

Is this a review of an existing BIA?	Y
Is this a new proposal and a new BIA?	N



Ref No: CTR/TMH/2017-18 review

Proposal: Council Tax Reduction Scheme (CTR)

Business Impact Assessment Review

Conducted by: Tracey Hooper

Date: November 2017

Aims of the Proposal

To review the impact of changes made to the Council's CTR scheme in 2017-18 and the effectiveness of the Exceptional Hardship Scheme.

Background

Following abolition of the national Council Tax Benefit (CTB) scheme in 2013, Teignbridge adopted a local Council Tax Reduction (CTR) scheme. This scheme retained the essential features of the means-tested CTB scheme aligning it with the prescribed CTR scheme for pensioners, and the Housing Benefit (HB) scheme.

An Equality Impact Assessment of the move to local schemes was undertaken at a national level by the Department for Communities and Local Government. The report is available [here](#).

At the same time that CTB was abolished, funding was cut by 10% and Teignbridge had to consider whether or not to pass on this cut in funding to claimants. Following a consultation exercise Teignbridge resolved to protect its most vulnerable residents and offset the loss of funding by making changes to council tax discounts on empty properties and second homes, supplemented by a transitional grant from government. Together with the abolition of second adult rebate, these measures offset the loss in funding and meant that the majority of claimants were protected from the cut in funding.

Further cuts followed in 2014-15, including the loss of transitional grant. Teignbridge made two further changes to the scheme to offset this loss in funding: introducing a savings limit of £6,000, and a Band D restriction.

Teignbridge's scheme was re-adopted in 2015-16 and 2016-17 with no change to the level of support provided to claimants.

The Government subsequently introduced a number of changes into Housing Benefit; CTR for pensioners; and Universal Credit. In order to bring our scheme into alignment, as well as to streamline administration, we mirrored these changes, introducing them to our working age CTR scheme in 2017-18.

These changes are listed below:

1. Remove the Family Premium for all new working age applicants
2. Reduce backdating for new claims to 1 month
3. Base CTR on a set minimum income for self-employed earners after 1 year's self-employment
4. Reduce the period a person can be absent from Great Britain, and still receive CTR, to 4 weeks (previously 13 weeks, or 52 in certain circumstances).
5. Remove the 'work-related activity component' in the calculation of the current Scheme for new Employment and Support Allowance applicants.
6. Limit the number of dependant children within the calculation for CTR to a maximum of two for third or subsequent children born after 1 April 2017
7. Where another person is already paid UC (Carers Element) to look after someone with a disability, remove entitlement to the Severe Disability Premium.
8. Remove the additional earnings disregard and apply the standard disregards irrespective of hours worked to those applicants also claiming UC.

No changes are proposed for the year 2018-19

Environment impacts

The proposal indicated no environmental impacts.

Value and financial impacts

The proposal indicated the following financial impacts.

	Please score 
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	-1
Reduce cost or increase income	+1
Increase capital receipts/funding	0

Financial impact on Teignbridge District Council

The grant allocation for CTR is no longer separately identified on an annual basis so it is not possible to calculate the net cost of the scheme. It is for billing authorities to determine the level of support to provide, bearing in mind the cost of the scheme is shared between the preceptors (County, Police and Fire) in proportion to their respective shares of the overall council tax bill.

Only three of the changes introduced in 2017-18 have any financial impact. These are:

- Removal of the family premium for new applicants
- Introduction of a minimum income floor for self-employed earners after 1 year's trading
- A limit on the number of dependent children within the calculation for CTR to a maximum of two for children born after 1 April 2017

These changes were forecast to reduce costs by a maximum of £42,000.

The only change that can be measured with any degree of accuracy is the minimum income for self-employed earners. This is because it is the only change that directly affected the amount of support in payment. Based on Q2 data, extrapolated to the end of the financial year, we expect to achieve a reduction in cost of £28.5K. This is slightly lower than the £31.5K.

