

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

Title of this Equality Impact Assessment:

The Hackney Council Tax Reduction Scheme 2024

Purpose of this Equality Impact Assessment:

To identify and report the potential equality impact of the Council Tax Reduction Scheme as revised from April 2024

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

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Directorate: Finance and Corporate Resources	Department/Division: Benefits and Housing Needs

Director: Rob Miller

Date: 20 October 2023

Comment : The proposed amendment to the Council Tax Reduction Scheme provides an opportunity to provide additional support to low income households in Hackney. The proposal has been evaluated with specific consideration of potential impacts on protected groups to ensure changes to the scheme do not have an adverse effect.

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 towards the Council Tax due.
- 1.2. The scheme remained unchanged, except for technical amendments required by changes in law, until April 2018. At that time the minimum payment was increased from 15% to 17.5%, and other changes were made to bring CTRS in line with Universal Credit and changes to other welfare benefits and to restore the value of applicable amounts which had been frozen at 2013 levels. In recognition of the increasing financial burden on low income households this change was subsequently reversed from April 2020 and the minimum payment returned to 15%.
- 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 funding that the Council receives for CTRS is part of the Revenue Support Grant (RSG). Over the period 2010-11 to 2023-24, it is estimated that the Council has suffered a £150m real terms reduction in its Spending Power (the Government's measure of our resources) which is equivalent to 33%. The predicted cost of CTRS for 2023/24 is £29.3m.
- 1.4. When the CTRS scheme was changed in 2018 the Council made a commitment to review the impact of the changes and in particular the increase in minimum payment. The purpose of the review was to allow the Council the opportunity to evaluate the impact of the CTRS changes following the roll out of Universal Credit in the borough and in the context of ongoing austerity and welfare reform. The Council continues its commitment to review the effectiveness of the Council Tax Reduction Scheme in light of the Cost of Living Crisis and economic challenges.
- 1.5. The administration's 2022 local election manifesto committed that:
"every time we are forced to increase Council Tax, we will also give low-income households a bigger discount on their Council Tax bill, despite no support from the Government for this. We will provide low-income households with a 90% discount on their Council Tax bill by 2026 and a full 100% discount by 2030."
- 1.6. Modelling of the proposed change to reduce the minimum contribution to 10% indicates an additional cost to the Council of £1.2m for 2024/25. Whilst this is a direct cost to the Council the financial benefit to residents receiving CTR is significant and will put money into the pockets of the most disadvantaged.

2. What changes are being proposed?

- 2.1. Council officers have regularly undertaken internal reviews of the CTRS and commissioned Policy in Practice to model Council Tax changes for 2024/25.

- 2.2. The modelling made some basic assumptions:
- An estimated Council Tax increase of 4.99% in 2024/25
 - An estimated level of migration of claimants from legacy benefits to Universal Credit of 20%
 - Known changes to welfare support rates, national minimum wage, tax allowances and proposed regulatory change. Estimated 5.4% benefit uprating.
 - The modelling does not take into account economic or policy changes which might result if there was to be a change in government in future.
- 2.3. The modelling was shaped by the understanding that ongoing reductions in Local Authority finances require Members to consider carefully the wider implication of any options that increase expenditure on the scheme. However, Members' considerations would be made in the context of ongoing austerity, welfare reform and roll out of Universal Credit in Hackney.
- 2.4. Based upon this premise, Policy in Practice identified some headline issues.
- Costs for CTRS will increase by £1.7m in 2024/25 even if the scheme is not changed.
 - Change to 10% increases total scheme costs by an additional £1.25m in comparison to costs if the current scheme were to be retained into 2024/25.
 - Average Council Tax Support for working age households under the proposed scheme increases by 6.41% compared to the current scheme maintained into 2024/25
- 2.5. Having considered the alternative options the Council proposes that the following change to the scheme be made:
- A decrease in the minimum contribution which all working age CTRS claimants have to pay from 15% to **10%** of their Council Tax liability, regardless of income and circumstance.

