



**Full Council**  
25 November 2019

**Report from the Strategic Director of  
Customer & Digital Services**

**Local Council Tax Reduction Scheme 2020/21**

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Yes
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	<p><b><u>Ten:</u></b></p> <p>Appendix A: Proposed Council Tax Reduction Scheme regulations for 2020/21</p> <p>Appendix B: Other London Councils' current CTS schemes and plans for 2020</p> <p>Appendix C: Principles governing new CTS scheme design, with pros and cons of the chosen design</p> <p>Appendix D: High-level design: options appraisal</p> <p>Appendix E: Proposed new CTS scheme (summary guide)</p> <p>Appendix F: Case studies (with amended non-dependant charges following consultation)</p> <p>Appendix G: Questions, comments and suggestions received during consultation – with responses</p> <p>Appendix H: Quantitative data from consultation responses</p> <p>Appendix I: Draft implementation plan</p> <p>Appendix J: Equalities Assessment (inc. Annexes A, B, C)</p>
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	<p>David Oates Head of Customer Services Operations <a href="mailto:David.Oates@brent.gov.uk">David.Oates@brent.gov.uk</a> 0208 937 1931</p> <p>Leigh Wood Benefits Subsidy &amp; Policy Manager <a href="mailto:Leigh.Wood@brent.gov.uk">Leigh.Wood@brent.gov.uk</a> 0208 937 1948</p>

## **1.0 Purpose of the Report**

### **1.1 This report sets out:**

- 1.1.1 A recommended new local Council Tax Reduction scheme (known as Council Tax Support) to be effective from 1 April 2020;
- 1.1.2 The reasons why a change of scheme is both necessary and desirable;
- 1.1.3 The design options and features considered in the design of the new scheme;
- 1.1.4 The findings and outcomes of the consultation arrangements for the proposed scheme carried out over a 12-week period between 19 July and 10 October 2019;
- 1.1.5 The financial and equalities impacts of the recommended CTS scheme for Brent residents.
- 1.1.6 A high level implementation plan.

## **2.0 Recommendations**

### **2.1 Members of the Council are asked to consider and approve the following recommendations:**

- 2.1.1 To approve and authorise the making and implementation of the recommended Council Tax Support Scheme as set out in section 4 and Appendix A of this report, to be effective from 1 April 2020.
- 2.1.2 To note the outcome of the consultation on proposals to change the Local Council Tax Support scheme in section 6 and Appendices G and H of this report.
- 2.1.3 To consider and note the findings on equalities and other impacts arising from the proposed CTS scheme as set out in sections 5 and 10 of this report.
- 2.1.4 To consider and approve the decision not to offer Transitional Protection to existing claimants who are adversely affected by the change to the new scheme, for the reasons set out in section 5 of this report
- 2.1.5 To note alternative scheme options that existed and the reasons for these options being discarded
- 2.1.6 To note the draft plan of implementation activities scheduled between December 2019 and March 2020.

## **3.0 Detail**

## **Background**

- 3.1 Council Tax Support (CTS) is a local scheme providing eligible Council Tax Payers with support by way of a reduction to their Council Tax bill dependent upon their income and circumstances. The current Brent scheme became effective from 1<sup>st</sup> April 2013 and has remained broadly unchanged with only minor amendments over the past six years.
- 3.2 The Council has a statutory duty to provide a local Council Tax Reduction Scheme (CTRS) for working-age claimants within its area. Pension Credit-age claimants are subject to statutory provisions determined on a national basis that must be incorporated within each authority's local scheme<sup>1</sup>. The authority's scheme must be reviewed each year and any revisions to the scheme made by Full Council by the 11<sup>th</sup> March immediately preceding the financial year in which it is to take effect.
- 3.3 Brent's current scheme is based on the former national Council Tax Benefit (CTB) scheme, which was in place prior to 1 April 2013, with a number of variations. The most significant variation to CTB is the requirement that all claimants are required to pay a minimum 20% of their Council Tax liability (unless they are protected due to being in receipt of certain qualifying benefits, mainly disability-related or payable to carers).
- 3.4 Currently, the amount of CTS awarded for 2019/20 totals £28.3M, paid to 15,996 working-age and 8,969 pension-age claimants. (Total caseload 24,965.)
- 3.5 The current CTS scheme is not financially sustainable against the long-term full rollout of Universal Credit (UC), which commenced in Brent in November 2018, and its main current advantage of similarity to Housing Benefit (HB) (reduced bureaucracy) is receding as more claims transfer from HB to UC, making it timely to review the current scheme. The impact of UC is explained in paragraphs 3.10 to 3.14 below.
- 3.6 It should be noted that any revised CTS scheme must also be capable of operating independently of UC, in the event that the latter scheme is changed or abolished by central government.

## **Drivers for review**

- 3.7 The key factors driving the proposal to review the CTS scheme for 2020/21 are:
  - To design a scheme which is fit for future needs (in particular how residents in receipt of UC are treated);
  - To streamline administrative processes, and reduce complexity for claimants, especially given the declining advantage of the current scheme being similar to the design of HB as 90% of the current working-age HB caseload (70% of the overall caseload) migrates to UC (by 2023/24).

---

<sup>1</sup> Since May 2019, a couple consisting of one partner of Pension Credit age and one of working age, is classed as working age in respect of entitlement to welfare benefits, including Council Tax Support.

- To address elements of the current scheme which are unsustainable or undesirable in the long-term, primarily relating to:-
    - the current criteria for exemption for claimants from making a minimum contribution towards their Council Tax liability. This exemption is currently awarded solely on the basis of the claimant's entitlement to certain benefits (e.g. disability benefits or Carer's Allowance) without reference to any of the other circumstances of the household;
    - the assessment of claimants on UC (see paragraphs 3.10 to 3.14 below)
- 3.8 The overriding objective of the new scheme is to ensure that the financial support available is going to those residents who are least able to pay their Council Tax because they have a low income.
- 3.9 At the outset of the CTS review, the scheme was identified as being a potential area from which spending cuts could be made. A number of options were modelled during the design phase in order to provide up to £3.3M net savings (£4.6M of gross expenditure), but were all rejected by Policy Co-Ordination Group (PCG), consisting of members of the Council's Cabinet, following examination of the impacts on residents that such cuts would produce. The Council has therefore committed to maintaining the current level of funding for CTS, so the proposed changes to the scheme are cost-neutral (i.e. equal to 2019/20 CTS expenditure plus any Council Tax increase in 2020/21)<sup>2, 3</sup>.

### **The effect of Universal Credit on CTS**

- 3.10 There are two reasons why Brent's current CTS scheme needs to be changed due to the rollout of UC:
- 3.11 Firstly, as Brent's CTS scheme is currently comprised, all claimants in receipt of UC receive a "maximum" (i.e. in most cases 80%) discount regardless of whether they are receiving UC due to them being unemployed or being in work. (The scheme was designed in this way because when it was written in 2012, many of the details of how UC would work were unknown.)
- 3.12 The current Brent CTS scheme, therefore, is slightly more generous to working claimants on UC than similar working claimants on the corresponding "legacy benefit" (Working Tax Credit). This difference is relatively marginal in terms of impact on the individual, and the effect on the overall cost of the scheme has to date been outweighed by the savings from a reducing caseload, but with the full rollout of UC now under way in the borough, net expenditure from 2020/21 is likely to increase, due to the increasing number of claimants on UC, by approximately £250K per year. (A total additional cost of over £1M by the time UC is fully rolled out.)
- 3.13 Secondly, it is not sufficient to change the current approach to UC claimants just to mirror the means-test currently applied to Working Tax Credit (WTC)

---

<sup>2</sup> Within a small level of variance, modelled at £50K (0.2%) comparing the final model to the current scheme.

