

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE (SPECIAL)	AGENDA ITEM: 7
DATE OF MEETING:	21st OCTOBER 2021	CATEGORY: RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	
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SUBJECT:	DEVELOPING & CONSULTING ON REVISED LOCAL COUNCIL TAX REDUCTION SCHEME 2022 – 2023: PROPOSED MODELS	REF:
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE: FM12

1.0 Recommendations

- 1.1 The Committee approves the proposal to consult on two draft Local Council Tax Reduction Scheme (LCTRS) options this autumn/winter. The two options are detailed within this document and at Appendix 1.
- 1.2 The Committee approves the consultation plan and consultation document detailed in Appendices 5 & 6.
- 1.3 The Committee approves the updated timeline for the consultation and development of the proposed revised LCTRS as detailed at section 4.31.

2.0 Purpose of Report

- 2.1 Finance and Management Committee (F&M), considered a proposal to review the Council's Local Council Tax Reduction at its meeting on 26 August 2021.
- 2.2 The paper outlined the potential benefits of a revised LCTRS scheme including:
 - **Benefits for residents** include fairer distribution of support to the most financially vulnerable residents, less paperwork and confusion, more financial stability, and greater customer satisfaction.
 - **Benefits for the Council** include more streamlined administration, less debt recovery carried out with vulnerable residents, update of the scheme in line with changes introduced by welfare reform and Universal Credit (UC).
- 2.3 The purpose of this report is to present two draft models to Committee and ask for approval to consult with residents, Elected Members and stakeholders on the plans to revise the LCTRS. It was hoped that three models would be presented, but due to software limitations, only two models are deliverable. See 4.13 for further details.

3.0 Executive Summary

- 3.1 Since Council Tax was introduced in 1993, people on low incomes have been able to claim support to pay their Council Tax bills. Until 2013, this was through the nationally designed Council Tax Benefit Scheme.
- 3.2 On 1 April 2013, the Government transferred responsibility for Council Tax support to local councils. Since then, local councils have had a duty to design and deliver Local Council Tax Reduction Schemes (LCTRS) for working-age claimants.
- 3.3 Local Council Tax Reduction Schemes apply to working-age claimants only. Pension-age claimants receive support under the nationally prescribed scheme in line with The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations.
- 3.4 The Council's current LCTRS was launched in April 2013. It fundamentally mirrored the outgoing national Council Tax Benefit Scheme.
- 3.5 There are many variations of LCTRS across the country, ranging from more generous schemes that mirror the national scheme, through to those that aim to limit who is eligible and severely restrict the level of help given. Whilst the Council's current scheme is one of the more generous schemes, it is also one of the most complex to deliver for both customers and the Council.
- 3.6 Many councils have simplified their schemes to address changes brought about by welfare reform and Universal Credit, including introducing income-banded schemes for working age claimants. Such schemes are recognised to deliver more financial security/stability to customers, and to reduce the administrative burden on councils administering the schemes.
- 3.7 The Council is keen to consider altering the current scheme for a number of reasons:
 - The administration grant the Council receives from national government to deliver the scheme is reducing year-on-year.
 - Despite this drop in funding, the cost of administering the scheme is not reducing. This is primarily due to inbuilt complexities in the current scheme – for example every time an applicant's income changes, their case must be reassessed, and their award must be reprofiled.
 - Universal Credit (UC) is undoubtedly a contributing factor to this, especially for claimants who are in employment. Claimants' UC is recalculated every month which generates new files for the Council to process. For claimants receiving fluctuating wages, this means they receive a revised award every month and, as a consequence, a revised Council Tax bill, which is costly to administer and deliver.
 - This reprofiling of payments creates a high level of uncertainty for both customers and the Council. Payments made by customers can be delayed because of the requirement to give 14 days' notice, meaning customers do not have the opportunity to apportion their remaining Council Tax payments over as many instalments.

