

# Equality Impact Assessment – Council Tax Reduction Scheme 2017/18

Version Number	Draft v5.2
Date Last Reviewed:	3 November 2016
Approved by:	Sarah Bryant – Director of Exchequer & Transactional Services
Date Approved:	4 November 2016
Next Review Date:	December 2016 (post consultation)

## 1. Management of the EqIA

This Equality Impact Assessment is owned by Conor Loughran (Council Tax & Benefits Operations Manager).

This is a working document that will be updated and informed by the statutory consultation that concludes on 16<sup>th</sup> December 2016. It will be reviewed, and progress against any identified actions monitored by the Council Tax & Benefits Service Senior Management Team.

## 2. Identification of policy aims, objectives and purpose

### Background

Newham offers a Council Tax Reduction (CTR) to residents who need help with paying their Council Tax. Working-aged residents can be eligible for a discount of up to 80 per cent, whilst pension-aged residents can be eligible for a discount of up to 100 per cent.

The level of CTR which residents are entitled to is determined by their income and a needs assessment based on their circumstances. The needs assessment includes allowances based on the number of people in the household and premiums, which recognise additional needs like disabilities.

CTR was localised in 2013/14, replacing the central Government's Council Tax Benefit. The Council was given a central Government grant of £27.2m to spend on CTR in 2013/14 and 2014/15. However, between 2014/15 and 2017/18, Newham Council has faced cuts to its overall financial settlement of 26.5 per cent. A 26.5 per cent reduction in our CTR grant means that Newham now has only £20m to spend on CTR in 2017/18.

There is now no ring fenced budget for CTR, meaning that the Council can choose to design a CTR scheme which costs more or less than £20m. However, any additional spending on CTR would need to be offset by new savings or revenue elsewhere in the Council.

The Council may design its CTR scheme for working-age residents only; the scheme for pension-aged residents is prescribed by central Government. In December 2013, the Council agreed that the needs allowance for Newham's working-age CTR scheme, would be based on the needs allowance used by central Government for other benefits – including housing benefit (HB) which Newham administers.

Central Government is now planning two changes to the Tax Credits system from April 2017, that will mean some households with children will be entitled to less Tax Credit than they would have been before that date. The changes they are planning are:

- **Removing the family element of the Child Tax Credit**  
The family element of Child Tax Credit (CTR) would no longer be awarded to new claimants – worth up to £545 yearly
- **Restricting the child allowance in tax credits and benefits to the first two children**  
No allowance would be given in most cases for a child born after April 2017 where there are already two or more children in the family – worth up to £2,780 yearly

As households affected by these changes will have a lower income than they would have previously had, the amount of CTR Newham awards them will increase requiring new savings elsewhere unless we amend the current CTR Scheme.

### **What changes are being proposed to Newham's CTR scheme and why?**

In response to central Government's changes, the proposed changes to Newham's CTR scheme would be that from 6<sup>th</sup> April 2017, in calculating entitlement:

- No Family Premium (similar to the family element in CTC) would be given in any new claim made on or after this date, or in any existing claim where there is a first birth on or after this date.
- No allowance will be given, other than in limited specific circumstances, for any child born on or after this date where the birth would bring the number of children above two, or where the number of children in the household is already more than two.

All other areas of the means test for entitlement to Council Tax Reduction would be based on the existing scheme and therefore are not within the scope of this EqIA.

We are proposing these changes because we estimate that, if we do not change our scheme to remove the Family Premium, affected households will see an increase in their CTR entitlement of £2.09 per week, costing the Council £267,900.<sup>1</sup> If we continue to give an allowance for additional children born after April 2017 where there are already two or more children in the family, affected households will see their CTR entitlement increase by an average of £7.76 per week, with a total cost to the Council of £122,170..

---

<sup>1</sup> All savings/costs based on if changes had been implemented in 2015/16.

If we do not make either change, then affected households will see their CTR entitlement increase by an average of £2.73 per week, with a total cost to the Council of £381,600.

Changing our CTR scheme to reflect these proposed central Government changes would reduce the Council's spending on CTR by a total of £158,523.

If we remove the Family Premium from CTR, new claimants and existing claimants having a first child will be worse off by £1.40 per week. The change will only affect new claimants and those who have a first child.

