

Council Tax Support

Brentwood Borough Councils Local Council Tax Reduction Scheme
Final Scheme Design
Consultation Response



This Equality Impact Assessment (EIA) is based on the financial models adopted for consultation by Brentwood Borough Council. An impact assessment of the change to local support for Council Tax nationwide can be found at <https://www.gov.uk/government/consultations/localising-support-for-council-tax>

Proposed change

The Council proposes the following changes:

- 1) Introduction of a minimum income floor after the first year of operation or claim for self employed earners
- 2) Restricting backdating

Reason for the service change

Brentwood Borough Council's replacement to Council Tax Benefit is now established and will be entering its 4th year of operation. It is now at steady state and the Council is seeking to ensure our scheme meets the needs of taxpayers, recipients and partner organisations.

Section 13 of the Local Government Finance Act 1992 was amended by the Welfare Reform Act which allows for the development of a new Localised Council Tax Support scheme to be implemented.

Every billing authority in England must design a scheme specifying the reductions which are to apply to amounts of council tax payable in respect of dwellings in its area.

Council Tax Support is funded through reductions in the Council Tax base. As a result the costs of Council Tax Support are shared proportionately by the billing authority and the preceptors.

Essex County Council faces the largest share of the scheme cost. Agreement with Essex and the preceptors is that the scheme will cost the same or less than the grant allocated for 2013/14. This arrangement continues until 2015/16. In 2016/17 it was agreed with preceptors to maintain current scheme costs provided action is taken to control the costs of all discounts and exemptions, including CTR.

Information about the changes - locally

The Council is in a partnership with Essex County Council to control the costs of discounts and exemptions within the Council Tax collection Fund. This ensures that local taxpayers are not unduly burdened by excessive reductions in the Council Tax Base. Part of that agreement is to ensure that the Cost of Council Tax Support is "cost neutral" when compared the 2013/14 funding allocation for Council Tax Support.

Locally Brentwood Borough Council has delivered a Council Tax Support scheme that has:-

- Been seen to be fair
- Not impacted upon the collection of Council Tax.
- Not needed significant redesign
- Stood up well to appeal and national scrutiny

Information about the changes - nationally

The Department for Communities and Local Government (DCLG) have completed an Impact Assessment for the implementation of local support for Council Tax nationwide;

<https://www.gov.uk/government/consultations/localising-support-for-council-tax>

Nature of the consultation

The Council consulted staff in the Housing and Revenues & Benefits services. The Council has worked with other authorities throughout Essex and Essex County Council to monitor the costs and success of the scheme.

These proposals have been discussed with Essex County Council and other preceptors throughout the year. The Preceptors are finalising a sharing agreement that will prioritise income recovery and therefore there is a requirement that the scheme promotes prompt reporting of changes in circumstances and minimises Council Tax discount fraud, which directly impacts all Taxpayers.

Options

1. Do nothing

The County have proposed a revenue incentive scheme designed to minimise fraud and error across all Council Tax discounts and exemptions, including Council Tax Support. It is in the interest of Brentwood's taxpayers that the Borough participates.

2. Design a scheme that is compliant with the ECC partnership

The Council is already saving £1 million of public money now compared to Council Tax Benefit expenditure. The technical changes will allow the Council to review awards on a firm

but fair basis to ensure that taxpayers are getting the support that they need, when they need it and get that support reduced or removed when they no longer need it.

3. Consider wider implications.

The scheme proposed by the Members Working Group complies with the Pan-Essex agreement to deliver schemes that are largely cost-neutral, with the savings impacting upon the claimants and not the preceptors and implicit in that is an acceptance of the Essex wide localised regulatory framework. It complies with the 4 principles of taxation:

1. **Efficient** – tax is primarily designed to raise revenue, it should not produce undue economic burdens..
2. **Understandable** – tax should not be unjust or unnecessary complex. The more complex tax is the more expensive it is to collect.
3. **Equitable** - Taxation should be governed by people's *ability to pay*
4. **Benefit Principle** - Those that use a publicly provided service should pay for it.

Our scheme also allows the Council to affect behavioural change. More support is provided to those who are vulnerable and to those taxpayers who are in work. Incentives exist within the scheme to promote increased hours. It therefore follows that the Council should consider whether any wider policy objectives can be included.