- In some circumstances the current scheme does not distribute support to the neediest residents, in that those with significant savings and with a working adult living in their home, could be awarded more support than people with no savings and on very low incomes.
- A removal of the baseline could prevent people on very low incomes being chased for small amounts of debt, as well as reduce related debt recovery costs. Studies have shown that the collection of the baseline reduction of 8.5% and 10% is expensive, with recovery fees often exceeding the debt the customer originally owed (Institute of Fiscal Studies¹).
- Due to the complex nature of assessments, benefit assessor skills are required to process Local Council Tax Reduction Scheme (LCTRS) cases/changes.
- A simplified scheme will allow the possibilities of awards being automated, resulting in a prompt award of support, so meeting customers' need for real-time changes to their bill according to changes in their circumstances.

3.8 Above all, the cost of administering the scheme remains high, whilst customer satisfaction is reducing as customers are often confused by the nature and regularity of correspondence they receive and are less able to budget/manage their money based on fluctuating awards.

3.9 Equally future potential savings the Council may hope to achieve following the introduction of Universal Credit is being hampered. This is because the Council's unique caseload is relatively constant, as regardless of the type of benefits a resident is claiming, the Council's assessors still need to regularly review their case.

3.10 Finally it has been identified that the Council's scheme is out of sync with changes to various national benefits made since the introduction of the scheme in 2013, such as the two-child limit introduced in 2017, and the mixed-age couple regulations introduced in 2019.

3.11 There are approximately 2,968 working-age claimants of LCTRS which costs approximately £3 million per annum to deliver, not including administration costs. This cost is accounted for in the Collection Fund, whilst the administration costs (net of Government Grant) are accounted for in the General Fund.

4.0 Detail

4.1 The Council can choose to amend its scheme in many ways, and each council's scheme is unique to their local circumstances.

4.2 Some councils amend their schemes to limit the overall cost of the scheme, whilst other councils amend their schemes to target help at particular groups of residents.

4.3 Whilst there are no set ways to alter a scheme, there are a range of common amendments councils have made to their schemes that the Council could choose to implement.

¹ <https://www.ifs.org.uk/publications/13827>

- 4.4 Using these range of known amendments and local case-load knowledge, the Council has consulted with an internal working group that includes representation from the Benefits, Housing, Customer Services and Revenues services on the possible amendments the Council could consider that could make a material difference to residents' lives and to the efficiency of claim processing.
- 4.5 Through the changes the Council is not seeking to reduce the overall cost of the scheme which currently stands at approximately £3m per annum, which is born by all precepting authorities.
- 4.6 It is however worth noting that some changes could increase the overall cost of the scheme, whilst other changes could represent a saving. The table below and overleaf outlines the key changes the Council has considered and their likely impact:

Change	Description	Estimated saving per annum	Estimated costs per annum
Remove the 8.5% and 10.5% baselines	<p>The Council currently expects the most financially vulnerable people to pay either 10.5% or 8.5% towards their Council Tax.</p> <p>It also invests significant resource chasing people who simply can't pay, as opposed to don't want to pay. This can lead to financial hardship and mental health strain for customers.</p>	<p>Removing the baseline/replacing it with a banded scheme would not deliver savings, however it would allow the Council to focus debt recovery on cases more likely to end up in payment.</p> <p>Result in reduced administration on affected accounts.</p>	£125,000
Introduce a standard £5 Non-Dependent Deduction	<p>A non-dependent is an adult who lives with a Council Taxpayer but is not their partner. Under the current scheme, a deduction is taken from the support the Council Taxpayer receives which differs depending on the income of the non-dependent adult. Introducing a standard deduction (regardless of the income of the non-dependent) would significantly simplify administration.</p> <p>It would also positively affect residents who currently receive a deduction above £5 and negatively affect residents who receive a deduction less than £5.</p> <p>It would also see approximately 150 claimants be affected by a Non-Dependent Deduction for the first time – see Appendix 1.</p>	<p>£20,000</p> <p>Significant administrative savings through streamlined verification processes, claim processes and automation potential.</p>	£0

