

APPENDIX 2 - Equality Impact Analysis (EIA) of Local Council Tax Support Scheme 2016/17

(A) Overview and Summary

Since 2013, the council has been obliged to set a local scheme to award council tax support (CTS) for residents on a low income. From then, the council has adopted a scheme that reflects the benefit regulations and nobody in the authority has been worse off. As this meant that there was no change for claimants, there was no requirement to complete an equalities impact assessment.

Universal Credit (UC) was introduced in October 2013 for a very specific cohort of out of work claimants. The take up since then has been slow with only about 800 claimants within the borough and only 138 in receipt of council tax support. For out of work claims, the CTS assessment is simple. Maximum support is awarded the same as a passported legacy benefit (such as Jobseekers Allowance).

Although there are no plans to currently accept claims from in work claimants, the Department of Works and Pensions (DWP) have always had a “lobster pot” policy where once on UC, always on UC. This means that a CTS recipient could be working and in receipt of UC due to them finding a job and moving their UC entitlement from an out of work to an in work claim.

The number of people that this affects is very low – less than 20 out of a CTS caseload of 16.5k. However, as the government is planning for these numbers to grow during 2016, the council has to specify how it will process these claims. It is not possible to rely on the previous benefit regulations as Universal Credit did not exist when they were rescinded.

It is for this element of our CTS scheme, i.e how we are assessing in work UC cases that this EIA is required.

It has always been the intention of the authority that we, as much as possible replicate the benefit regulations. With Universal Credit, the calculations are slightly different to the legacy benefits, with different applicable amounts and earned income disregards. This leaves the authority with a choice of which rates to use, the legacy benefit rates or those used in UC.

The council has decided that for in-work UC claimants, the CTS will be assessed using the UC applicable amounts rather than the applicable amounts taken from the housing benefit regulations (as we normally do). This will mean that these claimants will receive more CTS as the UC rates are higher.

A public authority must, in the exercise of its functions, comply with the requirements of the Equality Act 2010 and in particular section 149 (the Public Sector Equality Duty). This EIA is intended to assist the Council in fulfilling its public sector equality duty (“PSED”). It assesses, so far as is possible on the information currently available, the equality impact of our decision to assess in work UC claims based on the UC rates rather than the rates used for non UC cases.

(B) Methodology

As stated, this change will affect a very small cohort of CTS recipients and the change that they will experience is going to be minor. Although the applicable amounts are higher, allowing for a more generous CTS award, the actual UC award is also higher for those in work – which then reduces the award. The net effect is a slight difference in CTS.

The analysis will refer to the budget setting EIA which looks at the whole CTS caseload. This is because it is the government's intention to increase the UC caseload nationally and it has stated that 2016 will see an increase in UC take up.

(C) Analysis of the impact of the assessment of UC claims for CTS

Local Council Tax Support (LCTS) came into effect on 01 April 2013, and replaced Council Tax Benefit which was abolished as part of the Government's Welfare Reforms (which include the introduction of Universal Credit). H&F decided for the following years to absorb the cost of the changes, which means that people receive the same or very similar help to pay their council tax as they did under council tax benefit.

At present, there are approximately 138 CTS claims who are in receipt of UC. The majority of these are out of work and so are not currently affected by our proposals.

The cohort selected by the DWP as part of the take up of UC largely focuses on single claimants. The Hammersmith jobcentre (that takes claims for the whole borough) does accept claims from couples and families but because of the way that UC claims are selected, many couples and families become excluded from receiving UC and have to claim legacy benefits.

This means that the breakdown of UC claimants in receipt of CTS largely focuses on single claimants and this group are represented much more dominantly than compared to the caseload as a whole. Of the 138 customers, 61 are female or 44%, 73 or 53% or male and only 3% are couples. This is compared to the CTS working age caseload as a whole where 5,943 or 55% are female, 3,218 or 30% are male and 1,636 or 15% are couples.

As the cohort selected by the DWP for UC entitlement are Jobseekers there are no UC recipients who are receiving the limited capability of work element (for those incapable of work due to illness / disability).

Just as in the budget setting EIA, it is not possible to extract comprehensive ethnicity data from the caseload.

From the limited information that we hold, there is little impact on CTS recipients as a whole. However, we can see that there is a positive impact on those affected as the authority's scheme is more generous than if we used the legacy benefits applicable amounts. (see annex 1 for an example).