If we no longer allow for children born after April 2017 where the number of children in the family is already two or more, affected households will be worse off by on average £1.66 per week. Under current proposals, this will not apply to households who exceed the two child threshold as a result of rape, multiple births, or adopting from Local Authority care.

Making the proposed changes will affect only new claimants and those whose circumstances change due to having an additional child. Out of a total of 36,514 CTR claimants in 2015/16, 4,296 made a new claim last year.

From the 36,514 CTR claimants:

- 1,529 new claimant households would have been affected by the removal of the family premium from CTR.
- 31 existing claimants had a first child, and so would have been affected by the removal of the family premium.
- 352 claimants had an additional child where the number of children already in the family was two or more, and so would also have been affected by the restriction of the child allowance in CTR.

The changes will mainly affect in-work households. This is because claimants on income related Jobseeker's Allowance, income related Employment Support Allowance or Income Support are "passported" – meaning that they are entitled to the maximum CTR award automatically.

Any changes to the CTR scheme will need to be agreed at Council by 31<sup>st</sup> January 2017 and following a statutory consultation exercise, with those affected by the change.

The Council is required to consider any transitional protection that should apply if it makes a change to the Council Tax Reduction scheme that would reduce or remove entitlement. As these changes could unfairly impact women who are already pregnant at the time the changes are implemented, we propose to offer transitional protection to any existing claimant at 7<sup>th</sup> April 2016 who has an additional child after that date. These claimants would receive the Family Premium and child allowance for that child in their CTR claim.

In addition to the proposed transitional protection, the Council has an existing policy that allows it to make a discretionary reduction in a household's Council Tax liability. Any

household affected by these changes could apply for a reduction if their circumstances were exceptional.

We will use the consultation exercise as an opportunity to engage with residents and understand their views on the proposals, to consider potential options to mitigate against the impact on those who will be effected by the changes.

### 3. Scope / focus of the EqIA

Central Government prescribes the scheme for calculating entitlement to CTR that applies to households of pension-age.

The focus of this EqIA is only on working-age households who may be affected by the proposed changes to Newham's CTR scheme.

The EqIA will help to understand the impact of the changes on working-age residents and in particular, the impact on each of the different equality groups and understand what mitigations need to be put in place to reduce the impact.

The table below sets out the protected equality groups and considers which groups are most likely to be affected by the proposed changes to Newham's Council Tax Reduction scheme.

Protected Characteristic	Assessment of relevance High, Medium, Low	Provide evidence
Class or socio-economic disadvantage	High	Newham households have a lower median gross weekly earnings (£438.50 compared to £536.60 in London and £442.30 in England). <i>(Source: Annual Survey of Hours and Earnings - ASHE 2016)</i>  This lower level of earnings would mean households are more likely to need financial assistance through CTR.
Age	High	The 30-44 age group represents 25% of the population in Newham (Census 2011) but make up 65.2% of those affected by the proposed changes to CTR.
Disability	Low	Table 4 below indicates that 2.2% of claimants affected by these proposed changes are in receipt of a disability benefit compared to 22.8% of all households receiving CTR who are in

		<p>receipt of a disability benefit. On this basis we would determine the relevance of these changes to be low.</p> <p>However, the changes could be seen as relevant in relation to the birth of a disabled child. Central Government will provide an allowance for disabled children from April 2017 and Newham would also do so in its CTR scheme.</p>
Transgender	Low	No data is available for this group.
Pregnancy and maternity	High	<p>Newham has a higher General Fertility Rate (GFR) compared to London as a whole and England with 77.7<sup>2</sup> live births per 1000 women, compared to 63.9 and 62.5 in London and England respectively. (source: ONS)</p> <p>This higher rate of fertility means that Newham households are more likely to be affected by the proposed changes.</p>
Race	High / Medium	<p>The number of children does vary by ethnicity with higher numbers in certain ethnic groups, that are higher than their proportion within the population. Therefore some groups may be more affected by these changes than others.</p> <p>Asian-Bangladeshi children make up 16.8% of the dependent child aged population in Newham (highest of all the Asian subsets), whilst Asian-Bangladeshi households make up 12.1% of the population as a whole. Similarly children of Black-African origin make up 18.3% of the child aged population, whilst Black-African households make up 12.3% of the population as a whole. (Source: Census 2011)</p>
Religion / belief	High	The Census 2011 data for England and Wales reports on the number of dependent children in a family by

<sup>2</sup> The General Fertility Rate (GFR) is the number of live births per 1,000 women aged 15 to 44. The GFRs have been calculated using the mid-2015 population estimates.

