

**London Borough of Hackney
Equality Impact Assessment Form**

Title of this Equality Impact Assessment:

The Hackney Council Tax Reduction Scheme 2018

Purpose of this Equality Impact Assessment:

To identify and report the potential equality impact of the Council Tax Reduction Scheme as revised from April 2018.

Officer Responsible: *(to be completed by the report author)*

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Directorate: Customer Services	Department/Division: Benefits and Housing Needs

Director: Kay Brown

Date:

Comment :

STEP 1: DEFINING THE ISSUE

1. Why are we amending the Council Tax Reduction Scheme?

- 1.1. The initial Council Tax Reduction Scheme (CTRS) was adopted in April 2013 following the passage of The Local Government Finance Act 2012, which required local authorities in England to design and implement their own localised Council Tax Support Schemes. Provision was made to protect Pension Age residents from changes to their entitlement. Council Tax Reduction for this group continues to be assessed in accordance with national regulations which broadly mirror housing Benefit rules and prescribe no minimum payment.
- 1.2. Since this date, the scheme has remained unchanged except for technical amendments required by changes in law, and those to ensure pensioners remain supported to the same level as they were when the scheme was introduced.
- 1.3. Since 2013, the effective level of funding the Council has received to support claimants has reduced significantly. CTRS is not funded on actual expenditure, instead the Council receives a fixed grant as part of the Revenue Support Grant (RSG). Since 2013, the RSG has been cut from £145.8m to £54.9m. Over the same period expenditure on the CTRS has also been dropping, but not at the same speed; whereas in 2013/14 the CTRS costs represented 19.8% of the RSG funding, in 2017/18 the costs represent 46.4% of the RSG received.
- 1.4. On this basis, the scheme has become too costly to administer in its current form. The costs of the scheme are predicted to rise by half a million pounds in 2018/19, with further increases in costs expected in 2019/20. This cost increase comes at a time when the Council faces significant financial and budgetary pressures due to reduced funding from central government.
- 1.5. As well as the increased comparative cost of the scheme, the scheme, by consequence of its initial design, has become increasingly unfair to some households; The CTRS is a means tested benefit and financial support is calculated by comparing the needs of the household with the actual income received. Where there is a shortfall between the income and the financial needs is identified an award is made towards household Council Tax charge.
- 1.6. To establish the needs of a household a number of factors related to living costs are identified to establish how much money the household reasonably requires to live on and whether they have the means to pay their Council Tax liability. Within the CTRS scheme the cost of living parameters were copied from those used by the DWP when calculating a Housing Benefit (HB) award.
- 1.7. However, within the HB scheme these applicable amounts are updated each year in line with inflation to ensure that the real value of the award does not decrease. This annual adjustment has not been made to the CTRS scheme and those households who have an increase in their accountable income will have seen the value of their CTRS award decrease both in real and relative terms in comparison to a household with no non-benefit income. This is clearly a disincentive to work and counters the wider council understanding that the most effective route out of poverty is into employment where possible.
- 1.8. Finally, the scheme needs to be adjusted in light of the impending rollout in Hackney of the Universal Credit full service in October 2018. Under the current arrangements, CTRS applicants who are in receipt of Universal Credit are automatically entitled to maximum support (85% of their liability). This is currently affordable given the small number of UC recipients in Hackney (Universal Credit for those living in the borough is restricted to single jobseekers).

1.9. However, in October 2018, **all** working age households applying for benefits will be directed to claim Universal Credit, including those in work. Therefore it will be necessary to take the actual value of the award into account in the calculation of any CTRS, to ensure fairness with those households yet to move across but who receive the same level of income.

2. What changes are being proposed?

2.1. Since its introduction, Officers have regularly undertaken internal reviews of the scheme using Capita's Council Tax Modelling tool. However, while the system can model a range of options, there are limitations of the software means that a significant level of officer input is required to extract and analyse the data.

2.2. Policy in Practice were engaged to provide detailed modelling of the options for revising the Council Tax Reduction Scheme.

