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| Harrow Council Logo |
| REPORT FOR: | CABINET |
| Date of Meeting: | 9 January 2019 |
| Subject: | Changes to the Council Tax Support Scheme for 2020-21 |
| Key Decision:  | Yes  |
| Responsible Officer: | Dawn Calvert, Director of Finance, Resources Directorate |
| Portfolio Holder: | Adam Swersky Finance & Resources |
| Exempt: | No |
| Decision subject to Call-in: | Yes  |
| Wards affected: | All |
| Enclosures: | Appendix A Consultation bookletAppendix B Consultation questionnaireAppendix C Consultation feedback reportAppendix D Equality Impact AssessmentAppendix E s13A(1)(c) Policy |

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| Section 1 – Summary and Recommendations |
| The report provides members with feedback from the consultation carried out with Harrow residents and stakeholders and shows how the feedback has informed the proposal being put to Members for a decision.Cabinet is requested to make the following decision:1. Approve and recommend that full council adopts the proposed income banded scheme for Council Tax Support claimants in receipt of Universal Credit for the financial year 2020/21 and beyond subject to annual review.
2. To recommend to full council that the existing Council Tax Support Scheme be retained for all other claimants not in receipt of UC until the rollout of Universal Credit in Harrow is complete.
3. Recommend to full Council that the proposed income banded scheme should also benefit from £400k of extra investment.
4. That the Council Tax Exceptional Hardship Policy, as set out at appendix E to the report, be approved by cabinet.

**Reason: (For recommendation)**The Council has carried out a wide consultation to ensure that residents within Harrow were given the opportunity to give their views and help shape a future Council Tax Support Scheme. Feedback from the consultation has informed the recommendation to Cabinet. |

# Section 2 – Report

**Background**

2.1 Council Tax Benefit (CTB) was previously funded by Central Government via grant, with the Council being responsible for the administration of it alongside Housing Benefit (HB).

2.2 From April 2013, this system changed with the introduction of a locally determined system of council tax support (CTS). There is no longer a nationally governed CTB scheme, although certain aspects of the localised scheme are prescribed by regulation.

2.3 Pensioners (of state pensionable age) are still protected under these new arrangements. CTS for pensioners is prescribed at a national level. This means CTS must still cover up to 100% of their Council Tax bill if the individual meets certain prescribed criteria.

2.4 Full Council determined on the 21 January 2013 to introduce a CTS scheme. The scheme set out the reductions which were to apply in Harrow to specified classes of persons whom the authority considered to be in financial need. The scheme took effect for the financial year commencing 1 April 2013, with some changes phased in from 1 April 2014.

2.5 In reviewing the operation of the current scheme, Cabinet agreed in July 2019, that changes to the existing scheme should be considered due to many of our claimants now being moved to Universal Credit (UC) and the need for the scheme to remain fit for purpose as UC rolls out in Harrow in ever larger numbers.

**The current Council Tax Support scheme**

2.6 The current Council Tax Support Scheme has three groups of claimants:

1. Pensioners – who are not affected by the proposed changes under this consultation because the pensioner scheme is set by government.
2. Working Age Disabled and War Pension recipients (working age) – which consists of households where the customer, a partner or a dependent child is physically or mentally disabled and receives one of the following: Personal Independence Payments, Disability Living Allowance, Employment Support Allowance (Support group), Incapacity Benefit, Mobility Supplement, Severe Disablement Allowance; residents who are registered blind; residents for whom a disabled person’s reduction has been awarded; or anyone who is working age and receiving War Disablement Pension or War Widows Pension.

3. All other working age – this group is for residents who do not fall into either of the above categories.

2.7 Claimants will receive different amounts of Council Tax Support depending on a number of factors including which of the above groups they fall into, their income level and their household composition. Harrow’s current Council Tax Support scheme is available online at www.harrow.gov.uk/counciltaxsupport.

In 2019/20 Harrow expects to spend £13.7 million on Council Tax Support for around 11,800 households. Around 6,700 of these are of working age and could be affected by the proposals set out within this report.

 **Why Introduce an income banded scheme for UC claimants?**

2.8 Historically Housing Benefit has been administered alongside Council Tax Support so retaining a scheme that was aligned to Housing Benefit made the administration of Council Tax Support simpler and cheaper for the council and residents. As housing costs for most working age residents are now transferring into Universal Credit, there is an opportunity to change the Council Tax Support scheme, for example, to address the impact of multiple changes to Universal Credit entitlement.

Since the UC full service began to rollout in Harrow in July 2018, the council has seen a faster reduction in the Council Tax Support caseload than prior to Universal Credit rollout. This is a trend already seen nationally, and is as a result of residents not submitting a claim to the local authority for Council Tax Support when they claim Universal Credit. Changing the Council Tax Support scheme gives an opportunity to address this reduction in claims and therefore increase take up for working age households who may be entitled.

Universal Credit recipients also see frequent fluctuations to their entitlement. This in turn results in changes to the level of Council Tax Support awarded under the current scheme, making it difficult for claimants to know how much Council Tax they are required to pay and to manage their finances effectively. Furthermore a high level of change to individual Council Tax Support claims can impact on the Council’s ability to collect Council Tax as well as resulting in increased administration costs.

The consultation additionally provided an opportunity for the council to consider other ways of simplifying the scheme, mitigating risk to rising administration costs as it is no longer aligned to Housing Benefit processing, and maximise use of information provided to the council by the Department for Work and Pensions (DWP) in respect to Universal Credit entitlement.

**Options Considered**

2.9 The drivers for changing the scheme were:

* to be delivered within available funding
* not cost more to administer than the current scheme
* be simpler for claimants to understand and more transparent
* be easier to claim and maximise take up
* not impact on Council Tax collection
* offer a level of protection to the more vulnerable households in the borough
* not act as a disincentive to work
* be legally compliant
* be within the functionality of the software system from the existing supplier
* be fit for purpose for a minimum of four years

The proposed income banded scheme for claimants in receipt of UC was consulted on to see what changes could be made within the framework of these principles. Whilst the changes to the scheme were not intended to make financial savings, consideration was given to implementing an income banded scheme which would keep awards within the existing funding envelope. However, due to the feedback from the consultation and the unintended detrimental consequences for some claimants of adopting an income banded scheme, this was rejected and additional scheme funding of £400k is proposed.

Alternatives to the proposals consulted on were considered including making no changes to the existing scheme; introducing fixed period awards; and not making Universal Credit a qualifying condition, however these were rejected as they do not address the issues raised by the rollout of Universal Credit.

**Council Tax Support Scheme Consultation**

2.10 The Council consulted on an income banded scheme that will only apply to claimants in receipt of UC; all other existing claimants will remain on the current scheme. The Council additionally consulted on moving to a single non-dependent deduction for claims on the income banded scheme, on treating UC notifications from the Department for Works and Pensions (DWP) as a claim for Council Tax Support, and finally, on making UC entitlement a condition for receiving Council Tax Support for working age claimants once UC rollout in Harrow is complete.