The authority does not select the claimants who receive UC as this is done by the DWP so the council is not responsible for any impacts relating specifically to an individual being migrated onto Universal Credit. Based on available information the cohort will remain relatively small for the foreseeable future. The DWP have not published any specific expansion plans as they are still developing the technology that will allow more people to claim UC.

Conclusion

For the small number of claimants affected by this, the change has a positive impact because it awards more council tax support than if we used legacy benefit rates. For any other claimant, the overall affect is neutral as they are not directly affected by the change.

Also, all protected groups are not disproportionately represented in this change. This is because the DWP who select the claimants to be considered for UC, have a strict criteria that largely excludes those with children and disabilities.

However, those who ultimately will receive UC are not selected disproportionately from any group over and above the fact that protected groups are over-represented in the economically disadvantaged section of the community and therefore within the benefit caseload.

In terms of replicating the previous regulations and ensuring that no one is worse off, there is nothing further that the authority can do. We have chosen the option that benefits those affected rather than puts them at a disadvantage so there is no further mitigating actions that the authority can take.

Because UC is a new benefit and an emerging part of the government's welfare reform agenda, the affects to the CTS caseload will need to be monitored and subject to review. Although the government do intend to increase the take up throughout 2016, whether or not and when this is likely to occur remains to be seen. This is because it relies on improvements in IT that have not yet been fully developed.

Based on current information, we feel that this is the fairest way forward but we will monitor any impacts as more people are affected to ensure that no particular group is impacted adversely. It will also be important to monitor how this affects the value of CTS awards to ensure that this more generous scheme is not too expensive for the council to implement.

The scheme will run for a year so there will be an opportunity to review for 2017/18. If change is required, then further work will be needed on assessing its impact on the protected groups.

Annex 1

Example of UC / Legacy calculations

In this example, we have compared the circumstances of a customer on a low income (earning a net amount of £115.38 per week). The claimant has a rent of £200 per week to pay. In the first example, the claimant can receive £427.95 per week UC but will be expected to pay £200 of this towards their rent, leaving a net amount of £227.95.

In doing the calculation for council tax support, in the way that we are proposing, we ignore the income from UC which in effect makes the UC award the applicable amount. We then use any other income as excess income in the same way that CTS is calculated normally. This leaves a CTS award of £6.25 per week.

In the second example, we have treated the UC amount as income (though we have disregarded the rent cost income) and we have used the applicable amounts we currently use for non-UC cases. Here, the CTS is the lower amount of £5.55 per week.

The legacy tax credit award would have been lower than the UC award. Based on the current example, we estimate a claimant would receive about £120 per week in tax credits rather than the £227.95 per week received in UC (net of rent costs). This means that those in receipt of working / child tax credits do receive higher CTS awards but this is because the amount of tax credit received is lower. The claimants net income is higher under UC.

UC Calculation

Description	Gross Income	Disregards	Eligible Amount
Net Earnings	£115.38	£27.10	£88.28
Child Benefit (disregarded)	£34.40	£34.40	£0.00
Universal Credit (UC)	£427.95	£0.00	£427.95
Total Income (earnings plus UC)	516.23		

Income used in calculation	£516.23
Less the UC applicable amount	£427.95
Excess Income	£88.28

Eligible Council Tax	£23.91
Less 20% of Excess Income	£17.66
Weekly Council Tax Support Award	£6.25

Legacy Benefit Calculation

Description	Gross Income	Disregards	Eligible Amount
Net Earnings	£115.38	£27.10	£88.28
Child Benefit (disregarded)	£34.40	£34.40	£0.00
Universal Credit (UC)	£427.95 (including £200 per week housing costs)	£200.00	£227.95
Total Income (earnings plus UC)	£316.23		

Income used in calculation	£316.23
Less the applicable amount	£224.25
Excess Income	£91.98

Eligible Council Tax	£23.91
Less 20% of Excess Income	£18.36
Weekly Council Tax Support Award	£5.55

Glossary

Net Earnings	In the calculation of the CTS award, we always use income after tax, national insurance and half of any pension is taken off
Disregards	Within CTS, we disregard a certain amount of earned income. How much we disregard depends on on the family make up of the claimant and the number of hours worked
Eligible Amount	This is the net income after all disregards are taken off. It is this income that the final award calculation is based on
Applicable Amount	This is the figure at which the claimant stops to receive maximum CTS. So, if the income is below the applicable amount, they receive maximum CTS. Once the income goes above the applicable amount, the CTS is reduced by 20%.