Change	Description	Estimated saving per annum	Estimated costs per annum
Introduce a minimum award	<p>Currently the Council processes payments and changes for customers who claim as little as a few pence a week. This is costly to administer in terms of staff time. Setting a minimum payment (for example £1 a week) could help to streamline the system.</p> <p>It would affect a set of customers who only claim very little support.</p>	<p>£500 per annum issuing letters etc.</p> <p>Potential administrative costs.</p>	£0
Remove Second Adult Rebate	<p>In the current scheme support is provided to sole Council Taxpayers whose income is too high to qualify for other support, but who share their home with another adult on a low income, such as a grown-up child.</p> <p>This is known as Second Adult Rebate and reduces residents' Council Tax bills by up to 25%.</p> <p>The removal would mean that any resident currently receiving Second Adult Rebate would only receive support if their own financial circumstances made them eligible.</p> <p>Removing the Second Adult Rebate would affect approximately 40 customers based on current caseloads.</p>	<p>£10,000 per annum.</p> <p>£200 per annum admin saving.</p>	£0
Treat a UC claim as a claim for Council Tax Support	<p>Currently Universal Credit claimants have to submit a separate claim for Council Tax Support, leading to more paperwork, more confusion and delayed claims.</p> <p>Treating them as one claim will make the process faster and get money to people quicker. It would put some claims into payment quicker, but as we currently backdate claims up to six months the overall additional cost would be negligible.</p> <p>This could increase claims overall, as people who were unaware they may be eligible will be made eligible, but it is felt this increase is likely to be negligible as the Council works to ensure all those who are eligible are awarded the help they are entitled to.</p>	<p>No direct savings but will streamline processes.</p> <p>Indirect saving as the Council currently generates invitation to claim letter/ processes.</p> <p>£2,000 admin saving.</p>	£0 (direct funds)

Change	Description	Estimated saving per annum	Estimated costs per annum
Introduce a banded scheme	<p>In the current scheme if a claimant's salary alters (for example they work a few more or a few less hours), their Council Tax Support has to be reprofiled which can result in a resident receiving an amended award each month. This is both costly to administer and confusing to residents.</p> <p>Introducing a banded scheme means that if a claimant or their partner varies their income within a band, the Council Tax Support they receive will not change, and their Council Tax bill will not be reprofiled. As such banded schemes can provide greater stability from month-to-month.</p> <p>Some banded schemes take all earnings into consideration, whilst others take excess income into account. By taking excess income into account, such schemes retain the concept of 'applicable amounts' (i.e. the minimum amount the government says someone needs to live on). Claimants without excess income are placed in the lowest band/receive the most help.</p>	The proposed banded scheme (See Appendix 1) would be relatively cost neutral.	<p>The proposed banded scheme (See Appendix 1) would be relatively cost neutral, however the software to run the bands will cost £10,000 per annum.</p> <p>This sum would need to be funded via the General Fund, vs the Collection Fund in line with other scheme administration costs.</p>
Retain a tapered scheme	Under the current scheme, the Council Tax Support provided to anyone who has excess income is reduced by a sum equivalent to 20% of their excess income which is deducted from the maximum Council Tax Support award.	£0	£0

4.7. In addition to the proposed key changes to the schemes (as outlined above), the Council also aims to simplify its Local Council Tax Reduction Scheme Regulations so they are easier to understand and remove outdated legislation, so that the scheme aligns with other welfare benefits. Key changes include:

- **Mixed aged couples.** This would bring the regulations into line with legislation for other welfare benefits, where a couple would be considered of pension age when the youngest of the couple reaches pension age, not the oldest.
- **Two child limit.** This would bring the regulations into line with legislation for other welfare benefits, where support would be allowed for up to 2 children.