The Council has approximately 93,122 domestic households of which 6,700 are working age Council Tax Support claimants. Claimants of pension credit age are protected and the proposed income banded scheme will not apply to them. Additionally the proposed banded scheme will also not apply to existing claimants not yet in receipt of UC, or future claimants who may not qualify for UC, until rollout of UC is completed.

2.11 Local authorities have the right and autonomy to develop a scheme that meets the needs of their local area. However councils must follow a statutory framework that includes the following:

* Local authorities must have a revised scheme agreed by 31st January and determined by 11th of March in the preceding year to the year which the changes are to apply.
* Entitlement rules for claimants of state pension credit age are decided by central government;
* Guidance confirms that councils can decide the rules for their working age schemes, but should consider the impact on the most vulnerable when designing or reviewing their scheme
* Guidance also confirms that the scheme should encourage people to work and should not act as a disincentive to working.

**Consultation Activity**

2.12 For any changes to be made to the Council Tax Support scheme, consultation is required. Harrow consulted on the changes to the scheme for UC claimants between the 29th of July to the 22nd of September 2019. In carrying out the consultation, Harrow complied with the following;

a) Consult any major precepting authority which has power to issue a precept to it;

b) Publish a draft scheme in such manner as it thinks fit; and

c) Consult such other persons as it considers are likely to have an interest in the operations of the scheme.

Consultation activity included the following;

* Liaising with the GLA and asking their views both pre consultation and at consultation stage
* a mailshot of the consultation booklet and questionnaire was sent to 2000 Council Tax Support recipients in the working age non vulnerable group, 1000 Council Tax Support recipients in the working age, vulnerable group and a random sample of 2000 other council tax payers who are not recipients of Council Tax Support,
* online consultation,
* Raised awareness with Advice agencies in the borough through the Information and Advice forum whose representatives include:
	+ Citizens Advice Harrow
	+ Harrow Law Centre
	+ HASVO
	+ Harrow Mencap
	+ Harrow Association for the Disabled
	+ Mind in Harrow
	+ Harrow Carers
	+ Age UK
* Raised awareness with Council officers from different services whose service users could be impacted, for example Council Tax, Adults, Childrens, Housing
* The Council’s staff e-newsletter was used as an engagement tool to remind staff of the consultation in progress and invite their feedback, should they wish to participate.
* Publicity via Facebook and Twitter, Council website, e newsletters, and posters distributed throughout the borough
* The Council’s online customer account, ‘My Harrow’, was used as an engagement tool to reach all registered residents with reminders issued during the consultation period
* Harrow Council also invited a wide range of organisations to help promote the consultation through the use of posters and through making booklets and questionnaires available to their users. A full listing of organisations is set out in the consultation report. This included:
	+ - Voluntary Agencies
		- Community Groups
		- Libraries
		- Children’s Centres
		- Leisure Venues
		- Harrow Arts Centre
		- Harrow Museum
		- Harrow Civic Centre

Further meetings or email communication took place with MPs and Councillors.

Harrow staff additionally supported workshops at a number of dedicated drop-in events and attended community events and Stakeholder focus groups in order to both widen the consultation awareness and to allow face-to-face discussions and explanations to take place.

In all, consultation on the Council Tax Support scheme took place at 9 events/roadshows/focus groups, including:

• Chando’s Children’s Centre

• Town Centre stall

• Access Harrow stand

• Xcite Job Fair

• Voluntary Sector Workshops

• Workshops with relevant internal departments

A full list of events is set out in the consultation report. The total attendance at these events exceeded 500 with 5,970 number of consultation booklets being distributed throughout the course of the consultation.

Supporting material included a consultation booklet, consultation questionnaire and a consultation presentation.

Responses to the questionnaire were either submitted by hand at face to face events, posted back or completed online.

The booklet and questionnaire were enclosed in the mailshot to assist residents in submitting a response. The information also signposted to the online form and additional information, and advised of events that were taking place across the borough. Some people stated at the events that they had attended because of the information in the mailshot, demonstrating that it had been received and opened these channels to respond for many residents.

2.13 Summary of consultation activity:

| **Consultation Activity** | **Response rate** |
| --- | --- |
| Liaison with Preceptors (GLA)Written survey posted to 5000 Harrow Council’s Council Tax Payers and CTS Claimants2000 Council Tax Support recipients in the working age non vulnerable group1000 Council Tax Support recipients in the working age, vulnerable group anda random sample of 2000 other council tax payers who were not recipients of Council Tax Support,  | 1 postal response (100%)46 postal responses received (0.92%) |
| Dedicated consultation web pages | 126 surveys completed on line |
| Consultation booklet and survey distributed widely with opportunity for comment through freepost/telephone/email and web sent to voluntary sector, Libraries, Children Centres, Leisure venues, Harrow Museum and Art Centre – 600 | forms returned unknown as these would have been part of the postal responses receivedNil telephone responses received1 email contact received |
| Face to face activity includes Roadshows/’Go to’ days/events/community group meetings/workshops and discussion groups Number of Questionnaires handed out at events - 37013 different types of face to face activity held – over 500+ people in attendance overall  | 39 responses |

**Consultation Feedback**

2.14 In addition to a written response received from the GLA (the preceptor authority and the only entity that Harrow was legally obliged to consult with), the authority also received 211 completed questionnaires from the public, of which 85 were paper returns and 126 were submitted online through the Council website.

Feedback was captured at face to face events either on a one-to-one basis or in focus groups. In these forums residents and organisations were given an overview of the proposals and had the opportunity to ask questions to inform their response. Holding face to face discussions gave the Council the opportunity to discuss this complex subject in depth and gave opportunity for detailed feedback to be provided. All feedback from these face to face events/discussions was captured and has fed into this report.

Residents and organisations were also able to submit comments and questions through both email and telephone to Harrow Council.

Further information was also available on the Harrow Council website at www.harrow.gov.uk/ctsconsultation. The website received 126 ‘hits’ during the consultation period.

The outcome of this consultation has fed into the income banded scheme proposed in this report.

A copy of the Consultation Booklet and Questionnaire is included in Appendix A and B respectively.

The process to create an income banded scheme which aligns to Universal Credit was a complex one, involving complex decisions and judgements to ensure any scheme expenditure remained static initially, and so that the change affected as few claimants as possible. The legislation required Harrow to formally consult with the GLA, the publication of a draft scheme, followed by a full consultation with interested parties.

The full Consultation feedback report setting out all of the responses is held at Appendix C. This feedback is summarised below.

211 completed questionnaires were returned from members of the public. A further 8 responses were received from voluntary sector representatives when in attendance at workshops. Comments from these representatives were also captured during these events.

51 of the public responses were received on line within a few days of each other which, on analysis, indicated that a cohort of persons had misunderstood the proposals and, from the free text comments recorded, believed that the proposed income banded scheme was to replace the current Council Tax bands.

These responses have been included in the feedback set out below. The overall response to most questions was favourable and therefore, while these 51 responses may have distorted the data the outcome of favourable or not remains unchanged. The exception to this is question 1 which received one response more which was not in favour than in favour. If the cohort of 51 are removed from the data in question 1, this response rate moves to 96 in favour and 51 not in favour.