<sup>3</sup> The wider economic situation (e.g. a future recession, the impact of Brexit for employers in the Borough, etc.) may impact upon caseload and expenditure, positively or negatively, and these are monitored as part of normal operations and financial planning. The "cost-neutral" modelling of the new scheme assumes there will be minimal change in caseload volume or composition.

recipients. This is because, unlike WTC, UC entitlement is recalculated every month based on the claimant's fluctuating earnings, therefore any CTS scheme directly linked to the amount of UC received, would potentially produce a change in the claimant's CTS entitlement each month, also prompting a recalculation of their net Council Tax liability, the issuing of a new bill, and revised monthly instalment amounts spread across the remaining months of the year.

- 3.14 Given the large number of changes in earnings caused by zero hours' contracts, overtime payments etc, it is clearly undesirable for both claimants and for Council Tax collection that the claimant is billed up to 12 times in the year for differing amounts.

### **Other Councils' CTS schemes**

- 3.15 Almost all Councils' current CTS schemes are variations on the former CTB scheme, with the most widely adopted variation being the "minimum contribution". Contributory amounts currently range from 0% to 45% nationally (0% to 30% in London).
- 3.16 However, with the introduction of Universal Credit, and the corresponding removal of HB for most working-age claimants, a significant number of other authorities are also reviewing their CTS schemes, for reasons similar to Brent. Authorities are now starting to consider future models which much more resemble Council Tax discounts, with prescribed percentage discounts depending on broader income bands. Other options include considering the use of fixed award periods or allowing greater tolerance on the reporting of relatively small fluctuations in income.
- 3.17 Appendix B provides details of other London Councils' current CTS schemes and, where known, their proposed schemes for 2020/21.
- 3.18 Of these, two already have a banded income scheme, though these Councils are very dissimilar to Brent in terms of demographics (Bexley and Sutton).
- 3.19 Six other authorities (out of 23 who responded to our survey) have confirmed they are changing their scheme for 2020/21. Four of these are definitely moving to a banded scheme (Camden, Ealing, Harrow, Redbridge). There are also several examples of banded schemes around the country, and there is a distinct trend of authorities towards this model.

## **4.0 Review methodology**

### **Initial considerations**

- 4.1 The scheme review was approached from the perspective of designing a new scheme which will be fit for future needs, rather than simply tweaking the existing scheme.
- 4.2 In order to apply a structured approach, the review methodology was to develop the scheme in three main stages:-
1. Establish key principles which will underpin the scheme and guide its design and overall objectives.

2. Determine potential high-level designs and select preferred design
  3. Design detailed scheme features
- 4.3 Development of these elements was undertaken by the officer project team, reflecting the input of a Project Board, Lead Member and comments from CMT and PCG members, as well as considering the objectives of the administration's manifesto and the Borough Plan. An all-party Member-level Working Group was convened to help steer the project and provide a sounding board and discussion forum for issues identified as the project progressed.
- 4.4 There are also a number of statutory requirements that all local CTS schemes must be able to demonstrate (e.g. that they must demonstrate that they "incentivise work").
- 4.5 Consideration was given to the former Department of Communities & Local Government (DCLG)'s 2012/13 Statements of Intent, which addressed a range of issues including the following, which must be referred to in establishing a scheme:
- Vulnerable People and Key Local Authority Duties,
  - Information Sharing and Powers to Tackle Fraud.
- 4.6 The Council is also required to ensure that appropriate consideration has been given to support for other vulnerable groups, including those which may require protection under other statutory provisions including the Child Poverty Act 2010, the Disabled Persons Act 1986 and the Equality Act 2010, amongst others.

### **Scheme principles**

- 4.7 12 key principles were established to underpin and evaluate any proposed scheme options. These are listed in Appendix C (along with an evaluation of the proposed scheme against each of the principles).

### **High-level design options**

- 4.8 The following high-level scheme designs were considered:
1. Use the current CTS design based on the former CTB scheme with an increased personal contribution (currently 20%) either for non-vulnerable claimants or for all working age claimants
  2. A banded discount scheme based on income and / or circumstances
  3. An all-household income scheme
- 4.9 Most viable scheme designs considered by other Councils are variations of one of these options (indeed, Option 3 is itself a variation of Option 2).

### **Scheme design evaluation**

- 4.10 The three main scheme designs were evaluated against the proposed scheme principles and other significant factors. The table in Appendix D indicates whether each option is capable of meeting the design principles and the RAG status indicates the extent of this.

- 4.11 As can be seen from the table in Appendix D, a simple comparison of the main factors – weighted to reflect the key design objectives of simplification, transparency, compatibility with UC and automation - and their relative abilities to meet the core principles of the new scheme shows Option 2 (“banded discount”) as the optimum scheme design to best meet requirements. Option 3 has some positive aspects, albeit it is more administratively complex and less transparent than Option 2.
- 4.12 Option 1 – modifications to the current means-tested scheme – is not *incapable* of being improved or simplified, but has less scope for meeting the key requirements moving forward. This is mainly due to its starting point as an already highly complex scheme, with the main current advantage being its similarity to HB, so that claimants can claim HB and CTB jointly providing the same information, and these can also be assessed at the same time, giving considerable economies of scale. As up to 90% of the working-age HB caseload moves to UC over the next few years – and the majority of remaining HB claimants are pensioners on the nationally prescribed CTS scheme - this major advantage is lost.
- 4.13 The only significant potential disadvantage to Option 2 is that simplification could lead to a cruder scheme which is less equitable or fair. The impacts of this design have been extensively modelled during the design phase.
- 4.14 Option 2 was therefore chosen as the basis of the proposed new scheme.

### **Design of the proposed scheme**

- 4.15 The proposed new scheme is set out in full in the scheme regulations included as Appendix A to this report, and in a shorter guide in Appendix E. (A version of this latter document was also made available on the Council’s website as part of the public consultation.) The main features are as summarised in the section below.
- 4.16 The proposed scheme has two key elements:
- 4.16.1 The replacement of individual means tests by a discount award based on banded income levels, based on the claimant’s net earned income with DWP and HMRC benefits, and any foster carers’ allowance income<sup>4</sup> from the local authority, disregarded);  
  
and
  - 4.16.2 Deductions to entitlement in respect of other adults (non-dependants) living in the claimant’s property (particularly those non-dependants with significant earnings). This is a modification of a feature of the current CTS scheme.

- 4.17 The proposed income bands for claimant income are shown below:

---

<sup>4</sup> Initial information provided in the consultation mentioned DWP income only. The policy intention to also exclude HMRC income was clarified at subsequent consultation events. Comments received during the consultation process suggested also exempting foster carers’ allowances; following consideration, this suggestion has been incorporated into the proposed scheme.

