

## **Appendix 3**

### **Equality Impact Analysis (EIA) of Local Council Tax Support Scheme 2017/18**

#### **(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**

Universal Credit (UC) was introduced in October 2013 for a very specific cohort of out of work claimants. Initially, the take up was slow but from June 2016, The DWP have been in the process of introducing the full digital service to the borough. This means by January 2017, everyone of working age within the borough should claim UC.

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).

The authority decided for the 2016/17 scheme how to assess in work claims for UC as it was not possible to rely on legacy benefit regulations as UC was not introduced when these were rescinded.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 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.

#### **Temporary absence**

The government have reduced the length of time from 13 weeks to 4 weeks that a claimant can be out of the country. This is a nationally introduced change that we are

reflecting in our scheme. Central government have completed an EIA for this change nationally.

LBHF has provided mitigation to this by adopting exemptions included in the DWP regulations and adding a further exemption that includes extending the allowable period of absence for those attending to sick relatives. The authority has also kept a discretionary element to adopting this change by retaining the ability to award CTS to someone overseas in cases of exceptional hardship

## **(B) Methodology**

There is little difference in the way that we have decided to calculate UC claims as the UC applicable amount are similar to those used in legacy benefits. However, they are slightly more generous to the claimant which means their UC award is higher. However, this then affects the CTS claim by lowering entitlement meaning there is only a slight net 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.

### **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 430 CTS claims who are in receipt of UC. The vast majority of these are out of work and so are not currently affected by our proposals.

The original cohort selected by the DWP as part of the take up of UC largely focused on single claimants. However, as explained above, the W6 and W14 have accepted all new claims for UC from the summer and by January 2017 this will refer to the whole borough (meaning there will be no new claims for housing benefits for working age claimants).

Because of the historical focus on single claimants, the UC caseload on CTS is still heavily biased towards single people. There are only 11 (2.5%) claims made by couples.

Of the remaining 419 claims 234 (56%) are from women and 185 (44%) are from men.

This is compared to the CTS working age caseload where 4,113 or 57% are female, 2,007 or 28% are male and 1,123 or 15% are couples.

Under full service, the cohort will include those with the limited capability of work element. However, we are unable to extract the number of UC cases that this refers to from our benefits system though we do know that disabled claimants make up 20% of our working age caseload.

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

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

The authority does not select the claimants who receive UC as this is done by the DWP.

### **Analysis of the impact of the change to temporary absence rules**

This change risks having an affect BME claimants who are more likely to leave the UK to visit family. This is a national regulation and we are adopting this change to reflect the current benefit regulations. The government's EIA can be found here:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/496711/equality-assessment-ssac-hb-temp-absence-feb-2016.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/496711/equality-assessment-ssac-hb-temp-absence-feb-2016.pdf)

The authority has proposed a series of exemptions to mitigate this adverse impact, and it will also have discretionary powers to maintain council tax support to prevent exceptional hardship even where the extended time limits in these exemptions are exceeded.

We do not collect information on who is likely to travel overseas. Again, we will need to monitor the effects of this change in the coming year.

### **(C) Conclusion**

For the claimants affected by our assessment of UC, the change has a positive impact because it awards them more council tax support than if we used legacy benefit rates. For any other claimant, the overall affect is neutral as they are not affected by the change in anyway.

Also, all protected groups are not disproportionately represented in this change. Those who receive UC are not selected disproportionately from any group.

We have chosen the option that benefits those affected rather than puts them at a disadvantage so there are 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.

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 group is impacted adversely. It will also be important though to also 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.

For the change to the temporary absence rule, this will have a negative impact on claimants from a BME background who are more likely to be affected but it has been introduced to reflect current benefit legislation. However, the authority has adopted a set of exemptions beyond those allowed by DWP to mitigate this as well as retaining a further discretionary element to prevent exceptional hardship.

The scheme will run for a year so there will be an opportunity to review for 2018/19. If change is required, then further work will be needed on assessing its impact on the protected groups.

## Appendix A

### 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
<b>Weekly Council Tax Support Award</b>	<b>£6.25</b>

## 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
<b>Weekly Council Tax Support Award</b>	<b>£5.55</b>

## 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 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%.