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| **Question** | **Respondent** | **Response** | **Number of responses** | **% of total** |
| 1. **An income banded scheme should be introduced into Harrow’s Council Tax Support Scheme.**
 | Public out of 211 responses | In favour | 96 | 46% |
| Not in favour | 97 | 46% |
| Voluntary Sector out of 8 responses | In favour | 6 | 74% |
| Not in favour | 1 | 13% |
| 1. **The income bands should be set so more help is given to those with lower incomes than those with higher incomes.**
 | Public 211 responses | In favour | 110 | 53% |
| Not in favour | 84 | 40% |
| Voluntary Sector out of 8 responses | In favour | 6 | 74% |
| Not in favour | 1 | 13% |
| 1. **While we have proposed to use gross earned income to calculate entitlement, we could use net earned income instead. Do you agree that we should use net earned income instead of gross?**
 | Public out of 211 responses | In favour | 98 | 46% |
| Not in favour | 69 | 33% |
| Voluntary Sector out of 8 responses | In favour | 7 | 87% |
| Not in favour | 1 | 13% |
| 1. **The number of non dependant deductions should be reduced from 5 different deductions according to income to one single deduction regardless of income.**
 | Public out of 211 responses | In favour | 63 | 30% |
| Not in favour | 54 | 26% |
| Voluntary Sector out of 8 responses | In favour | 0 | 0% |
| Not in favour  | 6 | 75% |
| 1. **The Universal Credit notification issued to the Council by the Department for Work and Pensions should be treated as a claim for Council Tax Support.**
 | Public out of 211 responses | In favour | 121 | 58% |
| Not in favour | 26 | 14% |
| Voluntary Sector out of 8 responses | In favour | 8 | 100% |
| Not in favour | 0 | 0% |
| **7. For working age people, it is proposed that only those in receipt of Universal Credit s e uncor Coucnilto the counci\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_should be eligible for Council Tax Support.** | Public out of 211 responses | In favour | 83 | 40% |
| Not in favour | 76 | 36% |
| Voluntary Sector out of 8 responses | In favour | 3 | 50% |
| Not in favour | 3 | 50% |
| **8. Transitional protection should be offered to those in receipt of Universal Credit and Council Tax Support in Harrow as at 31/03/2019 who will see a reduction of 10% or more to their Council Tax support entitlement.** | Public out of 211 responses | In favour | 109 | 51% |
| Not in favour | 36 | 17% |
| Voluntary Sector out of 8 responses | In favour | 8 | 100% |
| Not in favour | 0 | 0% |
| **9. The rate of transitional protection offered to those set out in the proposed scheme should be 50% of the reduction in Council Tax Support as at 01/04/2020 for the first year**  | Public out of 211 responses | In favour | 79 | 37% |
| Not in favour | 46 | 22% |
| Voluntary Sector out of 8 responses | In favour | 4 | 67% |
| Not in favour | 1 | 16% |

In addition to the above responses, the consultation asked for comments from respondents who were not in favour of a proposal. The most common theme from these comments across different questions was to retain a means test to make the scheme fairer and to treat people equally. There was concern that those on lowest incomes or with additional outgoings due to their household makeup would be unfairly impacted by the proposed income banded scheme.

Respondents were in favour of using net earned income to calculate entitlement in place of gross as this is their take home pay and therefore easier for them to understand.

The response rate to the proposal regarding non-dependants was relatively low, although most people who gave a preference were in favour of a single non-dependant deduction. Comments made in reference to this question all raised concerns about the ability of low income non-dependants/households being able to afford what for them will be an increased rate of £7.00 a week.

There was a favourable response to the proposal to use the Universal Credit notice as a claim for Council Tax Support. Respondents however showed a level of concern that using Universal Credit as a qualifying criteria for Council Tax Support would prevent some households from being able to access the scheme. While a higher proportion of people were in favour of the proposal to limit the scheme to Universal Credit claimants only, a number of comments were made around risk to people who experience barriers to claiming Universal Credit, for example people who would be required to demonstrate they are actively seeking work when they may feel unable to do so because of other factors such as caring responsibilities or having taken early retirement. Furthermore some respondents cited concerns about some people’s ability to make and maintain a claim for Universal Credit due to issues such as mental health..

The majority of respondents were in favour of the transitional protection at the rates set out in the proposals. Some of those giving further comments felt the transitional protection was too generous while slightly more thought it should be more generous.

2.15 The table below also sets out the specific feedback from our preceptor who was consulted on the proposals pre and during the consultation period.

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| GLA | Formal Response to Consultation |
|  | **GLA Response to Proposals**The GLA notes that the Council will operate two parallel schemes whilst implementation of UC is ongoing. In principle, the GLA believes that CTS claimants with similar circumstances should not receive different levels of support, depending on whether or not they are part of the Universal Credit cohort. In practice, however, we recognise it is not always feasible to align entitlements exactly, but differences should be minimised as far as possible.The GLA supports the council’s proposal to move to a banded scheme; it is important that schemes take account of the roll-out of UC. The proposed change should help to reduce the burden on the council to recalculate entitlements multiple times a year, thus ensuring administrative costs do not escalate. It should also improve clarity over the council tax bill for claimants, providing greater certainty for households to budget and plan their finances. The GLA recognises that local authorities face difficult choices on CTS schemes, as overall funding from central government has reduced and funding for CTS is no longer identifiable within the settlement. The Council anticipates that the overall amount spent on CTS will not change. The GLA welcomes the proposal that spending will not reduce, despite uncertainty over future funding levels.As outlined above, the council anticipates the majority of claimants will receive the same or a greater level of support than under the current scheme. However, the GLA notes that around 400 households are expected to be worse off by more than £5 per week as a result of the changes. It is therefore welcome that the council intends to publicise changes, so people are aware of how their CTS entitlement could change when they move onto UC. Similarly, the council also plans to write to households eligible for benefits for which they are not claiming, where they can be identified, to encourage take-up. However, the GLA urges the council to consider communicating, in advance of the changes, directly with those claimants who will receive less support in the future than under the current system, to enable them to budget for these additional costs.The GLA also welcomes the assurance that the council will provide transitional support to those most adversely affected by the changes in 2020-21. The council should consider replicating similar arrangements for those who will lose 10 per cent or more of their CTS entitlement when transferred from the existing scheme after 1 April 2020. This would enable those in similar circumstances who are transferred onto UC at a later date to be treated in the same way as those in receipt of UC at the date of the new scheme’s implementation.The GLA notes that the consultation seeks feedback on the proposal to use gross income, rather than net earnings. Using net earnings may make it easier for claimants to understand their entitlements, but the council should be guided by feedback from others on this issue.Notwithstanding the above comments, the GLA is content to endorse the broad approach proposed by Harrow for the scheme from 2020-21 onwards, recognising that the proposed scheme is in accordance with the general principles set out by Government, as set out above.  |

**Proposed Income Banded Scheme to apply for UC Claimants only post 1/4/2020 and beyond**

* 1. The proposed revised Council Tax Support scheme is available for viewing on the internal Council hub:

<https://harrowhub.harrow.gov.uk/downloads/file/9833/draft_council_tax_support_scheme_202021>

This is the final scheme pending receipt of upratings from DWP and MHCLG which are annual applied to the current scheme and prescribed pensioner scheme.