**Table 1: Maximum potential CTS discount based on claimant & partner's income**

Claimant and partner's net income per week?	CTS award (% of net liability)	Number of claimants in current caseload
On state benefits only or £0 - £80	100%	10,708
£81 - £110	80%	1,458
£111- £150	50%	2,150
£151 - £250	30%	1,680

- 4.18 Under the proposed scheme, the highest level of discount is 100%, compared to 80% for most claimants (or 100% for exempt / protected claimants) under the current scheme. Claimants facing the burden of additional challenging circumstances, such as disabled residents, carers and war widows, will continue to be supported by the scheme, with the majority receiving a 100% discount (unless they also have additional income, or non-dependant adults living in their property).

#### **Non-dependant deductions**

- 4.19 Following comments received during the public and stakeholder consultation, it is now proposed to have four bands of non-dependant deduction instead of the originally proposed three. (The current CTS scheme has five). This change is outlined in the table below and is cost-neutral to the original proposal.



**Table 2: Original and revised non-dependant deductions**

<u>Original proposal</u>		<u>Revised proposal</u>	
<b>Gross income</b>	<b>Non-dep weekly contribution</b>	<b>Working Age – Non Dependant Income<sup>5</sup></b>	<b>Deduction per week</b>
<b>Not working</b>	£4.00	Not working	£5.00
<b>Working up to £182 per week</b>	£8.00	Working - net income up to £150 pw	£10.00
<b>Working £183 + per week</b>	£20.00	Working – net income between £151 and £200 pw	£15.00
		Working – net income over £201 pw	£20.00

4.20 There are two key changes for non-dependant deductions (NDD) between the current and proposed schemes:-

4.20.1 The change from five current NDD bands to four, and the removal of the “nil” NDD band on the basis that a key aspect of the proposed scheme is that all household members are expected to contribute. (The highest deduction will increase from £19.80 to £20.00.);

4.20.2 There are a number of households where no deduction is currently made because the *claimant* is exempt from the minimum 20% Council Tax contribution (because the claimant is disabled or a carer), regardless of the income of the *non-dependant*. Again following the principle that every adult household member should be expected to contribute towards that household’s Council Tax, this exempt category has been removed, and these non-dependants will therefore now be subject to deductions from the claimant’s CTS entitlement, based upon *their* income, as all other non-dependants are.

4.21 The main implications of these changes for claimants and non-dependants are shown in paragraphs 5.1 and 5.2 below. A number of case studies, including the amended non-dependant proposals, are set out in Appendix F.

4.22 Other key features of the scheme which should be noted include: -

- All earnings from the claimant and any partner’s remunerative work are included in the calculation of the claimant’s CTS entitlement (see below for calculation).
- All income from DWP / HMRC benefits is ignored for the purpose of the CTS calculation. In addition, following consultation comments received, foster carers’ allowances from the local authority will also be disregarded.

<sup>5</sup> In the original proposal, it was suggested that non-dependants’ gross earnings would be used, as is the case in the current CTS scheme. Following comments received, it is proposed to change this to net income, in line with the treatment of claimants’ income.

- Any capital or savings held by the claimant or partner will be disregarded if it totals less than £6000. Claimants and partners with more than £6000 capital will not be entitled to CTS. This feature is retained from the current scheme and this amount is also the capital limit within the UC scheme.
- Claimants will only be required to provide evidence of their household composition (i.e. non-dependants) and any non-benefits-related income (excluding foster care allowances) - and in many cases not even these, as earnings and capital information will be obtained from their UC claim data where possible.
- The UC claim date will be accepted as the date of claim for CTS; and / or claims will automatically be backdated to an earlier date within the same financial year if the claimant's circumstances are established to have not changed between the earlier date and the date of making their claim, to avoid claimants missing out on entitlement due to ignorance of the need to claim CTS separately from UC.
- Small changes in income will in many cases not result in a change in CTS entitlement (due to there only being four, fairly broad, income bands). This in turn will mean fewer fluctuating Council Tax bills throughout the year and more clarity for claimants about what they have to pay.
- Retrospective changes in circumstances will result in a debit or credit to the claimant's CTAX account in all circumstances, thereby increasing or reducing the amount of Council Tax due.

4.23 There is also scope to further reduce individual Council Tax liability on a case by case basis under Section 13A(1)(c) of the Local Government Finance Act (LGFA) 1992, if a Council Taxpayer is experiencing exceptional and extenuating circumstances. Each application is considered on its own merits.

4.24 Examples where applications may be considered for a further reduction could include properties affected by natural disasters such as fire, flood or storm that were beyond the control of the occupier, or where the Authority considers that a CTS claimant requires further assistance towards their Council Tax liability due to exceptional circumstances or financial hardship.

4.25 As will be appreciated, the proposed changes will result in the CTS application process being considerably simplified, hopefully providing increased understanding and clarity of the scheme for claimants.

#### **Other considerations when changing the CTS scheme**

4.26 Our software supplier (Northgate) has been consulted regarding the specific details of our proposals to ensure that they can be technically achieved; they have confirmed that there are no technical barriers to the proposals, and the system release containing the new parameters should be delivered by the end of November.

4.27 The cost of collecting and recovering Council Tax has to be considered when designing the CTS scheme, as collection is likely to increase if the CTS scheme

becomes less generous towards certain residents - and more officer action may be required to achieve collection of amounts owing; there will also be more accounts to collect from with relatively small amounts to pay. This in turn produces a corresponding increase in bad debt and thereby can become self-defeating from the perspective of generating savings. Brent's decision not to make savings from the scheme largely avoids this potential issue, though as the change is redistributive there will still clearly be some current claimants who will receive less help. However, a key aspect of the design has to direct reductions towards those more able to afford them, therefore it is felt that the impact on Council Tax collection will be, at worst, neutral, or possibly slightly advantageous.

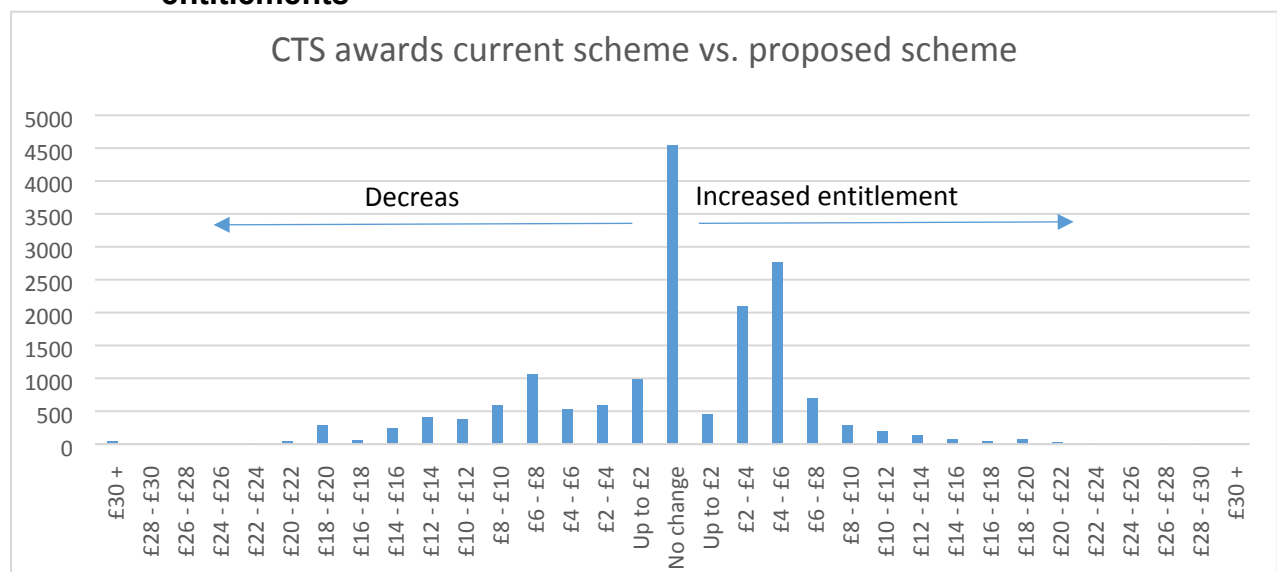
## 5.0 Impacts on claimants and non-dependants