- **Notional income is income that could be available to someone if they apply for it.** It is proposed this is not included in the scheme from April 2022.
- **Notional capital and deprivation of capital is capital that could be available to someone if they apply for it, or had not given it away, or spent it to increase entitlement to benefit.** It is proposed this is not included in the scheme from April 2022.
- **Diminishing capital and diminishing notional capital.** These are complex calculations that would not be required if notional capital and deprivation of capital rules are not included in the Council's scheme from April 2022.

About standardisation of Non-Dependent Deductions

- 4.8 If a claimant has a Non-Dependent Deduction, the maximum amount of Council Tax Support they can receive is reduced because they have a non-dependent adult living with them who is not their partner. This amount can vary based on the income of the non-dependent.
- 4.9 By standardising Non-Dependent Deductions at £5 per dependent, per week, anyone who currently receives the lowest Non-Dependent Deduction (£4.05 a week) would receive 95p less Council Tax Support each week. Those who currently have the highest Non-Dependent Deduction (£12.45 a week) would receive up to £7.45 per week more Council Tax Support. In addition, around 150 Council Taxpayers would have a Non-Dependent Deduction(s) for the first time.
- 4.10 This would include claimants who have a non-dependent who is under 25 and works under 16 hours a week, receives Universal Credit, or is a pensioner. The reason this has been proposed within both models is that a non-dependent who is under 25, and in receipt of welfare benefits, receives a basic weekly income of £59.20 (compared to £74.70 if 25 or over). A pensioner has a basic weekly income of £117.10. These are the same rates a Council Taxpayer receives if they are on the lowest income level, yet a Council Taxpayer would also be responsible for water rates, fuel bills etc. Whilst the Council has no power to make a non-dependent contribute to household expenses, it seems reasonable to create a system that encourages those with non-dependents aged 18 or over, to contribute towards the Council Tax where the Council Taxpayer is in receipt of Council Tax Support.
- 4.11 Claimants who are exempt from non-dependent charges, including people who have someone living with them to support their registered needs, such as those who receive the care element of the Personal Independence Payment (or PIP) and those who are registered blind, would not be affected as they would continue to be exempt from Non-Dependent Deductions.

About banded schemes

- 4.12 There is no set design for a banded scheme, and each banded scheme is different. There is also no set rule on the upper and lower financial limits of each financial band within any scheme. Some schemes have been designed to ensure authorities reduce the cost of the scheme overall, whilst others have been designed to mirror established welfare principles such as the National Living Wage.

4.13 The ways in which a banded scheme can differ include:

Options included the Council's proposed banded model – see Appendix 1	Options not included in the Council's proposed banded model
<p>Schemes can be based on excess income – such schemes mirror the existing scheme in that specific incomes are disregarded, and the needs of the household are considered, in order to establish the excess income (the amount of income that is over the amount the household needs to live on). As the scheme considers disabilities and vulnerabilities before reaching the excess income amount, there is no need for different bandings for different household make-up etc (for example disabled claimants).</p> <p>This is included in the proposed banded model (Model 1), as it offers far more simplicity and transparency to claimants. It is also fairer as it disregards income targeted at specific needs.</p>	<p>Schemes can be based on earnings – such schemes award support based on all income (including DWP and HMRC income such as tax credits, child benefit, Personal Independence Payments and Universal Credit payment etc) a resident earns/receives.</p> <p>Such schemes normally include a range of different bandings to better support different household sizes, make-ups and vulnerabilities (for example disabled claimants).</p> <p>This option was not chosen as it can become very complex to administer and ensure it is fair to all.</p>
<p>Schemes can offer residents a percentage off their Council Tax bill – such schemes provide support that reflects the Council Tax band of a resident's property and the parish charge where they live.</p> <p>This is included in the proposed banded model (Model 1).</p>	<p>Schemes can require residents pay a set amount towards their Council Tax bill – such schemes do not take into consideration the property band or parish, so regardless of their house size/location residents pay the same amount.</p> <p>The Council had hoped to present a third scheme on this basis, but due to limitations it is not possible to deliver this within the Council's current software, hence only two schemes are being proposed.</p>

4.14 Whilst a banded scheme can give a greater number of claimants more financial stability, there will inevitably be some people who are worse off than on a tapered scheme (as per the Council's current scheme).