		<p>religion. Nationally the percentage of three or more dependent children in a family is highest among those who identify as Muslim at 59.9%. For those who identify as Christian it is 29%.</p> <p>In Newham 32% of the population are Muslim and 40% are Christian (Census 2011).</p> <p>The national data can be used as an indicator to understand how religion can be linked to family size and based on Newham demographics, it is considered that the proposed changes will have a high relevance for this group in comparison to other religious groups.</p>
Sexual orientation	Low	No data is available for this group.
Sex	High	<p>Whilst female claimants make up just under half of all affected households, (based on 2015/16 data, see table 1), there are higher levels of lone parent female households (see table 2) impacted by the proposed changes (over 25% of all households affected) with an almost negligible number of male lone parent households affected.</p> <p>In Newham women have a lower median gross weekly earnings compared to men at £383.20 and £483.50 respectively. (Source: ASHE 2016)</p>

#### 4. Relevant data, research and consultation

The key relevant data used in compiling the EqlA is from Newham Info; Office for National Statistics NOMIS; and modelled data from current Council Tax Reduction claimant information.

The proposed changes are subject to a six week consultation commencing on 4<sup>th</sup> November 2016; this is in line with central Government recommendations. The consultation will be online with paper forms available for those without online access. Groups identified through the EqlA as particularly affected by the proposals will be considered in the consultation. Following the end of the consultation period, we will use the findings to update and inform the final EqlA.

## Council Tax Reduction Claimant Data – 2015/16

Tables 1 to 7 are based on Newham residents in receipt of CTR in 2015/16, who would have been affected by the proposed changes had they been in place at the time. They include calculations of the financial impact the changes would have had, to help inform this EqlA assessment of impact of these proposals.

**Table 1 – CTR Claimants by Gender**

Claimant Gender	Number of households	Minimum weekly change (£)	Average weekly change (£)	Maximum weekly change (£)
Female	861	0.05	1.67	5.38
Male	953	0.01	1.65	5.38
Not recorded	20	0.76	1.35	1.40
<b>All</b>	<b>1834</b>	<b>0.01</b>	<b>1.66</b>	<b>5.38</b>

**Table 2 – Female CTR Claimants by household type**

CLAIMANT - FEMALE				
Household Type	Number of households	Minimum weekly change (£)	Average weekly change (£)	Maximum weekly change (£)
Couple - children	342	0.05	1.85	5.38
Lone Parent	519	0.05	1.55	5.38
<b>All</b>	<b>861</b>	<b>0.05</b>	<b>1.67</b>	<b>5.38</b>

**Table 3 – Male CTR Claimants by household type**

CLAIMANT - MALE				
Household Type	Number of households	Minimum weekly change (£)	Average weekly change (£)	Maximum weekly change (£)
Couple - children	927	0.01	1.66	5.38
Lone Parent	26	1.07	1.39	1.40
<b>All</b>	<b>953</b>	<b>0.01</b>	<b>1.65</b>	<b>5.38</b>

**Table 4 – CTR Claimants Disabled and Non-disabled**

Disabled	Number of households	Minimum weekly change (£)	Average weekly change (£)	Maximum weekly change (£)
No	1793	0.01	1.66	5.38
Yes	41	0.21	1.47	2.69
<b>All</b>	<b>1834</b>	<b>0.01</b>	<b>1.66</b>	<b>5.38</b>

**Table 5 – CTR Claimants by Ethnicity**

Ethnicity	Number of households	Minimum weekly change (£)	Average weekly change (£)	Maximum weekly change (£)
Declined/No response	1125	0.01	1.55	5.38
Asian - Bangladeshi	173	0.06	1.91	5.38
Black - African	173	0.53	1.88	5.38