The existing means-tested system will remain until the rollout of Universal Credit in Harrow is complete. This means that existing Council Tax Support claimants of working age that do not receive Universal Credit will continue to have their Council Tax Support entitlement determined under the Council’s existing scheme arrangements until either they start to receive Universal Credit, or Universal Credit rollout is complete in Harrow, whichever is earlier.

This new scheme will make the process of applying for Council Tax Support simpler as less information is required to assess entitlement. It will be easier for claimants to understand how much they are entitled to and they will have fewer changes to entitlement as their Universal Credit fluctuates. It is also expected to prevent an increase in administration costs for the Council in response to Universal Credit.

The scheme that was consulted upon is set out in the consultation booklet in Appendix A. Following consideration of feedback from the consultation and the potential impacts the scheme could have on recipients, members have proposed to allocate an additional £400,000 to the scheme. The scheme has been adjusted to mitigate some of the impacts and incorporate changes suggested by the consultation. Some of these changes require additional expenditure while others are contained within the existing funding envelope.

Following review of the consultation feedback, the proposed scheme has been amended as set out in the table below to reflect the views of the majority respondents where possible. These changes incorporate the additional £400,000 that has been invested into the scheme. :

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| **Change to proposal** | **Consultation feedback** |
| Include additional categories for households with 3 or more children | Make scheme fairerRetain means test to take account of different household size and expenditureTreat everybody equally |
| Make the minimum award 70% across all non-vulnerable groups | Adjust the bands to make the scheme fairer and less households experiencing a reduction to their entitlement |
| Bands adjusted to reduce detrimental impacts | Adjust the bands to make the scheme fairer and less households experiencing a reduction to their entitlement |
| Implement two non-dependant deductions in place of the proposed one | One rate of deduction is detrimental to those on low or benefit incomeShould retain two rates Reducing the current number of deductions will simplify the scheme |
| Use net earned income instead of gross | In favour of using net Simplify processHelp people to understand how CTS is calculated using their take home pay |

The above changes have been proposed to ensure the scheme remains within the principles set out in the Options Considered section above. The revised proposals do not accommodate all suggested changes captured in the consultation as this would risk the scheme not delivering on the required outcomes. For example, with the inclusion of the cohort who appear to have misunderstood the proposals, there was one more person not in favour of the introduction of an income banded scheme than in favour. However, as set out earlier in this report, an income banded scheme is deemed to be the most effective sove out earlier in theie were \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_lution to the impacts identified as a result of the rollout of Universal Credit which require the scheme to be modernised.

While it isn’t possible to completely remove detrimental impacts that result from the introduction of the income banded scheme, the above changes at least in part address the consultation feedback that raised concern over the loss of a means test and requests that the scheme be fairer and more equitable. The consultation also found that many respondents believed there should be two non-dependant deductions: one for those in work and one for people who are out of work.

Following changes resulting from the consultation, the proposed Council Tax Support scheme has four main changes when compared with the existing scheme. From 2020-21 onwards, the following will apply to UC claimants:

* + - Introducing an income banded scheme
		- Introduction of only 2 non dependant deductions for claims
		- Treating a Universal Credit notification from the Department for Work and Pensions (DWP) as a claim for council tax support
		- Making Universal Credit entitlement a condition for receiving council tax support

Each of the proposed changes is outlined in summary below. All the changes apply to working age claimants only; the scheme will remain unchanged for pensioners.

2.17 Banded Scheme

In common with a growing number of billing authorities, the new scheme will be an income banded scheme and will operate from 2020- 21. There are three categories of working age claimants; the proposed level of support each of these groups is entitled to differs:

* Disabled people (those entitled to specific disability benefits) and war pension recipients: 86% discount for those not in work or who earn less than £440 per week. The criteria for being classified as a disabled household under the scheme will not change from the current scheme.
* People in receipt of maximum Universal Credit: 70% discount
* People not classified as disabled and not in receipt of maximum UC: the tables below shows the banded scheme for the six different categories of claimants within this group.

The proposed scheme will use the claimant and partner’s net earned income to work out how much Council Tax Support the household is entitled to. The amount awarded would also depend on the households make-up.

It is proposed that net earned income will be calculated by totalling the claimant and their partner’s earnings from employed and self-employed income after any deductions are taken for tax, national insurance and pension contributions. They will then be placed into one of the income bands set out in the scheme’s income table and awarded the rate of Council Tax Support shown. This could be reduced if a non-dependant deduction is applied.

The table below sets out the categories of household and income brackets proposed in the new scheme



Two additional categories exist:

* Classified as vulnerable awarded 86% less any non-dependant deductions. Vulnerable criteria as in current scheme and set out in The Current Council Tax Support scheme above
* In receipt of maximum Universal Credit awarded 70% less any non-dependant deductions

The scheme has been designed to minimise the level of change for existing claimants.

The scheme will maintain the existing means-tested system for council tax support for all working age claimants who do not receive Universal Credit (UC). Once a claimant begins receiving UC, they will be assessed under the new scheme. When UC is fully rolled-out across the borough, the existing scheme for working age claimants will then cease.

2.18 Non-dependant deductions

The consultation proposed to replace the current five deductions with a single rate of £7.00 a week irrespective of the non-dependant’s income. After taking into account the consultation feedback and the potential impacts, following modelling on our existing data, the new scheme will now have two non-dependant deductions, one for both non working non-dependants and working non-dependents earning less than £144 gross per week, and one for all other working non-dependants earning £144 or more gross p/w. The levels will be set at £3.30 for those non dependants which do not work or earn less than £144 p/w, and a new amount of £13.10 which will apply for everyone else. As in the current scheme, a deduction will be taken for each non-dependant, so one household could have more than one deduction.

The consultation raised concerns with the original proposal of £7.00 single deduction as it meant an increase of £3.70 for each non-dependant on the lowest incomes. Two deductions are now proposed to mitigate the impact for this lowest income group, with a rate of the current lowest level of £3.30 for those out of work (same as currently).

The second deduction is proposed at £13.10 for those in work. This allows the benefits from a reduced number of deductions to still be achieved as it simplifies the scheme for customers and the administration. The highest rate will be applied based on information received at the point of receiving the Universal Credit notification, until evidence that the lower rate should be applied is obtained.

To prevent any additional expenditure from the scheme any higher rate deduction would have needed to be set above the £13.10 proposed. However, it was decided that given concerns raised in the consultation about lower income households, any higher rate should not be set too high. It could not be reduced any further than £13.10 without bringing too high a level of risk to the Council Tax Support expenditure by opening up the scheme to households who currently do not qualify but could if the non-dependant deductions were all substantially reduced.