2.3. The modelling was shaped by the understanding that the cuts in spend required across the Council over the next three years meant that members were unlikely to consider any options that increased expenditure on the scheme. Based upon this premise, Policy in Practice identified some headline issues;

- It will cost more in expenditure to do nothing and continue the scheme in its current format than it would to update the parameters;
- Policy in Practice estimate that around 14%* of the current CTRS caseload will move onto Universal Credit over the course of the year. As Universal Credit is (in most instances) slightly more generous than other **in-work** benefits, those working households who currently have a marginal CTRS award will "float off" of entitlement; (* Since the modelling was completed the DWP have announced a delay to the start date of UC Full Service in Hackney Universal Credit take up is therefore likely to be less than 14% in 2018/19);
- While updating the scheme does have a disproportionate impact on vulnerable households, the bigger impact is on households with non-dependents, who are being asked to contribute slightly more to the overall household cost. However, in both instances this represents a rebalancing of the scheme;
- Protecting disabled households by removing the minimum payment for this group adds a very significant cost to the scheme. The modelled CTR Schemes all retain existing protections for Disabled Households with the retention of disability premiums and income disregards. Council Tax has disability related discounts and exemptions including disregard for carers, disregards for the severely mentally impaired and the Disabled Band Reduction.

2.4. Having considered the alternative options the Council proposes that the following changes to the scheme be made:

- Uprate all Applicable Amounts and Non Dependant Deductions to bring them into line with the 2018 Council Tax Reduction Default Scheme.
- Introduce a means test to CTRS claimants in receipt of Universal Credit so they will receive the same entitlement as other non UC claimants with the same income.
- A Increase the minimum contribution which all working age CTRS claimants have to pay from 15% to **17%** of their Council Tax liability, regardless of income and circumstance.

2.5. This model generates a minimal level of savings in expenditure (£100k) over the existing scheme to partially offset the reduction in funding. The cash value of the minimum contribution required is still below that charged by the majority of London boroughs.

3. Who are the main people that will be affected?

- 3.1. There are currently around 32,000 households in Hackney receiving some level of support through the current CTRS.
- 3.2. Equalities data on CTRS recipients is extremely limited; we are able to derive the age, and, to a certain extent, disability of those getting assistance from the application process, but no record is made of marital/civil partnership status, sexual orientation, religion, gender reassignment or pregnancy. Some data is available on household gender but this is fragmented. There is an option for applicants to record their ethnicity, but so few complete the field, the data recorded is considered unreliable.

protected characteristics	Equalities data taken from the CTRS caseload			
Age	No. of Working Age Households 22,542	No. of Pensioner households 10,020	% of Working Age Households 69.2%	% of Pensioner households 30.8%
Disability (Working Age Households only)	No. of disabled households 9,031	No. of non-disabled households 13,511	% of disabled households 40.1%	% of non-disabled households 59.9%

- 3.3. For these other groups, a more reliable indicator will be found within the Council's own shared evidence base.

3.4. *Ethnicity*

Hackney Ethnicity (2011 Census)	
White: English/Welsh/Scottish/Northern Irish/British	36.2%
White: Irish	2.1%
White: Gypsy or Irish Traveller	0.2%
White: Other White	16.2%
Mixed/multiple ethnic group: White and Black Caribbean	2.0%
Mixed/multiple ethnic group: White and Black African	1.2%
Mixed/multiple ethnic group: White and Asian	1.2%
Mixed/multiple ethnic group: Other Mixed	2.0%
Asian/Asian British: Indian	3.1%
Asian/Asian British: Pakistani	0.8%
Asian/Asian British: Bangladeshi	2.5%

Asian/Asian British: Chinese	1.4%
Asian/Asian British: Other Asian	2.7%
Black/African/Caribbean/Black British: African	11.4%
Black/African/Caribbean/Black British: Caribbean	7.8%
Black/African/Caribbean/Black British: Other Black	3.9%
Other ethnic group: Arab	0.7%
Other ethnic group: Any other ethnic group	4.6%