Consultation Considerations

Essex County Council wrote to Leaders and Finance Directors detailing their view that billing authorities should take action to reduce the cost of discounts and exemptions including Council Tax Support.

- Thirty taxpayers responded to the Council consultation.

Impact on Families

On 18 August 2014 the Prime Minister announced [the introduction of a 'family test'](#).

The objective of the test is to introduce a family perspective to the policy making process. It will ensure that policy makers recognise and make explicit the potential impacts on family relationships in the process of developing and agreeing new policy

The families test forms part of the decision making and falls within the Public Sector Equality Duty.

1) **What kinds of impact might the policy have on family formation?**

Couple relationships are the starting point for most families, and committed couple relationships bring significant benefits for the individuals themselves and children in those families. Council Tax Support awards additional; premiums for families and couples within those families.

2) **What kind of impact will the policy have on families going through key transitions such as becoming parents, getting married, fostering or adopting, bereavement, redundancy, new caring responsibilities or the onset of a long-term health condition?**

Becoming parents – no change to existing policy although enhanced rates of support exist for families with children

Getting married – No change to policy but enhanced rates exist for claimants who have a partner.

Fostering or adopting. No change to existing policy

Bereavement – No change to existing policy

Redundancy – No change to existing policy

New caring responsibilities – Brentwood’s scheme includes enhanced levels of support for carers, when compared to equivalent levels offered by the Council Tax Benefit.

Long term health conditions – it is part of these proposals to extend support to those who qualify for the support component of Employment and Support Allowance. These taxpayers have a limited capacity for work related activity.

3) **What impacts will the policy have on all family members’ ability to play a full role in family life, including with respect to parenting and other caring responsibilities**

Council Tax Benefit and the pensioner Council Tax Support scheme include non dependent deductions. In the case of pensioners aged 65+ these are applied after 26 weeks. With Brentwood’s working age Council Tax Support scheme no deduction applies. By removing non dependant deductions, a financial disincentive to include grandparents and uncles has been mitigated.

4) **How does the policy impact families before, during and after couple separation?**

No change to existing policy. All appropriate disregards, exemptions and discounts are applied to a customers’ account when Council Tax Support is awarded.

5) How does the policy impact those families most at risk of deterioration of relationship quality and breakdown?

There is a very wide range of factors that can undermine the quality of family relationships and contribute to breakdown. Some of these are related to specific behaviours within the family such as alcohol dependency, domestic violence or problem gambling. Our Revenues and Benefits Service is working with the CAB and charitable organisations to minimise the impact of debt upon families. This is being done as part of our local support services framework. The long term goal is that this framework forms part of the wider local delivery of Universal Credit.

This document details only the scheme changes, a detailed analysis of the scheme is available on request.

This scheme was originally designed so that those affected by reductions in support levels can mitigate that reduction by either finding employment or moving to a cheaper property. The proposed changes to the scheme continue that principle. For example those subject to the minimum income floor can either demonstrate to the authority that earnings are actually low, or they can take action to improve employment prospects. Increased availability of online forms reduces the need for a taxpayer to come in to the office, which enables the authority to restrict backdated awards.

The changes being considered affect Working Age claimants only. The DCLG regulate the minimum requirements of the scheme for those of pension age.

Disability	Positive	Negative
	<p>Higher allowances will continue to be awarded in the calculation of support for those receiving disability benefits.</p> <p>The removal of non-dependant deductions will provide those with the disability premium the same protection afforded to those with the severe disability premium under the current Council Tax Benefit scheme. Our proposal allows for a non-dependant to stay and provide help where necessary without any deduction.</p> <p>The disabled and vulnerable are on average better off as a result of Council Tax Support.</p>	<p>Decisions concerning disability are not going to be made by the Council. The DWP is currently reviewing all disability benefits, including and not limited to employment and support allowance. As a result of this review, some recipients may lose protection. Brentwood's scheme mirrors applicable amounts via its needs allowances, therefore any transitional protection awarded to ESA recipients will be picked up in our scheme. It is not feasible for the Council to perform medical assessments, nor is it the intention of the Council to make CTR a disability related support. Disability decisions are therefore best placed to remain with the DWP, the decision will then be followed by the Council.</p>