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

- 3.1. There are currently around 27,000 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. This information is not required in the calculation of Council Tax Reduction and provision is voluntary. There is an option for applicants to record their ethnicity, but relatively few claimants complete the field so the data recorded is considered unreliable as it is not representative of the total number of applicants.
- 3.3. Therefore a more reliable indicator will be found within the Office for National Statistics (ONS) census 2021 data or the Council's own shared evidence base.

3.4. Ethnicity

Hackney Ethnicity 2021 Census	Percentage of population
Asian, Asian British or Asian Welsh: Bangladeshi	2.53
Asian, Asian British or Asian Welsh: Chinese	1.33
Asian, Asian British or Asian Welsh: Indian	3.41
Asian, Asian British or Asian Welsh: Pakistani	0.95
Asian, Asian British or Asian Welsh: Other Asian	2.15
Black, Black British, Black Welsh, Caribbean or African: African	11.38
Black, Black British, Black Welsh, Caribbean or African: Caribbean	6.91
Black, Black British, Black Welsh, Caribbean or African: Other Black	2.80
Mixed or Multiple ethnic groups: White and Asian	1.42
Mixed or Multiple ethnic groups: White and Black African	1.06
Mixed or Multiple ethnic groups: White and Black Caribbean	1.83
Mixed or Multiple ethnic groups: Other Mixed or Multiple ethnic groups	2.44
White: English, Welsh, Scottish, Northern Irish or British	33.93
White: Irish	2.15
White: Gypsy or Irish Traveller	0.10
White: Roma	0.33
White: Other White	16.63
Other ethnic group: Arab	0.90
Other ethnic group: Any other ethnic group	7.75

3.5. Religion

Hackney Religion 2021 census	
Religion	Percentage of population
<i>No religion</i>	36.32
<i>Christian</i>	30.68
<i>Buddhist</i>	0.90
<i>Hindu</i>	0.77
<i>Jewish</i>	6.72
<i>Muslim</i>	13.34
<i>Sikh</i>	0.72
<i>Other religion</i>	1.88
<i>Not answered</i>	8.66

3.6. Sexual Orientation

Sexual Orientation Census 2021	Percentage of population
Straight or Heterosexual	79.58
Gay or Lesbian	4.11
Bisexual	2.83
Pansexual	0.54
Asexual	0.05
Queer	0.24
All other sexual orientations	0.07
Not answered	12.6

3.7. The 2021 Census indicated that, in Hackney numbers of people who identify as LGBTQI+ was comparatively higher than the national average, 12% of respondents preferred not to answer this question.

3.8. Gender Identity

Data on gender identity was recorded in the Census 2021. 0.75% of the population in Hackney stated that their gender identity was different from that registered at birth. 0.21% identified as non-binary and 9.65% provided no answer.

These are higher than the national average.

Declared Gender Identity - Census 2021	Percentage of population
Gender identity the same as sex registered at birth	89.28
Gender identity different from sex registered at birth but no specific identity given	0.44
Trans woman	0.17
Trans man	0.14
Non-binary	0.21
All other gender identities	0.11
Not answered	9.65

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 address the impact of welfare reform and austerity on the poorest households in Hackney.
- 4.3. The CTRS is at its heart a means tested benefit: any award of financial support is calculated by comparing the financial 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 in the form of a discount to the household's Council Tax charge.
- 4.4. The proposed change does not alter the means test element and retains the principle that as income rises the support received from CTRS reduces proportionately. Hackney has a significant number of larger families and the scheme retains protections for households with more than 2 children that other councils have discarded. As a result for larger families and those with greatest need the starting point of the means test is higher ensuring these households retain a higher level of income before the reduction in support applies.
- (Percentage change in support over current scheme: +6.12% for single households, +6.36% for lone parent household, +6.61% for couple with children)
- 4.5. The proposed reduction in the Minimum Contribution to 10% applies to all working age households. The monetary benefit to applicants varies according to Council Tax Banding of the property occupied. Occupants of larger, higher banded properties benefiting marginally more than those in smaller, lower banded property. This will be a positive outcome for Hackney's larger families.
- (Percentage change in support over current scheme: +6.63% for bands E-H, +6.10% for Band A)
- 4.6. As female applicants form a large proportion of the CTRS caseload, the proposed changes to the scheme will benefit more women than men, particularly lone parents. This is however proportional to the distribution in the caseload.
- 4.7. As the starting point for means testing is higher there is a positive impact for working households as they will retain entitlement for longer as their income increases. This change provides increased support as applicants transition from benefits to employment.
- 4.8. As this is a positive change across the whole scheme there is no indication that equality groups are impacted differently.
- 4.9. **What negative impact could there be overall, on different equality groups, and on cohesion and good relations?**
- 4.10. As the proposed change is more advantageous there is no indication that the change would have a negative impact. The proposed change applies across equality groups.