Financial impact on Teignbridge claimants

Pensioners are protected from any changes to the scheme so the proposals applied to claimants of working age only. Our CTR caseload as at Q2 is 8,696 made up of 4,010 working age claimants (46.11%) and 4,686 pensioner claimants (53.89%).

Of the 4,010 working age claimants, only 393 of these (the claimants affected by the Minimum Income Floor - MIF) have received a cut in the level of support they were receiving.

The other changes affected only new claimants or those claimants who experienced a particular change in circumstances after 2017-18. Each of the changes introduced is detailed below with information on impacts, if any, on the claimant.

Removal of Family Premium

This change removed the additional allowance given to households with dependent children. These households still receive more support than households without children but whereas claimants previously received up to an additional £3.49 support per week, new claimants do not. Persons on 'passported' claims e.g. job seekers allowance, income support, employment support allowance etc. were not affected by this change. 'Passported' people generally being the most in need.

Based on number of claims received last year and composition of our current caseload, we estimated that around 330 new claims would be affected in 2017-18. Latest figures indicate that 215 new claims of this type have been received to date which is largely in line with the estimate for the full year. These cases will have received up to £3.49 per week less council tax support than those making a claim before 1st April 2017.

We have received no claims for exceptional hardship relief nor any complaints as a result of this change.

Reduction in backdating

This change reduced the maximum period a claim can be backdated from six months to one month. There are so few cases these can be easily managed through the Exceptional Hardship Relief Scheme. To date there have been no applications for this relief, nor any complaints as a result of this change.

Introduce a minimum income for self-employed claimants

This change applies to both existing and new claimants and takes effect after one year of self-employment. This change aligned our scheme with UC which assumes a notional income for self-employed claimants equal to 35 hours work at the National Living Wage or National Minimum Wage depending on age.

Initially we wrote to all of our self-employed claimants to tell them about the change and how it would affect them. We also invited them to claim under our Exceptional Hardship Scheme. Anyone who failed to contact us but went on to accrue council tax arrears was contacted by telephone to discuss their situation and was offered support as appropriate.

This approach has proven highly effective and we have been able to offer tailored support including the setting up of special payment arrangements, helping claimants to prioritise debts, signposting where necessary, and assisting with Exceptional Hardship applications.

We have actively encouraged claims for Exceptional Hardship and have received 78 claims in total. Each of these claims was considered on its merits with a full appraisal of the claimant circumstances resulting in 26 claimants being awarded a reduction in the amount of council tax they had to pay.

By the end of Q1 we had awarded £10,156 in Exceptional Hardship and £2,295 by the end of Q2 – a total of £12,451. This cost is shared across all major preceptors and represents a cost to Teignbridge of just over £1,000.

At the end of Q2, the vast majority of the original 393 claimants affected were up to date with their council tax payments. Only 13 cases were subject to liability orders and 2 were with enforcement agents. These 15 cases have been closely monitored and we know that none of them has any disability or caring responsibilities. Most have a previous history of non-payment and/or are not gainfully employed but could reasonably take steps to become so.

We were particularly mindful of households with disability and carer premiums in place and have broken down the impact on this group according to type of premium received. Details are shown in the table below.

	No. of households	EHF awarded	Paying	Reminder	Summons
Severe/enhanced disability premium	12	0	9	3	0
Disabled Child Premium	24	2	19	3	0
Disability premium	19	2	14	3	0
Carer Premium	3	0	2	0	1 (paying on arrangement)

We continue to monitor the effects of the MIF on a quarterly basis and will provide advice and support as and when necessary. Anyone identified as falling behind on their council tax payments will be contacted and appropriate support mechanisms put in place.

We have received one complaint about the Introduction of the Minimum Income Floor and this was resolved at Stage 1.