If the claimant or their partner receive Disability Living Allowance Care Component or the Daily Living element of Personal Independence Payment then a non-dependant deduction will not be applied. This is the same as the current scheme.

Students will also continue to be disregarded for the purpose of non-dependant deductions, as in the current scheme.

Households with non-dependants who are not in work will either experience no change, or will benefit from this proposal. Non-dependants who are in work but earn less than £144.00 per week (gross) will be beneficially impacted. Non-dependants who are in work but earn more than £144.00 per week but less than £207.70 will be detrimentally impacted while households with non-dependants who earn more than £207.70 per week (gross) will be beneficially impacted.

Treating Universal Credit notification from the Department for Work and Pensions (DWP) as a claim for council tax support

The DWP notifies the council if a UC claimant has indicated to the DWP that they wish to claim CTS at the point that they submitted a claim for Universal Credit. If the claimant is liable for Council Tax, the new scheme will treat this DWP notification as an application for CTS. As a result, working age UC claimants will not be required to make a separate claim. Harrow Council expects this to increase the level of take-up for working age people and simplify the claim process.

This proposal was seen to be very favourable by respondents in the consultation as people frequently are not aware that they need to make a separate claim to the Council for Council Tax Support when they claim Universal Credit. It is expected that this proposal will result in an increase in Council Tax Support expenditure as people will automatically be treated as claiming Council Tax Support from the point they claim Universal Credit and, in most circumstances, they do not need to provide follow-up information in support of their claim. Any of the additional funding not allocated to the post consultation changes will be used to offset additional expenditure resulting from an increase in take-up at an earlier point.

2.19 Making Universal Credit entitlement a condition for receiving council tax support

The new income banded CTS scheme will only be open to low income claimants who are in receipt of UC. Existing claimants will continue to receive support under the current scheme until they are required to claim UC or until they are subject to the rollout of UC for their particular circumstances. At this point, if they receive UC, their CTS entitlement will be assessed under the income banded income scheme or, if they do not qualify for UC, they will no longer qualify for CTS.

The new scheme will provide an exception to this requirement for people who do not receive UC but are in receipt of contribution-based Job Seekers Allowance or Employment Support Allowance, have no other income or their only other income is disability benefits that are disregarded under the current CTS scheme, and have under £16,000 in capital. Claimants meeting all of these criteria will only be transferred to the banded scheme once UC roll-out in Harrow is complete. For the purposes of the proposed new Council Tax Support scheme, if these households are in receipt of a qualifying disability benefit they will be classified as being in the vulnerable group, if no disability benefits are received then they will be treated as if they receive maximum Universal Credit.

2.20 Transitional Protection

The new scheme also introduces transitional support for households which are in receipt of both CTS and UC the day before the new scheme begins (i.e. 31 March 2020). Households which lose 10% or more of their CTS award at the point of transferring onto the new scheme will be awarded 50% of the loss for the first year of the scheme.

The consultation found that some respondents thought the transitional protection should be more generous. The number of households that will be entitled to transitional protection has reduced due to the changes proposed to the scheme following consultation. As of 31st August 2019 there are 21 households who would qualify for the above rate of transitional protection. This number is expected to increase by 31st March 2020 as more households start to receive Universal Credit, but is not expected to be more than 50.

2.20 Council Tax Exceptional Hardship Relief Policy

This report is also introducing a relief policy for Council Tax. Section 13A(1)(c) awards will be used to help mitigate any unforeseen hardship circumstances that threaten taxpayers’ ability to pay the council tax. Whlist standing alone and not being part of the CTS income banded scheme, the policy will provide further support to council tax payers suffering exceptional financial hardship.

In relation to council tax payers who are in receipt of Housing Benefit and CTS and which migrate to Universal Credit over the next three years, the policy will specifically support them by awarding those households the equivalent of two weeks net council tax.

The policy will also support council tax payers in receipt of CTS further by ensuring that for the financial year 2020/21, those households receive additional relief so that they are not impacted by the 3.99% council tax increase for the coming financial year.

**Impacts of the proposals**

Impacts of the proposed banded income scheme

2.22 The impact of the proposed Council Tax Support scheme following all of the above changes is set out in the chart below

|  |  |  |  |
| --- | --- | --- | --- |
|  | **No change** | **Gain** | **Loss** |
| **Up to £1** | **£1 - £5** | **£5 - £10** | **£10 - £15** | **£15 - £20** | **over £20** | **£1 or under** | **£1 - £5** | **£5 - £10** | **£10 - £15** | **£15 - £20** | **Over £20** |
| **Number of households (6,686)** | 4470 | 114 | 434 | 497 | 269 | 101 | 36 | 46 | 477 | 198 | 32 | 8 | 4 |

The nature of the income banded scheme, along with the changes proposed to non-dependant deductions, means that some households will gain while others will lose entitlement when compared to the current means tested scheme. Consequently, there are 765 households who will lose, 242 of which will lose more than £5 a week, and 44 who are forecast to lose £10 or more. 1,451 households will gain, 903 of which will gain more than £5 of which 406 are expected to gain more than £10 a week.

The reasons for loss are largely as a result for the need to deliver simplicity and to avoid increases to administration costs. Key reasons for higher levels of loss are:

* + - The scheme not taking child care costs into consideration as expenditure;
		- Households where the number of hours worked is too low to be entitled to Working Tax Credit; and
		- Households with higher earnings and lower other income, such as tax credits, compared to other households
		- Households not claiming all of the benefits they are entitled to, such as Tax Credits
		- Changes to the non-dependant deductions

Adjusting the income bands and introducing additional categories for larger families has softened some of the impacts, but, largely due to the basis of the scheme only using earnings, we expect some households will lose over £5.

This proposed income banded scheme does not affect people who currently receive a passported benefit and who would receive maximum Universal Credit. The term passported benefit applies to people on Income Support, Job Seekers Allowance Income Based and Income Related Employment Support Allowance.

Many people classified as disabled under the Council Tax Support scheme who are in work will receive more Council Tax Support under this proposal.

2.23 Impacts from changing non-dependant deductions

Introducing two non-dependant deductions at £3.30 and £13.10 a week instead of the one originally proposed will negatively impact some households. There are 1,610 working age Council Tax Support claims which have a non-dependant in them. 1,041 have no deduction applied because of exemptions and disregards. Of the remaining 569 where one or more deductions apply, 125 will see no change compared to their current rate of non-dependant deductions. 128 households will lose, 117 lose £5 or more of which 8 are forecast to lose £10 or more. 316 households will gain as a result of the non-dependant deductions, with 90 gaining over £5 and 7 of these gaining more than £10. These impacts are based on the change to the non-dependant change only so the net impact on these households could differ as a result of the other proposals.

