considered to be in gainful self-employment (as opposed to a 'hobby' business). The assumed level of earnings is equal to the National Minimum Wage.

The WACTR scheme also applies a Minimum Income Floor - similar to the one in place for Universal Credit - but as the law does not allow for mid-year changes to the WACTR scheme we were unable to apply the same temporary suspension. There are 52 claimants who did not qualify for WACTR as a result of being unable to earn up to the Minimum Income Floor. The Government hardship scheme has allowed us to support these cases by awarding support based on their actual earnings for the period in question.

As at end November 2020, 3,188 Council Tax payers have received the £150 funding alone, and a further 1,040 payers have received both the £150 and the extra funding to offset any losses caused through the extra £20 Government income or the Minimum Income Floor being suspended.

Exceptional Hardship Scheme

The Exceptional Hardship scheme operates as a safety net to the WACTR scheme for households who are negatively affected by changes to the WACTR scheme and/or who receive only partial support from the WACTR. Anyone suffering exceptional hardship can apply for additional support under this scheme with each application considered on its merits.

Demand for Exceptional Hardship scheme has continued to be relatively low which is possibly due in part to the extra help given by the Government to reduce Council Tax bills. Decisions on Exceptional Hardship are based around a household's ability to meet its council tax liability and seeks to support:

1. households negatively affected by a change to the WACTR scheme (transitional protection) and need time to adjust to meet their council tax liability
2. households with special circumstances that may require long or short term support e.g. a disability or caring responsibility that is impacting on their ability to meet their council tax liability
3. households which are struggling financially to be able to afford their council tax liabilities and need time and support to make household budgeting changes

Table 2 - Summary of awards in last 3 years

| Year | Total value | No. of Applications | No. of Awards | No. of requests to review decision |
|------|-------------|---------------------|---------------|------------------------------------|
| 2018 | £2.9k | 28 | 7 | 7 |
| 2019 | £4.6k | 18 | 8 | 2 |
| 2020 | £12.9k | 45 | 32 | 2 |

2020-21 Exceptional Hardship awards - Household characteristics

Financial reasons (households struggling with other debts/arrears and have trouble budgeting)

- 10 awards totalling £6,084
 - 3 single people
 - 1 single with carers responsibilities
 - 2 single disabled
 - 1 lone parent with a disability
 - 1 couple
 - 1 couple with children, disability and carers

And 4 of these were cases who have had support in the past – the ones that have and always will struggle or need extra support

Transitional support reasons (households that have been predominantly affected by the move to the banded scheme)

- 22 awards totalling £9,572
 - 1 single
 - 9 single with disability
 - 3 lone parents all with a disability
 - 1 couple with carers responsibilities
 - 1 couple with children
 - 2 couples with children and disabilities
 - 2 couples with disabilities
 - 3 couples with disabilities and carers responsibilities

And 1 of these has had support in the past and is likely to have it ongoing

We have used the Homemaker Service when making 8 of these awards – 5 cases where they were affected by the scheme change and are now having to budget for increased council tax liabilities and 3 for new cases with financial concerns. All of our 'ongoing' cases have previously used Homemaker Services.

Complaints

Since the start of the new scheme we have received only one complaint about the new WACTR scheme. This suggests that the new system has been accepted by the vast majority of our new WACTR applicants and also the 4,397 who transferred across from the old scheme to the new income-banded one. The Government response to Covid-19 may have had some impact on this but it is not possible to measure this.

Proposal for the Working Age Council Tax Reduction Scheme for 2021-22:

To continue the scheme as it is currently, with the added flexibility to disregard changes to welfare benefits introduced by Central Government in order to mitigate the financial impacts of Covid-19

Aims of the Proposal:-

To protect WACTR entitlement from the adverse effects of welfare changes made by Central Government in response to Covid-19.

We do not know at this stage whether the Government will continue into 2021-22 the £20 increase in Universal Credit and Working Tax Credit or whether they will continue to suspend the Minimum Income Floor for self-employed people. Indeed, they may even introduce new proposals altogether. It is considered likely that if the schemes do continue there will be no further funding to the local authority and no safety net for applicants. This would undermine the core intention of the Government to provide greater financial security to low income households and instead, result in applicants potentially being disadvantaged.

The proposal for 2021-22 builds in more flexibility to the scheme. Should these increases, or similar changes, extend into next year or beyond we can ensure no applicants will be disadvantaged by allowing our scheme to flex to disregard the additional income.

We have consulted on the proposal - the consultation ran from 2nd November to 13th December – and received 175 responses. 82% of respondents support the proposal, with 6% against and 12% who do not know.

There are no negatives to the new proposals as the changes will simply allow flexibility to protect Working Age entitlements in the circumstances outlined above.

Pension Age Council tax Reduction claimants will continue to be assessed under the prescribed Pension Age Scheme so will not be included or affected by these proposals.