3.5. Religion

Religion and belief	Hackney	London	England
Christian	38.6%	48.4%	59.4%
Buddhist	1.2%	1.0%	0.5%
Hindu	0.6%	5.0%	1.5%
Jewish	6.3%	1.8%	0.5%
Muslim	14.1%	12.4%	5%
Sikh	0.8%	1.5%	0.8%
Other religion	0.5%	0.6%	0.4%
No religion	28.2%	20.7%	24.7%
Religion not stated	9.6%	8.5%	7.2%

3.6. Sexual Orientation

3.7. We do not have official Hackney level data for sexual orientation, but the Integrated Household Survey carried out by the Office for National Statistics for the year to October 2015 provided the following results for London and England.

	England	London
Heterosexual / Straight	93.5%	90.4%
Gay / Lesbian	1.2%	1.9%
Bisexual	0.6%	0.7%
Other	0.4%	0.4%
Don't know / Refused to say	4.4%	6.6%

3.8. The July 2016 GP patient survey indicated that, in Hackney there were comparatively high numbers of people who identify as gay or lesbian (5%), bisexual (1%), other (2%), a further 10% preferred not to say. These figures may under-represent the size of this population, given the problems involved in disclosure of sexual orientation.

3.9. **Gender re-assignment** Data on gender re-assignment is not available at a borough level, but a Home Office funded study for the Gender Identity Research and Education Society GIRES, estimated there were 300,000-500,000 transgender people in the UK. The study quotes from a 2007 report which estimates that 20 people per 100,000 of the UK population had sought medical care for gender variance – around 10,000 people, of which 8,000, had undergone transition. This equates to around 60 people in Hackney.

3.10. **Non Binary**

3.11. Non-binary, 'gendequeer', 'transsexual' and 'androgynous' are terms used to describe those who choose not to identify with a particular gender. The Practical Androgyny website estimates that around 0.4% of the UK population, 1 in 250 people in the UK is non-binary.

STEP 2: ANALYSING THE ISSUES

4. Equality Impacts

- 4.1. **What positive impact could there be overall, on different equality groups, and on cohesion and good relations?**
- 4.2. One of the central drivers for amending the current Council tax Reduction Scheme has been to redress imbalance in the scheme that has seen it become less beneficial for working households in comparison to non-working households.
- 4.3. The CTRS is at its heart a means tested benefit: any award of financial support is calculated by comparing the needs of the household with the actual income received. Where there is a shortfall between the income and the established needs additional support is provided; a contribution is made in respect of the household Council Tax charge.
- 4.4. To establish the needs of a household a number of factors related to living costs are identified to establish how much money the household reasonably requires to live on and whether they have the means to pay their Council Tax liability.
- 4.5. Within the CTRS scheme, these parameters normally referred to as applicable amounts, were copied from those used by the DWP when calculating a Housing Benefit (HB) award.
- 4.6. However, within the HB scheme these applicable amounts are updated each year in line with inflation (although they have been frozen since April 2016) to ensure that the real value of the award does not decrease. This annual adjustment has not been made to the CTRS scheme and those households who have an increase in their accountable income will have seen the value of their CTRS award decrease both in real and relative terms in comparison to a household with no non-benefit income. This is clearly a disincentive to work and counters the wider council understanding that the most effective route out of poverty is into employment where possible.
- 4.7. Arrangements are now in place to ensure that the applicable amounts and related parameters used in the CTRS calculation track those in the wider Housing Benefit Scheme. We will however continue to monitor how the CTRS operates to ensure that no sectors of the community are marginalised or adversely affected.
- 4.8. In a similar fashion, means testing Universal Credit recipients (as opposed to passporting them to full entitlement) ensures they do not gain an additional advantage within the scheme.