Demographics of Self-Employed Claims and All Working Age CTS Claimants (December 2017)

Gender	Self-Employed Claims Affected	All Working Age CTS
Single - Male	53 (13.4%)	840 (19.5%)
Single - Female	42 (10.6%)	844 (19.6%)
Couple	20 (5.0%)	341 (7.9%)
Lone Parent - Male	16 (4.0%)	82 (1.9%)
Lone Parent - Female	144 (36.4%)	1393 (32.3%)
Couple with children	121 (30.6%)	810 (18.8%)
Total	396	4310

Number of Children	Self-Employed Claims Affected	All Working Age CTS
0	115 (29.0%)	2025 (47.0%)
1	118 (29.8%)	923 (21.4%)
2	102 (25.8%)	792 (18.4%)
3	47 (11.9%)	405 (9.4%)
4	9 (2.3%)	107 (2.4%)
5	4 (1.0%)	43 (1.0%)
6	1 (0.3%)	11 (0.3%)
7	0 (0.0%)	2 (0.05%)
8	0 (0.0%)	1 (0.02%)
9	0 (0.0%)	1 (0.02%)
Total	396	4310

Age	Self-Employed Claims Affected	All Working Age CTS
18 - 24	4 (1.0%)	277 (6.4%)
25 - 29	34 (8.6%)	463 (10.7%)
30 - 44	181 (45.7%)	1527 (35.4%)
45 - 59	155 (39.1%)	1660 (38.5%)
60 - 64	22 (5.6%)	383 (8.9%)
Total	396	4310

Council Tax Band	Self-Employed Claims Affected	All Working Age CTS
A	62 (15.7%)	1307 (30.3%)
B	152 (38.4%)	1805 (41.9%)
C	112 (28.3%)	850 (19.7%)
D	47 (11.9%)	235 (5.5%)
E (limited to D)	16 (4.0%)	83 (1.9%)
F (limited to D)	5 (1.3%)	22 (0.5%)
G (limited to D)	2 (0.5%)	8 (0.2%)
H (limited to D)	0 (0.0%)	0 (0.0%)
Total	396	4310

Disability and Carer premiums	No. affected	All Working Age CTS
Disability Premium / Severe Disability Premium	33 (8.3%)	228 (5.3%)
Disabled Child Premium	25 (6.3%)	122 (2.8%)
Carer Premium	25 (6.3%)	137 (3.2%)

NB: Many claims are in at least 2 of these 3 categories, ie the 3 categories should not be added together.

Reduce the period a person can be absent from Great Britain

This change reduced the period claimants can be absent from their homes from 13 weeks (52 in certain circumstances) to 4 weeks without stopping their council tax support. There are exceptions for certain occupations such as mariners and the armed forces. There is also provision for this to be extended to 8 weeks in specific circumstances, such as the death of a close relative.

We do not hold any data on these cases so are unable to measure any impacts. Non UK nationals and those with family outside the country are more likely to be affected. This could indicate a greater impact on minority ethnic groups.

The change would affect very few people overall and is easily managed through the exceptional hardship scheme. To date we have had no applications for relief nor any complaints about this change.

Remove the work related activity component for new Employment and Support Allowance (ESA) applicants

This change aligned with changes made by central government to HB and the Pensioner Age CTR scheme. Claimants are not impacted by this change to the scheme.

Limit the number of dependant children within the calculation for CTR

This change mirrors the changes made by central government to housing benefit and tax credits.

It affects only those households, not already receiving maximum support, which have a third or subsequent child born on or after 1st April 2017 and there are exceptions, e.g. multiple births. A dependent addition is made for each child within the calculation of the household needs (applicable amounts). This addition is made for the first and second child but the birth of subsequent children no longer gives rise to an increase in the applicable amount.

We estimated around 100 claimants would be affected by this change with a possible maximum weekly 'loss' of £13.38 per claim. We are not able to produce data on numbers actually affected by this change but have received no complaints or any exceptional hardship requests as a result of this.

Remove the entitlement to the Severe Disability Premium where someone else is already paid UC (Carers Element)

This change aligned our scheme with Central Government changes to HB and has no impact on claimant.