Environment impacts - The proposal indicates the following impacts on the environment.

| | |
|--|---|
| | <p style="text-align: right;"><i>Please score</i></p> <p style="text-align: center;">+3 ← 0 → -3</p> |
|--|---|

| | |
|---|---|
| Natural environment (wildlife, landscape, trees) | 0 |
| Built environment (townscape, design, archaeology, conservation) | 0 |
| Climate change (adaptation, mitigation) | 0 |
| Resource use (land, energy, water, minerals) | 0 |
| There will be no changes to the scheme which will have an environmental impact as there will be no change in the way the scheme will be administered. | |

Value and financial impacts - The proposal indicates the following financial impacts.

| | <i>Please score</i> |
|---|---------------------|
| | +3 ← 0 → -3 |
| Jobs or training opportunities | 0 |
| Business investment within the area | 0 |
| Tourism | 0 |
| The supply or quality of housing | 0 |
| Access to services and benefits | 0 |
| Reduce cost or increase income | 0 |
| Increase capital receipts/funding | 0 |
| <p>Comment:</p> <p>The proposal to disregard Covid-19 payments from assessable income preserves entitlement at current levels so does not introduce any additional cost into the scheme. Applicants will continue to receive support at the same rate they would have done before the uplift in Universal Credit and Working Tax Credits.</p> <p>The current Exceptional Hardship scheme makes provision for self-employed applicants who are affected by external factors, such that it is not reasonable to expect them to earn up to the Minimum Income Floor, to receive additional support. This protection is not changing in essence, we are just making specific reference to Covid-19 related factors in the policy wording. This change does not introduce any additional cost.</p> | |

Social impacts and duties

The proposal indicates the following social impacts.

| | <i>Please score</i> |
|---|---------------------|
| | +3 ← 0 → -3 |
| Age Children (Under 16) – 16.25% | 0 |
| Young (16-24) – 7.88% | 0 |
| Working age (25-59) – 42.51% | 0 |
| Older (60+) – 31.82% | 0 |
| Men – 49.85% | 0 |

| | |
|--|---|
| Women – 51.4% | 0 |
| Transgender – c. 0.01% | 0 |
| BAME (Black, Asian, minority ethnic) – 3.8% | 0 |
| LGB (lesbian, gay, bisexual) – c. 5% | 0 |
| Marriage and Civil Partnership - 52% | 0 |
| Religion and belief – 71.9% | 0 |
| Disability – 20.6% | 0 |
| Pregnancy and Maternity | 0 |
| Rural – 27% | 0 |
| Economic Deprivation – 21.8% | 0 |
| <p>Comment: The proposal to disregard Covid-19 payments from assessable income will have a neutral effect as it neither increases nor decreases support – this measure will maintain support at current levels and ensure WACTR applicants do not slip into a lower discount band resulting in them having to pay increased council tax</p> | |

* **Bold** = 'Protected characteristics'

Overall Impact

Under the current scheme, extra income which has been awarded by the Government in response to Covid needs to be taken into account when assessing an applicant's entitlement to Working Age Council Tax Reduction. The current scheme does not allow us to ignore this extra income. By having the flexibility to disregard any Covid related payments or payment increases, this ensures that the applicant is entitled to the full amount of Council Tax Reduction that they would have been entitled to without the extra Covid-19 related Government Award. There will be no negative impacts to any Council tax payers with the changes to our scheme.

The proposal does not indicate any potential differential impact on protected characteristic groups. It confers no advantage or disadvantage to any particular group, it just ensures that any claimant who receives the benefit of a Central Government initiative is protected from any change in their WACTR entitlement.

Have representatives of those likely to be affected by the proposal been **consulted**?

N/A

Are there ongoing plans to **monitor** the impact of the proposals?

Not in relation to this specific proposal but the impact of the WACTR scheme will continue to be subject to periodic review

Are there any relevant **Human Rights** considerations?

No

Summarise potential impacts and planned mitigations:

As the proposal preserves entitlement at current levels it does not of itself have any impact on WACTR claimants. On the contrary, it protects claimants from any negative financial impact arising from Government measures to support low income households.

Duties

Under the Equality Act 2010 s.149 the Council must annually publish what actions we have taken in response to our 3 equality duties.

This proposal contributes to the duties in the following ways:


- 1) The elimination of discrimination, harassment, victimisation and other prohibited conduct byN/A

- 2) The advancement of equality of opportunity byN/A

- 3) The fostering of good relations between people byN/A

Managers' evaluation

- No major change required.
- Adjustments have been made to better advance equality.
- Continue despite having identified some potential for adverse impacts.
(Please detail you justification here.)
- Cease the proposal. It shows actual or potential unlawful discrimination.

| Sign Off | | |
|------------------------|--|-------------------------|
| Service Manager | Signed  | Date 16.12.20 |
| BID | Rebecca Hewitt Signed | 16/12/20 Date |
| | Date the BIA should be reviewed/renewed | Annually |