4.9. What negative impact could there be overall, on different equality groups, and on cohesion and good relations?

- 4.10. **Age** – The changes to the current CTRS scheme only apply to working age households. Pensioner households are protected by legislation and are assessed under the Council Tax Reduction default scheme.
- 4.11. The reduction in maximum support to 83% of the Council Tax Charge will adversely impact on this section of the population. However, the impact is shared across all working age households and based on the findings from other London authorities who have implemented the same or higher reductions, we do not anticipate the impact to be significant. Within the scope of the scheme there is a Council Tax Discretionary policy to enable us to consider cases of hardship which will help mitigate any negative impacts.
- 4.12. Single individuals under 25 who are not working are negatively impacted by this change. As they receive a reduced level of state benefit i.e. they receive JSA of £57.90, lower applicable amounts etc. So increasing the minimum contribution means that individuals under 25 will have to pay a higher percentage of their income than other claimants and are therefore disproportionately impacted by the change. Single Under 25's are less likely to be solely liable for Council Tax and form a minority of CTRS recipients. A local council tax exemption for care leavers under 25 has been introduced from October 2016. This exemption recognises the Council's responsibilities as a corporate parent and mitigates for CTRS changes and wider welfare reform.
- 4.13. **Sex**- Whilst female applicants form a large proportion of the CTRS caseload changes to the scheme apply to applicants irrespective of sex. Wider council objectives and initiatives to maximise employment and financial betterment, and elements of national Government Policy such as increased childcare provision mitigate the potential detrimental impact of the proposed CTRS changes.
- 4.14. **Gender identity** – As no data is collected on gender identity for CTRS purposes the council is unable to model how this group might be affected. Proposed changes apply to all applicants irrespective of gender identity.
- 4.15. **Marriage/Civil partnerships** – No data regarding applicant's marriage/civil partnership data is recorded as it is not relevant to the CTRS assessment. The council believes that the proposed changes will not have an adverse impact based on a person's marital status or involvement in a civil partnership as this is not considered or part of any assessment process.
- 4.16. **Sexual Orientation** – No data regarding applicant's sexual orientation data is recorded as it is not relevant to the CTRS assessment. The council is unable to model how this group might be affected. There is no evidence to indicate that this group is disproportionately represented in the CTRS Caseload. The council believes that the proposed changes will not have an adverse impact based on a person's sexual orientation as this is not considered or part of any assessment process.
- 4.17. **Race/Ethnicity** – Whilst no data exists for ethnicity distribution within the CTRS caseload ONS data indicates that BME Hackney residents are more likely to be economically inactive than white british residents. However it is considered that there can be no direct correlation of this data to the CTRS caseload as there is no further breakdown of household composition to enable a reliable comparison to be made. The council believes that the proposed changes will not have an adverse impact based on a person's race or ethnicity as this is not considered or

part of any assessment process. However other council policies seek to address inequality of financial/economic opportunity for BME residents.

- 4.18. **Religion** – There is no available data within council systems or through the census to indicate particular religions are disproportionately represented in the CTRS caseload. The council believes that the proposed changes will not have an adverse impact based on a person's religion as this is not considered or part of any assessment process.
- 4.19. **Disability and carers** – The proposed changes will place an additional strain on disabled households who have more limited opportunities to increase their income. We recognise that disabled households are disproportionally reflected within the CTRS caseload. However, the scheme does include both disability premiums that increase the award as well as disregarding certain disability benefits, as recognition of the additional costs associated with disability.

STEP 3: REACHING YOUR DECISION

5. Describe the recommended decision

- 5.1. It is recommended that Cabinet approve the proposed adjustments to the Council Tax Reduction Scheme.
- 5.2. It is important that the cost of the CTRS is considered against the backdrop of £110m funding cuts since 2010/11 and the need to make further savings to offset the £29m funding losses and the additional cost pressures we will experience over the period 2017/18 to 2019/20. Not addressing the increasing costs associated with the CTRS at this time must as a consequence result in the depletion or even withdrawal of services elsewhere in the Council.