Impacts on non-dependant households where deductions apply

|  |  |  |  |
| --- | --- | --- | --- |
|  | **No change** | **Gain** | **Loss** |
| **Up to £1** | **£1 - £5** | **£5 - £10** | **£10 - £15** | **£15 - £20** | **over £20** | **£1 or under** | **£1 - £5** | **£5 - £10** | **£10 - £15** | **£15 - £20** | **Over £20** |
| **Number of households with a non-dependant deduction (569)** | 125 | 33 | 193 | 83 | 0 | 7 | 0 | 0 | 11 | 109 | 4 | 2 | 2 |

2.24 Impact of the proposal to use the Universal Credit notice as a claim for Council Tax Support

This is a beneficial change for all working age Council Tax Support claimants as it will increase the level of take up for working age people in receipt of Universal Credit and simplify the claim process.

2.25 Impacts of the proposal to make Universal Credit a qualifying benefit

Analysis of the current Council Tax Support caseload indicates that there are a number of households who will not qualify for Council Tax Support under the proposed new scheme as the information held on their claim indicates they would not qualify for Universal Credit. However, we are aware that there are a number of households who are not claiming all of the benefits they are entitled to, for example, child tax credit and working tax credit. We propose to advise these households, where they can be identified, that they may be entitled to Universal Credit. This will increase their income and potentially enable them to continue to receive Council Tax Support.

We realise that some people are not able to claim Universal Credit and will be detrimentally impacted by this proposal once the current scheme has ended following the completion of the rollout of Universal Credit. We are therefore proposing an exception to the requirement for claimants to be in receipt of Universal Credit for people who receive contribution based Job Seekers Allowance or Employment Support Allowance.

We are proposing to treat people who meet the following criteria the same as people who receive maximum Universal Credit:

* Not in receipt of Universal Credit; and
* Receive JSA(C) or ESA(C); and
* Have no other income or their only other income is disability benefits that are disregarded under the current Council Tax Support scheme; &
* Have under £16,000 in capital

The above will apply once Universal Credit rollout in Harrow is complete. Households who do not receive Universal Credit will continue to claim Council Tax Support from the current scheme until that scheme no longer exists. At this point they will transfer onto the banded scheme if the above criteria are met

We are, however, also aware that there will be some households who cannot qualify for Universal Credit and do not meet the above exception criteria. There are 23 households currently in receipt of Council Tax Support who are not expected to qualify under the new scheme because they cannot claim Universal Credit.

**Mitigations - Transitional Support**

2.26 As stated earlier in this report, to assist the transition process, Harrow is proposing to put in place a transitional support scheme, which will be part of the income banded scheme, to limit the financial impact of any unintended reductions in awards for the claimants that may be affected because of the proposed changes.

The scheme will apply to anyone who may lose more than 10% of their existing award as at 31st March 2020, and will provide additional CTS benefit, equivalent to 50% of the yearly loss, in the first year that the income banded scheme is introduced. Following the changes proposed as a result of the feedback from the consultation, the numbers affected have reduced and are forecast to be below 50 households. It is expected this will cost approximately £5k.

In addition to targeted financial support to those who will lose at a higher rate, it is proposed to take the following action to assist residents with the introduction of the new Council Tax Support scheme:

* A publicity campaign will be carried out to inform people how their Council Tax Support entitlement could change in advance of them moving onto the new scheme. The campaign will set out the new scheme in simple terms to ensure residents are able to understand how it works.
* The Council will write to people who are expected to lose out under the new scheme to advise them of the change in advance to help them to start to budget accordingly and to access support if required.
* An online calculator is available for Harrow’s bespoke Council Tax Support scheme. This enables residents to see how much Council Tax Support they will be entitled to. A Universal Credit ‘better-buy’ calculator is also available through the Harrow website which informs residents of whether they will be better off on Universal Credit and what benefits they could be entitled to.
* Anyone identified as not receiving the full benefits they are entitled to will be written to and advised of this. They will either be able to claim additional tax credits to reflect their true circumstances, or, if they don’t currently receive any tax credits, then they will be informed that if they claim Universal Credit that their income could increase.
* A review of earned income claims will be carried out to ensure the correct amount of earnings is held on the Council Tax Support claim. This will reduce the impact of change when the household moves onto Universal Credit. Due to the volume of claims and resources required, it is not possible to review all self-employed claims, but resources will be targeted toward claims that have not been reviewed for the longest to bring the income held up to date, again with the intention of reducing the level of impact when the household moves on to Universal Credit and the new Council Tax Support scheme.
* The Council already has in place a Vulnerability Policy to ensure consideration is given to vulnerable households when collecting monies owed to the Council. This policy will be reviewed to consider what impact the proposed changes to the Council Tax Support scheme may have on recovery and potentially vulnerable households
* In exceptional cases, consideration will be given to exercising the Council’s discretion under s13A(1)(c). This hardship policy will be reviewed and funding allocated from the additional £400,000 expenditure. As the new scheme and therefore the associated impacts only start to take effect once the household claims Universal Credit, the level of additional expenditure spent directly on the scheme will be lower initially and will rise as more households transfer across. Funding from the £400,000 not required for scheme expenditure initially, will be allocated to this hardship fund.

In addition to above, it is proposed that the scheme parameters will be reviewed annually with a view to uprate if appropriate. This is intended to ensure the scheme continues to offer a similar level of support to low income residents.

**2.27 Recommendation**

 Officers are recommending that Members agree to the proposed income banded council tax support scheme being implemented for UC claimants from 1/4/2020 as set out in this report. This scheme reflects the outcome of the consultation.

Additionally that Members approve and agree the Council Tax Exceptional Hardship Policy also attached to this report.

Alternatively, Cabinet could not approve this policy and choose to continue with only the current scheme. This is not recommended as it would leave the Council without a CTS that meets the issues caused by the rollout of UC.

 **Procurement Implications**

 There are no procurement implications arising from the Recommendations of this report.

**Legal Implications**

Paragraph 5 of Schedule 1A to the Local Government Finance Act 1992, requires the authority to consider whether, for each financial year, the CTS scheme is to be revised or replaced. Where the scheme is to be revised or replaced the procedural requirements in paragraph 3 of that schedule apply. Any revision/replacement must be determined by 11th of March in the preceding financial year to the financial year which the changes are to apply. If the authority considers the scheme should be revised or replaced, the council must consult with the GLA, publish a draft scheme and then consult with such persons are likely to have an interest in the operation of that scheme prior to determining the scheme before 11th of March. If any proposed revision to the scheme is to reduce or remove a reduction to which a class of person is entitled, the revision must include such transitional provision as the Council sees fit.

At the meeting on 11 July 2019, Cabinet agreed for Officers to consult on a revised scheme which took into account the roll out of UC across the borough. The decision on whether to revise or replace a council tax support scheme is reserved to full council by virtue of s.67 of the 1992 Act. This report now recommends that Cabinet, taking into account the feedback consultation report and the EqIA, endorses the proposed new income banded scheme proposed for UC claimants to Full Council, for adoption for the financial year starting 1/4/2020.