Remove the additional earnings disregard for claimants on UC

This change was introduced to align with Universal Credit and simplifies the administration of claims for those in receipt of UC. Prior to this change, an additional amount of earnings could be disregarded if a customer worked sufficient hours. This additional disregard doesn't exist in UC.

Social impacts and duties

The proposal indicates the following social impacts.

	<i>Please score</i>
	+3 ← 0 → -3

Age Children (Under 16) – 16%	0
Young (16-24) – 9.6%	-1
Working age (25-59) – 43%	-3
Older (60+) - 31%	-1
Men – 48%	-1
Women – 52%	-3
Transgender – c1%	0
BAME (Black, Asian, minority ethnic) – 4%	-1
LGB (lesbian, gay, bisexual) – c. 5%	0
Marriage and Civil Partnership - 52%	0
Religion and belief (or none) - 72%	0
Disabilities – 21%	-1
Pregnancy and Maternity b n/a	-1
Rural – 27%	0
Economic Deprivation – 21.8%	-2

* **Bold** = 'Protected characteristics'

Protected characteristics impact

CTR exists to support people on low incomes and as such any change to the working age scheme will impact on households on low incomes which will include:

- Those in a lower socio-economic position

And may include:

- Families with children
- Lone parents
- Carers
- Full-time and part-time workers/self-employed
- Single people and childless couples

However, our most vulnerable claimants and those on the lowest incomes will typically be on a passported benefit e.g. Job Seekers Allowance, Income Support, Employment and Support Allowance etc. and will therefore be unaffected by changes to the scheme. Claimants on passported benefits and lowest incomes continue to receive 100% support under Teignbridge's CTR scheme.

- **Young People**
may be affected indirectly by reduced CTR for families.

Working Age People

Changes to the scheme only impact on working age population. Pensioners are protected from changes made to local schemes as their entitlement is assessed under the prescribed national CTR scheme.

- **Older People**

The Teignbridge scheme does not affect people of pension credit age unless they are the partner of a working age claimant. Pensioners are protected from changes made to local schemes as their entitlement is assessed under the prescribed national CTR scheme.

- **Men**

The scheme does not differentiate on gender.

- **Women**

The scheme does not intend to differentiate on gender, however it has been identified that a significant proportion of single parents are women. There is also a disproportionate amount of women claiming CTR to that of the population at large.

- **Transgender**

The scheme does not differentiate on gender.

- **BAME**

The scheme does not differentiate on race but it is possible that the limit on the amount of time spent away from Great Britain could disproportionately affect ethnic minority groups.

- **LGB**

The scheme does not differentiate on sexuality

- **Married/Civil partnership**

The scheme does not differentiate on those households who are married or in a civil partnership.

- **Religion**

The scheme does not differentiate on religious grounds.

- **Disabilities**

The scheme continues to provide, the following additional protections for this group:

- A disregard of Disability Living Allowance (DLA), Personal Independence Payments (PIP) and Attendance Allowance (AA) from the CTR calculation
- Disability premiums for disabled children and claimants and partners which increase entitlement to CTR
- No non-dependant deductions are made for claimants and partners in receipt of DLA care, daily living component of PIP or AA
- A carers premium for claimants and partners who receive Carers Allowance

Households with a disabled occupant may be affected by changes to the scheme but this is less likely given the fact that the applicable amounts are higher and many will continue to receive 100% protection.

- **Pregnancy/Maternity**

Households where a third or subsequent child is born later than 1st April 2017 will not receive any additional CTR as a result of increasing the size of their family. Households on passported benefits, generally considered to be those most in need, will however continue to receive 100% support.

- **Rural**

The scheme will not impact on members of the rural community in any particular aspect

- **Economic Deprivation**

The fact that applicants receiving CTR meet the means testing criteria puts them within the lowest earning brackets in Teignbridge. This means that any change to the scheme has the potential to impact. However, those on the very lowest incomes, and on passported claims, will

continue to receive 100% reduction. The Council introduced an Exceptional Hardship Policy in 2017-18 to directly assist anyone in 'exceptional need' who did not qualify for 100% reduction.