5.1 Below is a summary of the main impacts of the proposed scheme.

- Claimants with larger incomes will still receive less entitlement and will be expected to pay more Council Tax than those on lower incomes.
- However, currently exempt claimants will retain their 100% discount under the new scheme (subject to any non-dependant charges or partner's income).
- Also, "passported" claimants (Income Support, Job Seekers Allowance (Income Based), etc), currently receiving 80% discount, will now receive 100% (subject to any non-dependant charges or partner's income).
- The highest changes in entitlement between the old and new schemes relate to claimants with working non-dependant adults in their household
- The lowest non-dependant charges will be £5.00 per week and the highest £20.00 (currently zero and £19.80 respectively)

5.2 The following graph shows the distribution of entitlement changes between the old and new schemes. (Increases on the right; decreases on the left.)

**Chart 1: Distribution of changes from current scheme to new scheme entitlements**



## **Transitional protection**

- 5.3 When changing its scheme, the authority is required to consider whether to offer transitional protection to claimants who are adversely affected by the change from one scheme to another.
- 5.4 Transitional protection has been considered for those claimants negatively impacted by the change to the new scheme, but is not proposed to provide this because:
- The majority of changes in entitlement are relatively small;
  - The largest reductions relate to claimants with increased non-dependant charges. It is a policy intention that non-dependants should all contribute towards the household Council Tax liability, and therefore considered reasonable to implement this change without transitional protection;
  - In the event that a claimant experiences exceptional hardship, a discretionary payment can be considered.

## **6.0 Consultation**

- 6.1 The Council is required to consult with the GLA, and then to conduct a consultation, with such persons as it may determine, regarding its proposed scheme.
- 6.2 The Council followed best practice guidelines by undertaking a 12-week public and stakeholder consultation, between 19 July and 10 October 2019. Consultation activities included:-
- Questionnaire on Council website promoted via email and letter to all claimants, and more generally to all other residents
  - Stakeholder forums to obtain feedback and input from voluntary sector and community organisations
  - Direct engagement by email and letter with partners with offer to attend dedicated meetings with each organisation
  - Mailbox set up for CTS-related comments and queries
  - Social media (Facebook and Twitter)
  - JCDecaux advertisement boards located in the borough
  - Press release – taken up by the Brent & Kilburn Times
  - Leaflets
  - Banners in Customer Service Centre and at events
  - Face to face engagement in the Customer Service Centre
  - Customer panel
  - Staff engagement sessions
- 6.3 The timing of the consultation fell between Brent Connects sessions but these will be utilised in publicising the final scheme as part of the implementation.
- 6.4 The questionnaire sought resident and stakeholder feedback in three areas, namely:-

1. Whether the key principles guiding the scheme are the right ones
2. Whether the proposed scheme meets the key principles
3. Any other comments (freeform responses)

6.5 The broad feedback from the consultation was as follows:-

- General approval for the scheme principles;
- General agreement that the proposed scheme will meet the principles via the approach of the banded discount scheme, and the disregarding of DWP / HMRC benefits; and that it will be more streamlined and simpler to understand;
- There were more mixed responses concerning –
  - Whether the balance between treatment of in-work and unemployed claimants is right
  - Whether the scheme can realistically “incentivise work”
  - Whether the non-dependant charges are reasonable (though the principle of other adults contributing was generally accepted and is already a feature of other national welfare benefits and the current CTS scheme)

6.6 At stakeholder events for voluntary sector partners on 28 August and 2 October 2019, the scheme principles and design met with broad approval, though a large number of comments were made, again concerning non-dependant deductions in particular. The proposals were also reviewed by the Council’s Resources & Public Realm Scrutiny Committee on 12 September 2019, as part of pre-scrutiny, at which similar queries were received relating to non-dependant deductions and the use of net or gross income in the CTS calculation.

6.7 All comments and feedback received during the consultation period have been logged and considered with details of these contained within Appendix G to this report. All potential policy or design changes have been discussed in detail with the Lead Member and the Member-level working group which has been involved in the design throughout.

### **Consultation feedback**

6.8 The data below shows the full consultation responses following the close of the consultation on 10 October. In total there were 194 responses via the survey on the Council’s website, with some additional comments being received by via the email account set up for queries.

6.9 The full graphs and tables of the consultation responses are contained in Appendix H, and summarised here:-

## Principles

6.10 There was strong support for the scheme principles:

**Table 3: Consultation responses on scheme principles**

	<b>Agree or strongly agree</b>	<b>Disagree or strongly disagree</b>
<b>Scheme principles</b>		
The scheme must provide assistance for the most financially vulnerable	75.25%	15.47%
To incentivise work	55.67%	18.56%
The scheme must be fair in its treatment of both in-work and unemployed residents	83.51%	10.31%
Scheme should include the means to require other adult members of the claimants' household to contribute towards Council Tax liability	53.61%	29.38%
New scheme must be streamlined and simpler to administer	79.38%	5.67%
New scheme must be easier to understand and transparent to customers	86.60%	4.13%

## Design

6.11 Responses on the design of the proposed scheme were generally favourable, although there were significantly more people stating “don't know” in response to these questions. However, there was still significant support for the treatment of income (and disregarding of DWP/HMRC income) in the scheme; the directing of support towards the most financially vulnerable; and the scheme's simplicity and clarity.

**Table 4: Consultation responses on scheme design**

	<b>Agree or strongly agree</b>	<b>Disagree or strongly disagree</b>
<b>Design</b>		
In Brent's new scheme, claimants will receive an award based on their income, in particular any earnings. DWP benefits will be disregarded, so if you only receive DWP benefits, you will receive 100% (unless you have any other adults living in your household apart from your partner). Please tell us to what extent do you agree or disagree with this proposal?	55.67%	27.31%
Do you think that the proposed scheme will provide assistance for the most financially vulnerable claimants?	43.81%	21.65%
Do you think that the proposed scheme will incentivise work?	17.53%	41.24%
Do you think the proposed scheme is fair in its treatment of both in-work and unemployed residents?	38.66%	36.08%
Do you think the proposed changes to “non-dependant” charges for other adult members of the claimant's household are reasonable?	37.63%	34.54%
Do you think the proposed scheme will be streamlined and simpler to administer?	34.54%	21.65%
Do you think the proposed scheme will be easier to understand for residents?	44.33%	24.74%

6.12 Responses were more finely balanced (though still more favourable than not) regarding whether the proposed scheme is fair in its treatment of both in-work and out-of-work claimants, and whether or not the non-dependant deductions proposed in respect of other adults were reasonable. These responses may reflect the fact that these questions were more nuanced, or may be more likely to reflect a partisan position depending on the respondent's circumstances. The responses regarding non-dependent deductions are also echoed in comments received, and revisions to the new design are proposed in view of these (see paragraph 6.15 onwards).