Summary

- 4.11. We have identified three groups that will be positively impacted by the proposed scheme and zero negative impacts of the proposed scheme; an overall positive impact for low income and larger households especially those in larger properties and more support for more women than men as they form a larger proportion of

CTS applicants and are more likely to form single parent households. There are no negative impacts for specified equality groups under this proposal.

- 5. Other considerations** – Council Tax data for some equality groups is limited, unreliable or not collected, it is therefore difficult to draw detailed conclusions about the impact of the proposed change. As the proposed change is positive across the caseload as a whole it is likely that equality groups will benefit similarly.
- 5.1. **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.
 - 5.2. **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.
 - 5.3. **Marriage/Civil partnerships:** No data regarding applicant's marriage/civil partnership data is recorded as it is not relevant to the CTRS assessment. 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 a disproportionate 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.
 - 5.4. **Sexual Orientation:** No data regarding applicant's sexual orientation data is recorded as it is not relevant to the CTRS assessment. The Council is therefore unable to model how this group might be affected. The Council believes that the proposed changes will not have a disproportionate impact based on a person's sexual orientation as this is not considered or part of any assessment process.
 - 5.5. **Race/Ethnicity:** Whilst no data exists for ethnicity distribution within the CTRS caseload ONS data indicates that Black and Global Majority 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 a disproportionate impact based on a person's race or ethnicity as this is not considered or part of any assessment process. The Council has other policies which seek to address inequality of financial/economic opportunity for Black and Global Majority residents.
 - 5.6. **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 any disproportionate impact based on a person's religion as this is not considered or part of any assessment process.
 - 5.7. **Disability and carers:** Disabled households are disproportionally reflected within the CTRS caseload. However, modelling of the proposed changes indicates that recipients of DLA/PIP, ESA or Carers allowance benefit similarly to those on other out of work benefits. (Percentage change in support compared to current scheme between +5.94% and + 6.34%)

STEP 4 DELIVERY – MAXIMISING BENEFITS AND MANAGING RISKS

6. Equality and Cohesion Action Planning

The Corporate Equality and Cohesion Policy provides a framework to delivering the Council’s vision of Making Hackney a Better Place based in the priorities: Fairer, Safer & More Sustainable.

https://drive.google.com/file/d/1eQ7lvYTz6lktARRAY2VqzEPzzYZg_9hZW/view

The change to the council tax reduction scheme and the actions detailed below work to meet the fairer and more sustainable priorities by ensuring that low income households receive financial support and assistance to improve household income through employment assistance and benefit maximisation.

No	Objective	Actions	Outcomes highlighting how these will be monitored	Timescales / Milestones	Lead Service
1	Maximising resident income to support affected claimants	Promote take up of welfare benefits and Money Hub working with residents mto maximise income and CTRS take up	Ongoing reports of client outcomes	Annual report	Benefits and Housing needs
2	Promote the move into employment	Encourage the take-up of childcare vouchers. Refer households to Hackney Works team for practical assistance	Working in partnership with Hackney Works Team.	Ongoing	Hackney Works
3	Provide additional assistance for those unable to pay	Increase awareness of CTRS Discretionary Support. Coordinated delivery of discretionary	Expenditure to be monitored CTR Discretionary Awards actively considered for all DHP applications	Ongoing	Benefits and Housing needs

		support through the Money Hub			
4	Assist with other welfare reforms	Giving claimants advice and discussing their housing options Help tenants to find alternative, more affordable accommodation	Regular updates provided to Benefits and Housing needs management team.	Ongoing	Benefits and Housing needs
		Support residents through planned migration to Universal Credit. Partnership working with DWP	Changes to HB Caseload.	Ongoing	Benefits and Housing needs