Any adverse impacts are justified by positive impacts of the scheme which create stronger incentives for people who are able to work do so and supports the positive work incentives that are inherent within the Government's Universal Credit scheme

Protections in the existing council tax reduction scheme

The Council Tax Reduction Scheme exists as a local scheme to provide assistance to low income taxpayers. It is a robust and complex system and, as it is currently based on the now obsolete Council Tax Benefit Scheme, it has protections for vulnerable groups built in.

The structure of the means test ensures that vulnerable groups are recognised and protected. This works in the following ways:

- Personal allowances are higher for families with children
- Additional premiums for disabled household members and carers
- Income disregards for certain disability benefits, child benefit and child maintenance
- Earned income disregards; higher rates apply for full time work, disabled workers, certain part-time emergency workers and single parent workers
- Childcare costs disregard for workers with children
- Local disregard of War Pension income

The local scheme maintains the protections and work incentives that have been refined over many years.

Exceptional Hardship Policy - extra protection for claimants

Our scheme, which continues to pay up to 100% reduction for those on the lowest incomes, remains the most generous in Devon. Changes to the scheme introduced in 2017-18 do not impact on anyone receiving a passported benefit. These claimants will continue to receive support at 100% of council tax liability.

Any claimant not in receipt of 100% support, meaning they are required to pay part, or all, of their council tax liability may ask for assistance under the Council's Exceptional Hardship Policy. This Policy was introduced last year to provide a safety net for anyone experiencing significant financial hardship and may be used to remit part or all of an individual's council tax liability.

The Policy provides for consideration of the merits of each individual application and ensures those in greatest need receive the most support. This is considered preferable to introducing a 'blanket-policy' approach to discounting council tax which does not take individual circumstances into account and cannot therefore be adequately targeted at those experiencing exceptional need.

Following introduction of the changes in 2017-18 we have actively encouraged claims for Exceptional Hardship and have received 78 claims in total. Each of these claims was considered on its merits with a full appraisal of the claimant circumstances resulting in 26 claimants being awarded a reduction in the amount of council tax they had to pay.

By the end of Q1 we had awarded £10,156 in Exceptional Hardship and £2,295 by the end of Q2 – a total of £12,451. This cost is shared across all major preceptors and represents a cost to Teignbridge of just over £1,000.

Council Tax debt recovery

We take a sensitive but pro-active approach to council tax debt recovery and try to quickly identify any taxpayer experiencing difficulty paying their council tax in order to provide timely support. We recognise that some taxpayers are reluctant to engage or seek help when they fall into debt and because of this we supplement the issue of statutory notices with text messages and outbound telephone calls to encourage taxpayers to seek help and find solutions. This may be via the exceptional hardship scheme and/or, money management and budgeting advice as appropriate.

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 by
It does not contribute positively or negatively to this objective
- 2) The advancement of equality of opportunity by
It does not contribute positively or negatively to this objective
- 3) The fostering of good relations between people by
It does not contribute positively or negatively to this objective

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 your justification here.)
- Cease the proposal. It shows actual or potential unlawful discrimination.

Recommended Actions

The CTR Scheme must be formally adopted each year and any proposed changes subject to major preceptor and public consultation. In conjunction with the Devon Benefit Officers Group we will continue to review the scheme each year and consider the impacts of any future proposed changes.

Sign Off			
Service Manager	Signed Tracey Hooper		
	<hr/> <u>Signed Tracey Hooper</u> <hr/>		
	Date: 04.01.18		
BID	Signed Kay O'Flaherty		
	<hr/> <u>Signed</u> <hr/>		
	04.01.18	Date	
Date the BIA should be reviewed/renewed		Date: Annually	
		<hr/>	