6.13 The most contentious responses concerned whether or not the scheme "incentivises work", with only 17.53% agreeing that it does, against 41.24% disagreeing. The following observations are made concerning these responses:-

- Under statutory guidance, the authority is required to consider mechanisms in its scheme to "incentivise work" and to demonstrate how these are incorporated within the proposed scheme. It is arguable that this is an unreasonable expectation to set on any Council Tax Reduction Scheme which in most cases is going to provide a discount of up to approximately £25 per week, when there are far more significant considerations for claimants taking up work (or increasing their hours), particularly impacts on their Housing Benefit or Universal Credit, which can pay out up to approximately £500 per week. This has been previously noted by PCG, and was also a point raised by partners and stakeholders during the consultation, including the Citizens Advice Bureau and Zacchaeus 2000 Trust.
- There is a balance to be struck between incentivising work and directing help to those who are in most need because of their financial position. Under the current scheme those who are out of work are required to pay a much larger proportion of their income to meet Council Tax liability (due to the 20% minimum contribution requirement) than those who are working. The new scheme addresses this issue but still leaves those in work better off financially than those not in work.
- Whilst the proposed scheme increases the financial assistance available to those who are out of work, those who are in work are still better off financially and the level of assistance available to them takes account of their weekly income; it is demonstrable that the scheme – taken in conjunction with the claimant's overall financial position – does contribute to the claimant being better off by taking work or taking on more hours. This is demonstrated in the case study below.

## Case study: “incentivising work”

Single Parent, 2 children, working 16 hours at National Living Wage  
Full CTAX liability (with no CTS, but with SPD) is £22.70pw

<b>Weekly income</b>	
Wages	£131.16
Tax Credits	£195.02
Child Benefit	£34.40
<b>Total</b>	<b>£360.58</b>

CTS entitlement £11.35 (50% of liability)

Council Tax to pay: £11.35

The claimant is in the third income band, receiving a 50% discount. If they increase their hours by two hours a week, their wages will increase by £16.40, but they will remain within the 50% CTS band.

If they increased their hours by three hours a week, their wages would increase by £24.60, but their CTS award would reduce to the 30% band (£6.81 per week), a reduction of £4.54 per week. Their net position would still be £20.06 better off.

Even in the (relatively unlikely) situation that the claimant was already working 18 hours and considering taking a job which increased their hours to 19 per week, they would receive an additional £8.20 in earnings for a reduction of £4.54 in CTS.

- 6.14 For these reasons it is considered that the proposed scheme is as complementary to incentivising work as it can be, given that no claimant is likely to be influenced in their decision whether to take a job, or increase their hours, by the Council’s CTS scheme alone.

### Comments and counter-proposals

- 6.15 As might be expected, there were a wide range of comments regarding the proposals, from those thinking that the proposed scheme was too generous, to not generous enough. All individual comments, questions and other feedback received – via the questionnaire, emails or meetings and workshops - are contained in Appendix G, with full responses to all the points raised. The most significant issues raised are shown below with an associated commentary:-

### Claimants

- 6.16 *Is there any particular group of claimants which should automatically get a full discount (e.g. foster carers)?***

- 6.16.1 This question was discussed at length by the Member Working Group and Senior Officers. The scheme is designed so that all income from the Department of Work and Pensions and Her Majesty’s Revenue & Customs is ignored in the calculation, which means that those on the lowest incomes will receive the highest discounts in all cases; this



covers most situations would usually be considered to represent the vulnerable or those most in need of support.

- 6.16.2 It also permits claimants to use their state benefits on expenditure for the specific reasons for which they are awarded, as they will be ignored in calculating entitlement to CTS. For example, if a claimant is disabled they get a disability benefit or if they have children or a partner they get benefit awards in respect of these aspects of their family circumstances – none of which will be used in the CTS calculation.
- 6.16.3 It was raised during consultation – and following consideration, agreed - that the rule disregarding DWP and HMRC income should also be extended to foster carers' allowances received from the local authority.
- 6.16.4 Generally, then, foster carers *with no other income* and no other adults in their property will receive 100% discount
- 6.16.5 However, in line with the key principle of the proposed new scheme that it should provide help based on *each household's ability to pay the Council Tax*, those households which have other income or occupants will have this taken into account. In other words, a foster carer whose partner is employed will have their fostering allowance income disregarded, but their partner's earnings included in the calculation. Similarly, a foster carer with non-dependants living in the household, will have deductions to their benefit in respect of the contributions which the non-dependants are expected to make.
- 6.16.6 These design features present a fairer scheme than having categories of claimants who are completely exempted based on one facet of their circumstances, as the current scheme does.

### **Non-dependants**

- 6.17 The greatest number of comments received related to different aspects of the treatment of non-dependants living in claimants' households. Again these points have been considered at length by the working group. The main points raised were as follows
- 6.18 *Should there be a class of non-dependants that have to pay no charge? In particular students, carers, people on Jobseekers Allowance etc.***
- 6.18.1 It is a policy decision that every adult household member should contribute something, if they were able to. The working group considered this feedback again but felt that the principle should remain, and that the lowest non-dependant charge is affordable.
- 6.19 *Is the jump between the last two bands of non-dependant charges too big? Could there be an additional band to make the increase smoother? (This relates to the original proposal which had £4, £8 and £20 charges depending on income)***
- 6.19.1 The proposed scheme was designed to be as simple as possible, while remaining fair. To this end, only three bands of non-dependant charge were suggested. However, following consultation comments and

consideration of these the working group felt that a further band should be introduced in response to this concern and the revised model reflects this. This proposed change was incorporated into subsequent information provided as part of the consultation events.

**6.20 *What about non-dependants who refuse to pay the claimant their deduction and therefore place the claimant (on some occasions, who is also vulnerable) at risk of not meeting their liability and incurring summons costs?***

6.20.1 The concept of non-dependant deductions is long-established in the welfare system, and applies to many benefits including Housing Benefit, Universal Credit and the former national Council Tax Benefit scheme. The Council does not have any evidence as to whether or not non-dependants contribute towards a claimant's Council Tax, but Council Tax collection rates do not suggest that there is a widespread practice of non-dependants not contributing. However, there may be occasions where that scenario occurs.

**Work incentives**

6.21 This subject is covered in paragraphs 6.13 and 6.14 above.

**Technical aspects**

**6.22 *“What about people on zero hours contract....how will you make it easier for them? My son is on zero hours contract and I keep repeatedly getting new council tax bills for the whole year (different amount each time) every few weeks and I am not able to successfully keep up with a payment plan and I am now being brought to court over the confusion about it all”***

6.22.1 Small fluctuations in earnings should not result in a new CTS award and new Council Tax bill, provided the earnings remain mostly within the same income band. For claimants where there is a significant issue caused by fluctuating income, we will consider taking an average of their earnings over a period of time.