When making policy decisions, the Council must take into account of all relevant material, including financial resources, consultation responses and potential equality impacts in order to reach a decision. This report and attachments highlights the expected impacts, proposes mitigations via a transitional support scheme, highlights additional expenditure, explains that additional funding is being invested in the scheme and makes a recommendation. However, this does not preclude Cabinet from rejecting the proposal and continuing with only the current scheme

There is a statutory duty to consult on the Council Tax support scheme. A summary of the details of the consultation responses are set out in the report and attached as Appendix C. Case law has confirmed that when determining whether to change policy, the Council must be receptive to reasonable arguments against the proposal, however this does not simply involve a head count of those for and against the proposals. The Council must take these views into account and must balance this with other relevant information to decide whether to recommend the proposed option.

Section 13A of the Local Government Finance Act 1992 allows the council to reduce the amount of Council Tax payable where national discounts and exemptions cannot be applied. The council has the right to choose whether to use powers on a case by case basis ie: on the grounds of exceptional financial hardship or to specify certain classes of use where several taxpayers may fall into a group due to similar circumstances.

**Financial Implications**

As there is a financial implication when awarding discounts under Section 13A because the Council has to fund all awards from its own funds without any Government support, any such awards must meet certain criteria to ensure they offer value for money to the boroughs’ taxpayers.

The Council has invested £400k per annum into the new income banded scheme which will result in higher council tax support awards to applicants. However in the early years all of the additional £400k funding will not be taken up as it is anticipate a phased migration of applicants to Universal Credit will occur over the next 3 years. More generous awards will only apply once an applicant qualifies to move into the new income banded scheme because they will also have migrated to UC. As such, in 2020/21, it is anticipated that the unspent amount, approximately £325K, will be used to

1. Negate the impacts of 3.99% council tax inflation for 6,500 working age applicants in receipt of council tax support
2. Support approximately 1767 council tax payers moving to UC by awarding them the equivalent of 2 extra weeks worth of council tax support as a run-on.
3. Provide between £80k - £90k to fund a council tax exceptional hardship support scheme to help council tax payers suffering financial hardship and not able to meet their council tax bills short term.

|  |  |  |
| --- | --- | --- |
|  | **Expected future additional investment into the new Income band scheme**  | **Balance left to be used to support residents as per schemes set out in the S13A(1)(c) Policy and summarised above** |
|  |  |  |
| 2020/21 | £75k | £325k |
| 2021/22 | £183k | £217k |
| 2022/23 | £291k | £109k |
| 2023/24 | £400k |  £0k |

The additional investment in s13A relief applies for a maximum of three years. Additionally some types of relief under the group categories will be year specific.

**Performance Issues**

There may be in year council tax collection performance issues as initial resistance to the changes manifests itself. To mitigate this, a transitional support scheme is proposed to be implemented which will reduce financial impacts for those households who may be unintentionally impacted upon due to the cliff edge nature of income banded schemes. The new Council Tax Exceptional Hardship relief policy will additionally be used to mitigate unkown risks that may materialise.

 **Environmental Impact**

None

 **Risk Management Implications**

 Should Harrow not introduce an income banded scheme for UC claimants, there could be reductions in the number of working age residents accessing assistance from Council Tax Support even if they would be entitled. This is because claimants may not be aware that they need to submit a claim to the council. This affects low income households but also impacts on the ability of the council to collect Council Tax from households who should be charged a reduced rate but haven’t claimed it.

 There is a risk of the scheme overspending if working age claimants increase due to the economy worsening due to the potential impacts of Brexit. There is also a risk of the scheme overspending due to claimants of pensionable age increasing as Harrows population, and specifically, its older population, increases. The council tax support scheme for pensioners is prescribed, and as such awards are fully met from Harrow’s Council Tax base.

The nature of the scheme may also result in additional expenditure as a result of increased take-up and due to different treatment of income to the current means tested scheme. The scheme expenditure and caseload will be closely monitored to identify and understand any changes in expenditure.

Collecting monies from households who are in receipt of benefits will always be challenging. There will be a risk of households not being able to afford even the reduced amounts of council tax billed and this may lead to lower collection rates.

There is also a wider corporate risk that robust enforcement of Council Tax may conflict with the wider corporate collection priorities if Departments compete in an uncoordinated way to collect money from residents. Considering the size of Harrow’s housing stock, the expected impact on rents due to UC, lack of affordability in general by households not claiming Council Tax Support may additionally have implications for the HRA account.

**Equalities implications**

A full detailed Equality Impact Assessment (EqIA) has been carried out in relation to the changes to Council Tax Support. The EqIA was opened in July 2019 and has been updated to take into account the feedback from the consultation.

When making this decision, Cabinet should have due regard to the Public Sector Equality Duty. The Council completed an equality impact assessment and a summary of results is shown below.

Section 149 of the Equalities Act 2010 created the Public Sector Equality Duty. Section149 states:-

(1) A public authority must, in the exercise of its functions, have due regard to the need to:

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

1. foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

When making policy decisions, the Council must take account of the equality duty and in particular any potential impact on protected groups.

Modelling was carried out on claimant data to ascertain any impacts. Where impacts were found, the configuration of the income banded proposed scheme was amended to ensure the number of impacted claimant households was as low as possible. To support this process an additional £400,000 was allocated to the scheme to mitigate the impacts on households with protected characteristics and in response to feedback from the consultation.

If detrimental impacts were not removed by reconfiguring the proposed scheme parameters, then mitigations are proposed to be implemented (taking account of any consultation feedback; e.g. transitional support to support those impacted in the first year). These mitigations are set out in the Mitigations – Transitional Protection section above.

The EqIA is attached at Appendix D and the results of the impacts on the protected characteristics are summarised in table 1 below. Information has only been provided where data is held against the current Council Tax Support caseload. Monitoring data is not available for the following characteristics and only partial information for Race/ethnicity:

* Gender reassignment
* Same sex marriage and civil partnership
* Pregnancy and maternity
* Religion or belief
* Sexual orientation

The impacts have been identified based on the full caseload having transitioned onto Universal Credit and therefore the revised Council Tax Support scheme. Below are the residual impacts against protected characteristics on the assumption that the revised proposals are implemented.