Ethnicity	Number of households	Minimum weekly change (£)	Average weekly change (£)	Maximum weekly change (£)
White - Other	113	0.09	1.58	5.38
Asian - Pakistani	75	1.20	1.96	4.09
White - British	52	0.66	1.77	4.09
Asian - Other	38	0.07	1.97	4.09
Asian - Indian	35	0.62	1.79	4.09
Black - Caribbean	29	0.08	1.60	5.38
Mixed - White and Black African	5	1.17	2.39	2.69
Mixed - White and Black Caribbean	4	0.24	1.08	1.40
Black - Other	4	1.40	1.40	1.40
Mixed - White and Asian	2	1.40	1.40	1.40
Any other Mixed / Multiple ethnic background	2	1.40	2.05	2.69
White - Irish	1	1.40	1.40	1.40
Asian - Chinese	1	1.40	1.40	1.40
Other - Any other ethnic group	1	1.17	1.17	1.17
White - Gypsy or Irish Traveller	1	2.69	2.69	2.69
<b>All</b>	<b>1834</b>	<b>0.01</b>	<b>1.66</b>	<b>5.38</b>

**Table 6 – CTR Claimants by Age**

Claim Age	Number of households	Minimum weekly change (£)	Average weekly change (£)	Maximum weekly change (£)
<30	251	0.05	1.50	5.38
30-44	1195	0.01	1.72	5.38
45-59	378	0.05	1.59	5.38
60-74	9	1.06	1.36	1.40
75-89	1	1.40	1.40	1.40
<b>Total</b>	<b>1834</b>	<b>0.01</b>	<b>1.66</b>	<b>5.38</b>

**Table 7 – CTR Claimant by Income Source**

Income source	Number of households	Minimum weekly change (£)	Average weekly change (£)	Maximum weekly change (£)
Earnings or other benefits	1834	0.01	1.66	5.38
In receipt of DWP means tested benefits	0	-	-	-



## 5. Assessment of Impact and outcomes

Protected characteristics	Issues taken from evidence	Judgement (positive / negative)	Recommendations/mitigations
Age	<p>The 30-44 age group represent 25% of the population but make up 65.2% of those affected by the proposed change.</p> <p>Households in this age group also lose a higher average weekly amount - £1.72 per week compared to £1.55 per week for all other groups.</p>	Negative	<p>Where the changes place a household in exceptional financial hardship they can request a Discretionary Reduction in Council Tax liability which would be given consideration.</p> <p>In addition, we can stay any further action on recovery of Council Tax and come to an appropriate arrangement with the household to enable them to pay their liability.</p> <p>Newham MoneyWorks can also offer budgeting advice to help households manage their money.</p>
Disability	Using receipt of DWP disability benefits (Disability Living Allowance, Personal Independence Payment and Attendance Allowance) as an	Negative	Central Government will provide an allowance for disabled children from April 2017 and Newham would also do so in its CTR scheme.

Protected characteristics	Issues taken from evidence	Judgement (positive / negative)	Recommendations/mitigations
	<p>indicator of disability we found that 2.2% of affected households are in receipt of these benefits compared to 22.8% of all households receiving CTR who are in receipt of a disability benefit.</p>		<p>Where the changes place a household in exceptional financial hardship they can request a Discretionary Reduction in Council Tax liability which would be given consideration.</p> <p>In addition, we can stay any further action on recovery of Council Tax and come to an appropriate arrangement with the household to enable them to pay their liability.</p> <p>Newham MoneyWorks can also offer budgeting advice to help households manage their money.</p>
Race	<p>The impact of these changes varies by the ethnic background of the household reflecting birth rates and number of dependent children in the household.</p>	Negative	<p>Where the changes place a household in exceptional financial hardship they can request a Discretionary Reduction in Council Tax liability which would be given</p>