STEP 4 DELIVERY – MAXIMISING BENEFITS AND MANAGING RISKS

6. Equality and Cohesion Action Planning

Please list specific actions which set out how you will address equality and cohesion issues identified by this assessment. For example,

- Steps/ actions you will take to enhance positive impacts identified in section 4 (a)
- Steps/ actions you will take to mitigate against the negative impacts identified in section 4 (b)
- Steps/ actions you will take to improve information and evidence about a specific client group, e.g. at a service level and/or at a Council level by informing the policy team (equality.diversity@hackney.gov.uk)

All actions should have been identified already and should be included in any action plan connected to the supporting documentation, such as the delegate powers report, saving template or business case.

No	Objective	Actions	Outcomes highlighting how these will be monitored	Timescales / Milestones	Lead Officer
1	Maximising resident income to support affected claimants	<p>Promote take up of welfare benefits and Additional support such as the Healthy Start programme vouchers and supplements.</p> <p>Money Advisor employed at Hackney Service Centre to work with clients impacted by Welfare Reform</p>	<p>Work is ongoing in this area</p> <p>Ongoing reports of client outcomes</p>	<p>Ongoing</p> <p>Annual report</p>	<p>Benefits and Housing needs</p> <p>Benefits and Housing needs</p>
2	Promote the move into employment	<p>Encourage the take-up of free childcare.</p> <p>Refer households to the Ways into work team for practical assistance</p> <p>Access to employment and opportunities delivery group</p>	<p>Working in partnership with the Ways into Work Team</p> <p>Economic and Community Development Board</p>	<p>Ongoing</p>	<p>Benefits and Housing needs</p> <p>Council wide initiative</p>

3	Provide additional assistance for those unable to pay	<p>Currently £100k set aside to provide additional assistance to the most vulnerable households and those facing additional hardship</p> <p>Review the existing recovery arrangements for Council Tax to minimise the costs associated with court and bailiff action.</p>	<p>Expenditure to be monitored</p> <p>Formal review of process</p>	<p>Ongoing</p> <p>Ongoing</p>	<p>Benefits and Housing needs</p> <p>Revenues</p>
4	Assist with other welfare reforms	<p>Giving claimants advice and discussing their housing options</p> <p>Assist in trying to negotiate with landlords to reduce their rent</p> <p>Help tenants to find alternative, more affordable accommodation</p> <p>Help tenants to apply for Discretionary Housing Payment to cover deposit and removal costs on a new property</p>	<p>Regular updates provided to Benefits and Housing needs management team.</p> <p>Outcome of work monitored</p> <p>Activity related to implementation of the Homelessness Reduction Act will contribute to this. Monitored through HRA reporting to DCLG</p>	Ongoing	Benefits and Housing needs

Economic Activity by Race/Ethnicity

Ethnic Group	All categories: Ethnic group	White: Total	English/Welsh/Scottish/Northern Irish/British	Irish	Gypsy or Irish Traveller	Other White	Mixed/multiple ethnic group: Total	White and Black Caribbean	White and Black African	White and Asian	Other Mixed	Asian/Asian British: Total	Indian	Pakistani	Bangladeshi	Chinese	Other Asian	Black/African/Caribbean/Black British: Total	African	Caribbean	Other Black	Other ethnic group: Total	Arab	Any other ethnic group
Economic Activity																								
All categories: Economic activity	195,145	113,022	74,098	4,977	324	33,623	10,577	3,133	1,835	2,187	3,422	19,733	5,733	1,466	3,981	3,042	5,511	42,356	20,316	15,484	6,556	9,457	1,300	8,157
Economically active: Total	134,399	83,275	55,416	3,252	174	24,433	7,308	2,013	1,285	1,579	2,431	11,449	3,460	827	2,040	1,826	3,296	27,300	13,765	9,162	4,373	5,067	723	4,344
% of total	69	74	75	65	54	73	69	64	70	72	71	58	60	56	51	60	60	64	68	59	67	54	56	53
Economically inactive: Total	60,746	29,747	18,682	1,725	150	9,190	3,269	1,120	550	608	991	8,284	2,273	639	1,941	1,216	2,215	15,056	6,551	6,322	2,183	4,390	577	3,813
% of total	31	26	25	35	46	27	31	36	30	28	29	42	40	44	49	40	40	36	32	41	33	46	44	47