4.15 This is because if a resident's 'excess income' is on the borders of a band, they could receive significantly less Council Tax Support if they earned just a little more, as they could jump into a lower band that offers significantly less support, rather than the current tapered reduction. This is known as a '**cliff-edge**'.

4.16 In the Council's proposed banded scheme model (see Appendix 4), the impact of cliff edges has been minimised though creating 10 bands. The bands have also been created with £15 per week margins, based on the fact that the majority of income changes reported by claimants are within the £15 per week or £65 per month bracket. The move in reduction awarded between bands (12%) has been designed to ensure the banded scheme remains relatively cost neutral.

The proposed models

4.17 The Council is proposing two models for consultation. The first is a banded scheme (Model 1) and the second is simplified scheme based on the current taper (Model 2). Each scheme includes:

- The removal or replacement of the baseline, so those on the lowest incomes would no longer need to pay 8.5% or 10% towards their Council Tax.
- The removal of Second Adult Rebate.
- The simplification of Non-Dependent Deduction.
- The treating of Universal Credit Claims as a claim for Council Tax Support.
- The introduction of a minimum award.

4.18 The key difference between the two models is that Model 1 is a banded scheme and Model 2 features the existing taper. Both are based on excess income, so retain the same calculation of income and applicable amounts, with no change to earnings disregards, disregarded income or capital amounts. This means that no claimants are advantaged or disadvantaged by the change in the method of calculation, until the final element where the taper or band is applied.

4.19 **Appendix 1** sets out the detailed impact of both models, however it is important to note that the impacts detailed in Appendix 1 are based on data extracted from the live Council Tax database on 17 August 2021 and will always be subject to change as the number/nature and circumstances of claimants changes. It is important to note that as the furlough scheme has come to an end, more people may now claim Council Tax Support. The cost of this would need to be borne in any scheme and could alter the figures quoted.

4.20 **Appendix 2** sets out the way the different schemes are calculated – the current scheme, the banded scheme and the simplified scheme – and shows the impact of the standardisation of Non-Dependent Deductions.

4.21 **Appendix 3** sets out how the different awards are calculated under each scheme based on excess income, and the resulting Council Tax Support.

4.22 **Appendix 4** sets out the bands used in Model 2 and details the number of affected cases based on current figures. In addition, Appendix 4 demonstrates that the bands better distribute support to those on the lowest incomes.

4.23 As far as possible the two models aim to maintain the existing £3m budget by balancing more costly changes with changes that represent a saving to the scheme's budget. That said it should be noted that both schemes would result in a net cost of approximately £100,000 - £120,000 per annum, due to the removal/replacement of the baseline which would be shared across all precepting authorities.

How the Council's current scheme compares locally and nationally

- 4.24 The Council's current Local Council Tax Reduction Scheme (LCTRS) is one of the most generous in the country. The removal of the baseline would make it even more generous.
- 4.25 In the current scheme, the minimum amount non-vulnerable eligible residents have to pay towards their Council Tax is 8.5% (called the baseline reduction), compared to 25% in East Staffordshire and 30% in Derby City.
- 4.26 Conversely, Amber Valley Council recently removed the baseline and have reported a positive impact on people on the lowest incomes and on debt recovery activity.
- 4.27 The current scheme still awards Second Adult Rebate which has ended in many authorities.
- 4.28 By 2019/2020 28 councils had introduced banded schemes. It is now understood that at least 100 more councils have or are in the process of introducing them.

Consulting with residents and stakeholders

- 4.29 It is vital that the Council gains resident and stakeholder views on the proposed scheme (for example the CVS and Citizens Advice Bureau) as well as other precepting authorities).
- 4.30 A full consultation plan is detailed at Appendix 5.