Monitoring data is not available for non-dependants so impacts resulting from this proposal are based largely on the claimant’s characteristics.

|  |
| --- |
| Age |
| Impacted group | Impact |
| * Working age only
 | * These proposals only affect working age claimants, not pensioners
 |
| * Claimants in the age group 35-44
 | * 35-44 age group are more likely to lose over £10 (22/44 claims losing more than £10 will be in this group)
* 35-44 are more likely to lose more than £5 (89 households)
* Households in this age group are also more likely to lose more as a result of the changes to non-dependant deductions with 50% of households who will lose more than £10 being this age, while they account for 29% of the total caseload
 |
| * Households with children

Households with 3 or more children | * Households with children more likely to see change: beneficial and detrimental.
* While 59% of claims have children:
	+ 75% (182) of households which lose more than £5 have children in them
	+ 89% (39) of households which lose more than £10 have children in them
* While 25% of claims have 3+ children:
	+ 35% (85) of households which lose more than £5 have 3+ children in them
	+ 44% (17) of households which lose more than £10 have children in them
 |
| Reason for impact:* Households in age group 35-44 are less likely to be disabled, more likely to be in work and more likely to have children. These factors all result in an increased likelihood that the household will be impacted by the proposals

The reasons households with children are more likely to lose is:* They are more likely to be in work (56%) than the caseload as a whole. Households in work are more likely to see change, both beneficial and detrimental
* There are proportionately more households with children in receipt of Council Tax Support than there are in the borough as a whole
* A number of households with children are not claiming all of the tax credits they are entitled to
* Larger families will lose out due to the removal of the means test so there is no additional benefit awarded to account for the extra cost of having more children
* Households paying more child care costs will lose more Council Tax Support under these proposals
* Proportionately less households with children are disabled than in the caseload as a whole. Disabled groups are less likely to be detrimentally impacted by these proposals
* There are households in this group with non-dependants who are in work but on a low wage
 |

|  |
| --- |
| Disability |
| Impacted group | Impact |
| Households classified as disabled under the Council Tax Support scheme who have a non-dependant deduction applied | * The income banded scheme is beneficial to some households with this characteristic as all will be placed in the 86% group. There are 3,020 CTS claims from households classified as disabled
* 37 households will lose as a net result of the combined proposals
* 36 of these households will lose because of the non-dependant proposals
* 30 will lose between £5-£10
* 4 will lose over £10
* 16 of the 23 households currently in receipt of CTS who are not expected to be entitled to UC are classified as disabled
* It should be noted that while there are impacts for this protected characteristic, they are not disproportionate to the number of households claiming (45.2% of caseload experiencing 4.8% of all losses). There are however a disproportionately high number of disabled households claiming CTS compared to the number in the borough
 |
| Households in receipt of a Carers Premium | * 923 CTS households are in this group
* 45 will lose as a result of the net impact of these proposals
* The majority who lose do so because of the changes proposed to the non-dependant deductions
* It should be noted that while there are impacts for this protected characteristic, they are not disproportionate to the number of households claiming (13.8% of caseload experiencing 5.9% of all losses). There are however a disproportionately high number of households receiving Carers Premium who claim CTS compared to the number in the borough
 |
| Reason for impact:* Higher rate of non-dependant deduction at £12 is detrimental to some households
* A high proportion of claims with a Carers Premium have a non-dependant deduction applied.
* There are households in this group with non-dependants who are in work but on a low wage
* Many of the 16 who will not be entitled to Universal Credit are in receipt of contribution based Employment Support Allowance and other incomes. If this is work related ESA then they may be able to qualify for Universal Credit after a year.
 |

|  |
| --- |
| RaceRace monitoring data is held for 32.9% of the working age caseload (2,198). While this is a sufficient number to enable meaningful analysis, if one group is more or less likely to provide monitoring data they could be over or under represented in this analysis. The information should therefore be used with caution. |
| Impacted group | Impact |
| Other Asian or Asian British | * This group account for 599 households where monitoring data has been provided, equivalent to 27.25% of the caseload
* 16% (98) of households with this characteristic will lose as a result of these proposals
* This characteristic does not lose higher amounts compared to the proportion of the caseload it accounts for but 24 of the 81 households where Race data is held who are expected to lose more than £5 are in this group
 |
| White Other  | * This group account for 90 households where monitoring data has been provided, equivalent to 4.1% of the caseload
* 20% (18) of households with this characteristic will lose as a result of these proposals
* This characteristic does not lose proportionately higher amounts compared to other households
* This characteristic does not lose higher amounts compared to the proportion of the caseload it accounts for but 24 of the 81 households where Race data is held who are expected to lose more than £5 are in this group
 |
| White British/Irish;Black or Black British; andOther Asian or Asian British | 44 of the households where Race data is held will lose as a result of proposed changes to the non-dependant deductions. The number of households losing for each of these characteristics are:241010 |
| * The two characteristics identified as more likely to lose are more likely to be in work and more likely to have children
* There are households in this group with non-dependants who are in work but on a low wage
 |

|  |
| --- |
| Sex & sexual orientation2,504 claims are from couples – data cannot be extracted to identify whether any of these are same sex couples. They have therefore not been included in the analysis for this protected characteristic4,182 are from single people210 have not stated their sex. Where data below does not add up, this is due to some claimants not declaring their sex.This data is therefore based on the claims from single people without children and lone parents who have stated their sex: 3,972 |
| Impacted group | Impact |
| Female single claimants and lone parents  | * This group are more likely to be impacted as they account for 72.9% of the caseload who do not have a partner (2,896)
* 1,655 are lone parents compared to 99 males
* They are not however more likely to lose compared to the caseload as a whole
 |
| Lone parents | * 188 lone parents are forecast to lose
* 56 lose more than £5 a week (2 male, 52 female)
* 11 lose more than £10 a week (10 female)
 |
| * Females are more likely to be impacted because they are more likely than single males to claim Council Tax Support
 |

The Equality Impact Assessment sets out impacts identified based on the original proposals and the residual impacts following changes to the proposals based on feedback from the consultation and these impacts. The above are the residual impacts. Not all of the impacts have been removed. Further mitigations are therefore still required and are set out in section Mitigations – Transitional Protection above.

**Corporate Priorities**

The report addresses the Council’s corporate priorities as the change in policy will ensure we continue to maximise benefits for those who are financially vulnerable The new income banded scheme for UC recipients will ensure they automatically qualify for council tax support which will lower their council tax bills and ensure they have sufficient monies to spend on other needs.

# Section 3 - Statutory Officer Clearance

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | on behalf of the \* |
| Name: Sharon Daniels | x |  | Chief Financial Officer |
|  Date: 25 November 2019 |  |  |  |
|  |  |  | on behalf of the \* |
| Name: Beljeet Virdee | x |  | Monitoring Officer |
| Date: 25 November 2019 |  |  |  |
|  |  |  | on behalf of the \*  |
| Name: Nimesh Mehta | x |  | Head of Procurement |
|  Date: 25 November 2019 |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
| Name: Charlie Stewart | x |  | Corporate Director |
|  Date: 19 December 2019 |  |  |  |

|  |  |
| --- | --- |
| Ward Councillors notified: | **NO***.*  |
| EqIA carried out:EqIA cleared by: | **NO**N/A |

# Section 4 - Contact Details and Background Papers

Contact:

Fern Silverio (Head of Service – Collections & Housing Benefits),

Tel: 020-8736-6818 / email: fern.silverio@harrow.gov.uk

**Background Papers:**

Local Government Finance Act 2012 <http://www.legislation.gov.uk/ukpga/2012/17/enacted>

Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012 <http://www.legislation.gov.uk/uksi/2012/2885/pdfs/uksi_20122885_en.pdf>

Consultation Documents

The proposed Income Banded Council Tax Support scheme <https://harrowhub.harrow.gov.uk/downloads/file/9833/draft_council_tax_support_scheme_202021>

|  |  |  |
| --- | --- | --- |
| Call-In Waived by the Chair of Overview and Scrutiny Committee |  | **NO**  |