**6.23 *How will the discretionary aspect of the scheme work?***

6.23.1 This will be based on the existing provision in the Council Tax legislation (section 13A (1) (c) of the LGFA 1992), which affords the Local Authority the discretion to reduce a Council Tax liability without fettering its discretion. We do not propose to publish detailed criteria for a discretionary scheme, as this may tend to fetter the authority's discretion; all cases will be dealt with on their own merits.

**6.24 *How will the appeal process work?***

6.24.1 This is an already established, statutory process that applies to Council Tax. Appeals must be made by the claimant in writing to the Council and if the claimant remains aggrieved by the outcome or no response is received within eight weeks, they may appeal to the Valuation Tribunal England.

## **6.25 Do claimants have to apply for this new scheme or is everything done automatically?**

6.25.1 Anyone currently receiving CTS will have their award recalculated automatically. We anticipate sending indicative award letters in early 2020. New applicants will need to complete an application form which will be available online, or will be deemed to have made a claim for CTS from the date they are awarded Universal Credit.

## **7.0 Counter-proposals**

7.1 The Zacchaeus 2000 Trust (Z2K) was founded by campaigners opposing the Community Charge or "Poll Tax" in the early-1990s, and more recently opposed the Coalition Government's abolition of Council Tax Benefit (CTB) and its replacement by locally-designed and funded CTS schemes. In partnership with the Child Poverty Action Group (CPAG), Z2K has carried out research into the impact of this cut on the poorest Londoners, and lobbied many Councils regarding the design of their CTS schemes.

7.2 Officers engaged early with Z2K as well as other voluntary and charitable organisations and the Brent proposals have received a generally favourable response from the Trust. Z2K's feedback is balanced, and complimentary to a large degree, but also raises some counter-proposals which have been considered and subjected to more detailed modelling.

7.3 All of Z2K's comments are contained within Appendix G, with their main points summarised below, along with Officers' responses:-

**7.3.1 "Not only are all disabled CTS claimants protected, but those on the very lowest incomes, including Job Seekers Allowance (JSA) and the UC equivalent are too. This is undoubtedly the most positive feature of the proposals and the reason why, on balance, we support the package overall."**

**7.3.2 "Z2K does not believe a CTS scheme delivers financial "work incentives" beyond those already in JSA/UC and their accompanying "conditionality" and shouldn't seek these as an objective. Nevertheless, we don't want to see households which include someone who is already working significantly worse off as a result of these changes."**

**7.3.3 "Z2K therefore proposes that Brent should provide a more generous maximum level of support of 60 per cent instead of 50 per cent in the £111-150 Band and split the top Band so that those earning between £151-200 get 50 per cent and those earning between £201-250 are entitled to 30 per cent."**

- Officers have modelled this proposal and established that it would cost an additional £690K on top of the proposed scheme, as demonstrated in Table 5 below. There is no additional budget available for the scheme, so adopting this suggestion would mean the need to reduce expenditure elsewhere, specifically on non-

working claimants, including the disabled, or on non-dependants. Officers do not consider that any revised model which did this would be any fairer - and in fact would be likely to be less fair - than the current proposal. However, all aspects of the implemented scheme will be monitored during 2020/21 to see if improvements can be made the following year.

**Table 5: Cost of counter proposal from Z2K regarding discount bands**

Claimant and partner's net income	CTS award (% of net liability)	Z2K suggestion	Impact of Z2K suggestion (extra cost)
On state benefits only or £0 - £80	100%	100%	None
£81 - £110	80%	80%	None
£111 - £150	50%	60%	£326k
£151 - £250	30%	n/a	n/a
£151 – £200	30%	50%	£364k
£201 - £250	30%	30%	None
<b>Total additional cost</b>			<b>£690k</b>

**7.3.4** *“In its very welcome move to exempt households on JSA or UC equivalent, Brent has accepted that these households are essentially too poor to pay. However, non-dependents on JSA/UC are not being accorded the same recognition. We hope Brent will revisit this aspect of its proposal and exempt all those non-dependents who are out of work from this NDD regime. “*

- Again, this proposal has been modelled; the proposal would mean essentially that 1226 non-dependants would not have a deduction. This would cost £320K more than the current model which, as explained above, could only be achieved by reducing expenditure elsewhere in the scheme. Furthermore, the point has already previously been considered by the Member Working Group and senior officers, and the minimum non-dependant deduction is considered justifiable on the basis that non-dependants do not have some of the other expenses which tenants or homeowners have, and the amount proposed is affordable within the context of the non-dependants' income.

**7.3.5** *“We have concerns at the proposal to bring together the current three top Bands of NDD into a single one requiring a weekly contribution of £20. Essentially, this asks a non-dependent earning £9,000 a year to pay £1,000 of that towards their parents' Council Tax bill. Again, we hope Brent will revisit this aspect of*

***its proposal and retain the existing £13.10 weekly deduction for those earning £183 to £300 a week.”***

- As has already been explained, following this and similar comments, a revised proposal of four non-dependant income bands has been developed, along with the intention to use net rather than gross income (though the latter change may make only a small difference given the incomes in question). Under the revised proposal, a non-dependant earning £9000 a year would fall into the £15pw deduction category. This would be a payment towards Council Tax of £782, or in other words £15pw out of £172 weekly income, which is considered to be reasonable.

***7.3.6 “Z2K agrees that, given these proposed changes result in more winners than losers, it is not necessary to include Transitional Protection within the scheme. Nonetheless, we would suggest a budget of £100,000 to £250,000 is set aside for this fund in 2020/21 and that any savings unexpectedly accruing as a result of the new scheme are recycled into this Hardship Fund to ease the burden on those facing higher bills.”***

- Although this is a valid option, it is not felt that the Council necessarily needs to identify a specific budget for discretionary payments, but it does need to be prepared for discretionary payments to be used, if there are unexpected consequences of the new scheme design, which may increase overall expenditure (depending on other caseload trends). Obviously financial provision does need to be made for the overall cost of the scheme, including contingency for caseload increases, but provision for discretionary awards can be made within this. (For comparison, discretionary payments of £250K would be less of an additional burden than for example, a 1% increase in caseload, which would add an additional £280K expenditure in itself. Conversely, a 1% decrease in caseload would enable £250K of discretionary payments to be met within the same expenditure as the current year.)

***7.3.7 “The somewhat disappointing aspect of this proposal is that this is paid for by providing a less generous scheme to those claimants who are in part-time work themselves or who have a non-dependent who is in work. While Z2K does not agree with the Government’s claim that austerity is over, we do note that the cuts to local government funding are less than was expected two or three years ago. In these circumstances, we believe Brent has some scope to provide for the increased generosity to those in Band 1 without increasing the burden so significantly on those in the other Bands and/or their dependents.”***

- Approximately £0.5M of additional non-dependant deductions has been made in the proposed scheme compared to the current scheme (see paragraph 8.2, Table 6), on the basis that it is felt that

those households are more able to manage this financial burden. Also it is acknowledged that in keeping the scheme cost-neutral, there will necessarily be a re-distribution of entitlement. Brent is proposing to do this on the basis of income, and to protect the most financially vulnerable, and it is considered that the proposed redistribution of funding within the cost-neutral envelope is fair. Although some working claimants may receive less than they currently do, we have tried to minimise these reductions, and also ensured that when viewed in terms of their overall income, working claimants will still have more available income with which to pay their Council Tax.