Protected characteristics	Issues taken from evidence	Judgement (positive / negative)	Recommendations/mitigations consideration.
	<p>Asian-Bangladeshi children make up 16.8% of the dependent child aged population in Newham (highest of all the Asian subsets), whilst Asian-Bangladeshi households make up 12.1% of the population as a whole. Similarly children of Black-African origin make up 18.3% of the child aged population, whilst Black-African households make up 12.3% of the population as a whole. (Source: Census 2011)</p>		<p>In addition, we can stay any further action on recovery of Council Tax and come to an appropriate arrangement with the household to enable them to pay their liability.</p> <p>Newham MoneyWorks can offer budgeting advice to help households manage their money.</p>
Pregnancy / Maternity	<p>Newham has a higher General Fertility Rate (GFR) compared to London as a whole and England with 77.7 live births per 1000 women, compared to 63.9 and 62.5 in London and England respectively. (source: ONS)</p> <p>This higher rate of fertility means that Newham households are more likely to be</p>	Negative	<p>We are proposing transitional protection for existing claimants who have a child in 2017/18. These households would continue to receive a family premium for a first birth and an allowance for any new child born from that pregnancy.</p>

Protected characteristics	Issues taken from evidence	Judgement (positive / negative)	Recommendations/mitigations
	<p>affected by the proposed changes.</p> <p>In addition, claimants already expecting a child may incur an unexpected cost that could not have been planned for.</p>		
Sex	<p>Whilst female claimants make up just under half of all affected households, (based on 2015/16 data, see table 1), there are higher levels of lone parent female households (see table 2) impacted by the proposed changes (over 25% of all households affected) with an almost negligible number of male lone parent households affected.</p> <p>In Newham women have a lower median gross weekly earnings compared to men at £383.20 and £483.50 respectively. (Source: ASHE 2016)</p>	Negative	<p>Where the changes place a household in exceptional financial hardship they can request a Discretionary Reduction in Council Tax liability which would be given consideration.</p> <p>In addition, we can stay any further action on recovery of Council Tax and come to an appropriate arrangement with the household to enable them to pay their liability including weekly instalments.</p> <p>Newham MoneyWorks can also offer budgeting advice to help households manage their</p>

Protected characteristics	Issues taken from evidence	Judgement (positive / negative)	Recommendations/mitigations
<p>Class or socio-economic disadvantage</p>	<p>As Council Tax Reduction is a means tested benefit those who qualify could be assumed to be in lower social-economic groups.</p> <p>As these changes relate directly to the basis of the means test within CTR, those who work or have independent sources of income are the only groups affected by the proposed changes and would have to contribute more towards their Council Tax liability.</p> <p>The low median income for working households in Newham means that, despite our relatively low level of Council Tax, these households are more likely to need financial assistance through CTR with paying their Council Tax.</p>	<p>Negative</p>	<p>money.</p> <p>Where the changes place a household in exceptional financial hardship they can request a Discretionary Reduction in Council Tax liability which would be given consideration.</p> <p>In addition, we can stay any further action on recovery of Council Tax and come to an appropriate arrangement with the household to enable them to pay their liability including weekly instalments.</p> <p>Newham MoneyWorks can also offer budgeting advice to help households manage their money.</p>

Equality Impact Assessment Action Plan for Council Tax Support scheme				
Issues identified and groups affected	Actions to be taken	Timescales of actions	Who is responsible for delivery	Intended outcomes
Pregnancy / Maternity Awareness of the proposed changes amongst expectant women	Develop communication plan for proposed changes to CTR and highlight changes to Tax Credits using any Central Government published material	11/11/16	Conor Loughran	Potentially affected individuals are aware of the change and can seek advice with budgeting
All Groups Households having difficulties paying contribution towards Council Tax	Review recovery and cost charging policies.  Review methods of payments available  Review Discretionary Reduction policy	28/11/16	Beverley Platt	Up to date policies and practices that recognise the impact of the proposed changes.
All Groups Understanding views of those potentially affected by the changes	Review mitigations and transitional protection based on consultation responses/findings	03/01/17	Conor Loughran	Information to fully inform the Council's decision.

**6. Formal agreement**

a) Director of Exchequer & Transactional Services

A handwritten signature in black ink, appearing to be "S. J. S.", positioned below the text for the Director of Exchequer & Transactional Services.

**7. Publication of results**

This draft EqlA is available together with the public consultation and is on Newham's website – 4 November 2016

**8. Monitoring and review**

This EqlA will be reviewed and updated after the end of the public consultation in December 2016. The final EqlA will be published in January 2017 and will be monitored by the Council Tax & Benefits Service Management Team on a fortnightly basis.