Household demographics	Positive	Negative
Single person Household.	<p>13 week protection would be available to those who could afford their property.</p> <p>Single people are able to move into work more easily than other demographic groups and then qualify for the lower taper.</p>	<p>Single people under 25 are less likely to be impacted by this change. This is because of Housing Benefit restrictions which limit single people, aged under 35 to the maximum rent for 1 bedroom in a shared house. This group is better able to be mobile in the labour and property market.</p> <p>Most claimants in shared accommodation are not required to pay Council Tax</p> <p>Older single claimants above the age of 35 are likely to be expected to pay more.</p>
Lone Parent Families	<p>13 week protection would be available to those who could afford their property.</p> <p>Lone Parents will benefit from a £25 earned income disregard.</p> <p>The premiums that exist now, which reflect the additional costs of being a lone parent are continuing.</p> <p>Lone Parents, with older children will benefit from the removal of non-dependant reductions.</p>	<p>Lone parents who are long term unemployed will be expected to pay more.</p> <p>Some working age lone parents may lose out by the inclusion of child benefit and child maintenance in the assessment of support.</p> <p>Lone parents do have a higher needs allowance, which has been built in to the scheme.</p> <p>The greatest impact of the Child Benefit and Maintenance changes will be felt by those with relatively higher income levels.</p>
Families with children	<p>13 week protection would be available to those who could afford their property.</p> <p>The premiums that exist now, which reflect the additional costs of bringing up a family are continuing.</p> <p>Families with older children will benefit from the removal of non-dependant reductions.</p>	<p>Families who are long term unemployed will be expected to pay more.</p> <p>Some working age parents may lose out by the inclusion of child benefit and child maintenance in the assessment of support. Parents do have a higher needs allowance, which has been built in to the scheme</p> <p>The greatest impact of the Child Benefit and Maintenance</p>

		changes will be felt by those with relatively higher income levels.
Households with carer(s)	Enhanced levels of support were added for carers into the Brentwood scheme for 2014/15. There is no proposal to remove this.	In cases where the claimant is the cared for person, the household will be better off. Brentwood's scheme offers enhanced levels of support for carers compared to Council Tax Benefit and is more generous towards carers than any other in Essex.

Race / Ethnicity	Positive	Negative
No data held	The scheme will not treat people in these groups any differently. Facilities are available for those for whom spoken or written English is either not available or a second language.	Black and ethnic minority communities often face higher rates of unemployment than other groups. These changes are designed to minimise the impact of the reduction in funding on those who have no ability to increase their earning potential through employment.

Armed Services	Positive	Negative
Less than 20 taxpayers impacted	Brentwood Borough Council offers enhanced levels of support to those who have been widowed or disabled as a result of service to the Country. The national schemes offer a disregard of only £10 off War Widows and War disablement pensions (and their replacements). Brentwood fully disregards these incomes in full, In addition we enhance their awards above levels that they would have been entitled to under Council Tax Benefit, this significantly reduces the level of tax that these residents are liable for. Where a long term empty premium is to be applied, the	None. Brentwood fully meets our commitment to the Armed Services Covenant.

	Council will exempt from the surcharge a dwelling which is the sole or main residence of a member of the armed forces, who is absent from the property as a result of such service	
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Gender	Positive	Negative
Neutrality	This scheme does not treat men or women differently. The premiums and levels of support are the same regardless of gender.	No additional burden is being placed on families by changes that Brentwood Borough Council are proposing in relation to our CTR scheme.
Females	Unemployment among women in Brentwood is low (352).	
Males		Male unemployment is higher in Brentwood than female unemployment although the overall unemployment rate is significantly lower than the national average.

Issues and Recommendations

Council Tax Support is now nearing steady state. 2016/17 will be its fourth year of operation. Brentwood Borough Council has designed a scheme, which we believe targets the reductions towards those most able to improve their circumstances.

To protect vulnerable people who may be unable to improve their circumstances, it is proposed to continue an allowance within the scheme for individual taxpayers facing hardship. This is proposed at 2% of overall expenditure. This hardship fund allow for specific individual circumstances to be taken into account where appropriate.

In addition to this, for cases that fall outside of the hardship scheme Essex County Council are funding an exceptional hardship scheme of 0.2% of expenditure.

Comments on this document should be sent to

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