- It has not been possible to increase the funding for CTS, regardless of changes in local government funding, because despite these changes (which will predominantly impact on budgets in 2021/22 and beyond), Brent has still been required to find significant savings in order to balance its budget. The Council cannot make the CTS scheme more generous without further, disproportionate cuts to other Council services and it has judged that its overall package of cuts balanced against protections for certain service areas, has been done in the fairest and most equitable way. This will be set out in the draft budget to be presented to Cabinet on 11 November 2019.

**7.3.8** *“Finally, we want to take this opportunity to congratulate Brent on a very open and constructive consultation process...We feel strongly that genuine transparency at this stage will lead to more informed response from stakeholders, including claimants themselves and ultimately a better-quality decision-making.”*

### **Equalities impacts**

- 7.4 Detailed Equalities Assessments have been undertaken relating both to the new scheme itself, and the impact on groups with protected characteristics of moving from one scheme to another. A summary of the equalities assessment is set out in section 10 of this report below.

### **Implementation**

- 7.5 Following formal agreement of the new scheme, the period between December 2019 and March 2020 will be spent undertaking implementation activities, including software testing, staff training, publicity and communication with affected residents. The draft implementation plan is included in Appendix I.

## **8.0 Financial Implications**

- 8.1 It has been agreed via CMT and PCG that the scheme change shall be cost-neutral in terms of overall expenditure (i.e. equal to 2019/20 CTS expenditure plus any Council Tax increase in 2020/21) and assuming minimal changes in caseload volume and composition.

- 8.2 In line with the principles and the objectives of the scheme, which has reintroduced a 100% maximum discount as well as extending the principle of non dependant deductions to apply to all other adults in a claimants' household, the distribution of the funding and the deductions in the scheme has changed slightly to accommodate the policy intentions, as shown in the table below.

**Table 6: Expenditure and deductions within the current and proposed schemes (\*working age only)**

	<b>Current scheme</b>	<b>Proposed scheme</b>	<b>Saving / (increase)</b>
<b>Expenditure excluding non-deps</b>	£14.5M	£15.0M	<b>(£0.5M)</b>
<b>Non-dependant deductions</b>	£0.5M	£1.0M	£0.5M
<b>Net expenditure</b>	£14M	£14M	£0.0M

## 9.0 Legal Implications

- 9.1 The Local Government Finance Act 2012 requires that for each financial year, the Council must consider whether to revise its Council Tax Reduction Scheme (CTRS) or replace it with another scheme. Only Full Council has the power to make or amend a CTRS. If the scheme is not revised or changed by Full Council by the statutory deadline (which from 2018 has changed from 31 January to 11 March before the following financial year), the current scheme will remain subject to any amendments to prescribed rates that are made by central Government. This report seeks Full Council's approval regarding the proposed Council Tax Reduction Scheme for 2020/21 which, if approved, will come into effect on 1 April 2020.
- 9.2 In addition to the Public Sector Equality Duty, which is discussed below, the then Department for Communities and Local Government has previously advised that the following should also be given consideration in deciding whether to amend a Council Tax Reduction Scheme:
- Child Poverty Duty under the Child Poverty Act 2010 (in particular sections 21 to 24 thereof);
  - Homelessness Act 2002 (in particular sections 1(1) and 3(1) thereof);
  - Armed Forces Covenant;
  - Chronically Sick and Disabled Persons Act 1970 (in particular sections 1 and 2 thereof);
  - Disabled Persons (Services, Consultation and Representation) Act 1996 (in particular sections 2 to 5 of thereof); and
  - The Children Acts 1989 and 2004 (in particular section 17 of the 1989 Act and sections 10 and 11 of the 2004 Act).

Further details of this above-mentioned additional legislation are set out in the report entitled "*Local Council Tax Support Scheme and Changes to Council Tax Discounts and Exemptions to Full Council*" which was present to Full Council

on 10 December 2012. At that meeting, Full Council approved the Council's first Council Tax Reduction Scheme to start from April 2013.

### *Consultation*

- 9.3 The Local Government Finance Act 2012 states that the Council must consult with the GLA, which is a precepting authority, when amending a Council Tax Reduction Scheme and that thereafter, the Council must publish a draft amended Council Tax Reduction Scheme and then consult with other such persons who are likely to have an interest in the operation of such a scheme.
- 9.4 The four basic requirements of consultation are set out in the case of *R v Brent LBC ex parte Gunning*:
- (i) consultation must be at a time when proposals are at a formative stage;
  - (ii) the proposer must give sufficient reasons for any proposal to permit intelligent consideration and response;
  - (iii) adequate time must be given for consideration and response;
  - (iv) the product of consultation must be taken conscientiously taken into account in finalising any proposals.
- 9.5 In the 2014 Supreme Court case of *R (on the application of Moseley) v London Borough of Haringey*, the Court confirmed in its judgment that the demands of fairness in the consultation process are likely to be greater when an authority proposes to deprive someone of an existing benefit than when considering a potential future benefit and that fairness may require that interested persons should be consulted not only on the preferred option but also on discarded options. In that specific case, the Supreme Court ruled that Haringey Council's consultation process regarding its Council Tax Reduction scheme was unlawful as it failed to outline alternative options and methods of dealing with the shortfall and cuts to funding.

### *Requirements for a Council Tax Reduction Scheme*

- 9.6 In relation to the content that must be set out in a Council tax reduction scheme, that is currently set out in section 10 of the Local Government Finance Act 2012 and in clause 1 of Schedule 4 which inserts Schedule 1A to the Local Government Finance Act 1992 ("LGFA 1992") and paragraph of the new Schedule 1A of the LGFA 1992. Under these provisions, a Council Tax reduction scheme must state the following:
- (1) A scheme must state the classes of persons who are to be entitled to a reduction under the scheme;
  - (2) A scheme must set out the reduction to which persons in each class are to be entitled (and different reductions may be set out for different classes);
  - (3) A scheme must state the procedure by which a person may apply for a reduction under a scheme;
  - (4) A scheme must state the procedure by which a person can make an appeal under section 16 of the LGFA 1992 against any decision of the authority which affects (a) the person's entitlement to a reduction under the scheme, or (b) the amount of any reduction to which the person is entitled;
  - (5) A scheme must state the procedure by which a person can apply to the authority for a reduction under section 13A(1)(c) of the LGFA 1992.



- 9.7 As for stating the classes of people who are to be entitled to a reduction under a scheme, classes may be determined by reference to the following:
- (i) The income of any person liable to pay council tax on the authority in respect of a dwelling;
  - (ii) The capital of any such person;
  - (iii) The income and capital of any other person who is a resident of the dwelling;
  - (iv) The number of dependants of any person within paragraph (i) or (iii) above;
  - (v) Whether the person has made an application for the reduction.
- 9.8 As for stating the reduction to which persons in each class are to be entitled and if different reductions are set out for different classes, a reduction may include the following detail:
- (a) A discount calculated as a percentage of the amount which would be payable apart from the scheme;
  - (b) A discount of an amount set out in the scheme or to be calculated in accordance with the scheme;
  - (c) Expressed as an amount of council tax to be paid (lower than the amount which would be payable apart from the scheme) which is set out in the scheme or is to be calculated in accordance with it; or
  - (d) The whole amount of council tax (so that the amount payable is nil).
- 9.9 A Council Tax Reduction Scheme must comply with the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (as amended) to ensure that certain prescribed regulations are complied with and included in a council tax reduction scheme. Those prescribed regulations include setting out the requirements for a council tax reduction scheme (as set out in the two previous paragraphs above) and the requirements regarding the eligibility and entitlements of persons of state pension credit eligible age in a council tax reduction scheme.
- 9.10 The DCLG's Guidance of December 2012 states that local authorities should design local tax reduction schemes that support incentives to work.

#### *Public Sector Equality Duty*

- 9.11 Under the Equality Act 2010, the Council has a duty to have due regard to the need to: eliminate unlawful discrimination, harassment and victimisation and any other conduct prohibited by the Act; advance equality of opportunity between people who share a protected characteristic and people who do not share it; and foster good relations between people who share a protected characteristic and people who do not share it.
- 9.12 The public sector equality duty ("PSED"), as set out in section 149 of the 2010 Act, requires the Council, when exercising its functions, to have "due regard" to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, and to advance equality of opportunity and foster good relations between those who have a "protected characteristic" and those who do not share that protected characteristic. There is no prescribed manner in which the equality duty must be exercised, though producing an Equality Impact Assessment is the most usual method through which a Local Authority can demonstrate that due regard has been paid to the PSED.
- 9.13 The PSED is not to achieve the objectives or take the steps set out in section 149 of the Equality Act 2010. The duty on the Council is bring these important

objectives relating to discrimination into consideration when carrying out its public functions (in this case, approving a new Council Tax Reduction Scheme for designing a localised scheme for Council tax support within Brent). The phrase “due regard” means the regard that is appropriate in all the particular circumstances in which the Council is carrying out its functions. There must be a proper regard for the goals set out in section 149 of the 2010 Act. At the same time, when the Members of the Council make their decision on what scheme to adopt for localised council tax support, they must also pay regard to countervailing factors which it is proper and reasonable for them to consider. Budgetary pressures and economic and practical factors will often be important. The amount of weight to be placed on the countervailing factors in the decision making process will be for Members of the Cabinet to decide when it makes its final decision.

## **10.0 Equality Implications**

10.1 The proposed Council Tax Support scheme has been reviewed for its effect on groups with protected characteristics under the Equality Act, and a detailed Equalities Assessment has been prepared and is included in Appendix J. The main findings from the assessment, and commentary on these, are shown below.

10.2 The main impacts of the proposed scheme are as follows:-

### **10.3 Age**

10.3.1 The 26 – 45-year-old age group is less likely to receive a 100% discount than other age groups. This can be accounted for by fewer customers in that age group being solely reliant on state benefits, and not working, than older – or younger - claimants. They are also more likely to be established in a career or work pattern than those younger than them.

10.3.2 Claimants aged 56 or over are more likely to receive a 100% discount. Claimants in this age group are more likely to be out of work for longer, due to illness or otherwise finding it more difficult to gain employment. However, this age group also tend to have the most non-dependant adults living in their households, and therefore non-dependant deductions applied to their awards.

### **10.4 Disability**

10.4.1 32% of the overall working age caseload is identified as disabled, as defined by being in receipt of Disability Living Allowance (Care or Mobility component), Personal Independent Payment or Employment & Support Allowance (Care component). 67% of these customers will receive a 100% award, much more than the corresponding proportion of non-disabled claimants.

10.4.2 Of the households with the claimant or partner recorded as having a disability, 1220 have one non-dependant or more living with them. Of these 817 will have a decreased award in comparison to their current entitlement, due to the introduction of non-dependant charges for the first time for this cohort.

## 10.5 Ethnicity

10.5.1 42% of current CTS claims hold an ethnic indicator (which is not a mandatory field when claiming benefit). Of these, White and Black claimant households are more likely to be on out-of-work benefits or working on a low wage than the overall claimant population. Arabic and Asian households are more likely to be working on a higher wage. As a result, White and Black claimant households are slightly more likely to receive 100% or 80% discounts, while Arabic and Asian claimant households are more likely to receive 50% or 30% discounts.

## 10.6 Gender

10.6.1 93% of single parents within the CTS caseload are female, and 7% male. These proportions are mirrored very closely across all four discount bands, with no disproportionate impacts.

10.6.2 An above average proportion of single women (whether without children or lone parents) and male single parents will see an award decrease of between £6-£8 per week. (On average 9.3% compared to the average of 4.1% of claimants falling outside these groups.) For single parents this is likely to be due to the increased likelihood of them working to avoid the Overall Benefit Cap (otherwise their family size would be likely to take their benefit entitlement over the cap) and thus have additional income which will be taken into account in their CTS calculation.

10.6.3 Single men without children are more likely to be in the 80% and 50% discount bands, and single women without children in the 30% band, indicating that, apart from claimants relying solely on state benefits or very low paid work (who will receive 100% discount), single women receiving CTS tend to be in slightly better paid work than single men.

10.7 These impacts are all related to the policy intentions behind the proposed scheme, in particular:-

- the scheme being based on *ability to pay* Council Tax;
- claimants on state benefits having the least amount of available income with which to pay their Council Tax;
- the requirement that a contribution should be expected from non-dependant adults living in all claimant households;
- the relative likelihoods of different ethnic groups to be on out-of-work benefits; and
- the impacts of other welfare reforms (especially the Overall Benefit Cap) on claimant behaviours in certain groups; i.e. requiring those claimants with larger families (and thus higher benefits income) to find work to avoid having their HB or UC capped.

## 10.8 Differences between the current and new schemes

10.9 With regard to the impact of moving from the current scheme to the new scheme, this should be viewed with caution because of the following factors:-

- any claimant currently receiving 100% entitlement cannot show an increase on moving to the new scheme, therefore a comparison of the two schemes will be skewed towards cases showing a decrease;
- any disproportionate impacts existing within the *current* scheme will impact on the respective changes in the new scheme, potentially producing an opposite impact (e.g. if the current scheme disproportionately favours one group, but the new scheme treats that group more “fairly”, the data will appear to show that this group is “penalised” by the change, whereas it may just be correcting an advantageous unfairness in the current scheme)

10.10 Nevertheless, the changes from current to new scheme are generally proportionate within each of the protected groups for which data is held.

## 10.11 Conclusion

10.12 Overall, the impacts of the proposed scheme are broadly proportionate across groups with protected characteristics, and / or reflect the higher relative incomes of certain demographic groups. The impacts of the scheme are therefore considered justifiable taking account of the policy intentions of the new scheme.

## 11.0 **Consultation with Ward Members and Stakeholders**

11.1 Details of the CTS scheme proposals were sent to all stakeholders and two stakeholder events were held during the consultation period, as well as engagement taking place in already established liaison forums. Additionally, all stakeholders were invited to request individual meetings with officers to discuss the proposals in more detail.

11.3 A Member Development session on the CTS proposals was held at the start of the consultation period and members invited to send in comments, queries, or requests for further meetings if desired. In addition, a cross-party Working Group of backbench Members was established which met approximately every four to five weeks during the consultation period. Officers also attended Brent Connects to publicise the proposals in October 2019.

## 12.0 **Human Resources / Property Implications**

12.1 None identified at this time.

**Report sign off:**

**PETER GADSDON**

Strategic Director of Customer &  
Digital Services