Timeline

- 4.31 The proposed timeline is as follows:

12 October 2021	Equality, Diversity & Inclusion Steering Group outline presentation on models and planned consultation (on the basis the plans are subject to Committee approval)
21 October 2021	F&M Committee approves models for public consultation.
22 October – end 14 January	Public consultation (12 weeks).
13 January 2022	Interim update provided to F&M Committee
10 February 2022	Final proposed scheme presented to F&M Committee for consideration and recommendation to Full Council.
10 February 2022	New Council Tax Reduction Scheme Regulations developed.
23 February 2022	Final scheme considered and adopted by Full Council and parameters set on Council Tax billing system
11 March 2022	New regulations published no later than 11 March 2022.
April 2022	New scheme launched and reflected in 2022 – 2023 billing.

- 4.32 The Committee will be presented with an interim update on the consultation in January 2022 to enable them to feed into the options they feel should be incorporated in the final scheme.

4.33 Based on this, the final scheme presented to Committee in February 2022 will be modelled financially, both in terms of in-year costs, annual uplift and growth in claimant costs. With regards to growth in claimant costs, it is worth noting this could be significant following the end of the COVID furlough scheme but would have to be born within whatever scheme the Council chooses to adopt, however if a more generous scheme is adopted any growth in claims would be more costly to fund.

5.0 Financial Implications

5.1 In August 2021, the Committee approved a maximum spend of £10,000 on support services to develop the proposed LCTRS, to be funded from the Welfare Reform Reserve, including developing the models and any consultation activities. This budget is still considered sufficient and there are no further direct financial implications from consulting on draft LCTRS schemes.

5.2 The consultation will allow the Council to test the two potential models. Feedback on these will then be used to create a final desired scheme, based on which the full financial implications will be explored.

5.3 Both of the models proposed are likely to increase the cost of the scheme by approximately £100,000 - £120,000 per annum as shown below:

Change	Increase/ decrease in cost	Notes
Remove baseline	+£125,000	
Implementation of banding	+£5,000	
Standardised non-dependents	-£20,000	£35k from reductions and £14k from increases
Remove Second Adult Rebate	-£10,000	
Minimum award	-£500	
Sub total	£99,500	
Proposed hardship fund	£20,000	Set aside for any unforeseen /major impacts on claimants

5.4 With regards to Council Tax Reduction Schemes, the cost of the support provided is borne by all precepting authorities in accordance with their share of the Council Tax collected by SDDC. This is because the schemes mean the Council has to collect less Council Tax from fewer residents, so the cost of the scheme manifests as income forgone. As such, the £3m cost of the current scheme and any increase in cost of the new scheme, would be borne by all precepting authorities as follows:

- South Derbyshire District Council (9%)
- Derbyshire County Council (74%)
- Police (13%)
- Fire (4%)
- Parish councils

5.5 Both of the models proposed represent approximately a 4% increase to the overall costs of the scheme, which would need to be borne across any growth or change in caseload.

- 5.6 However, it should be noted that the additional cost is not material in proportion to the overall amount of Council Tax currently collected, i.e. £55 million per year. In addition, due to growth, the Collection Fund carries an annual surplus each year which is distributed amongst the preceptors. In practice, the additional cost will only reduce the surplus that is transferred as a 'bonus' each year to the preceptors. It is considered that the amount involved is immaterial to each of the preceptors.
- 5.7 If the banded scheme (Model 1) is chosen as the preferred model, it is worth noting that there will be further financial implications to the Council. These include:
- The banded scheme software costs £10,000 and banded scheme online forms that can help to further reduce administration can cost in the region of £8,000.
 - Most councils increase their discretionary hardship fund to support the introduction of a banded scheme to provide financial additional assistance to anyone who faces undue hardship whilst the scheme is embedded. If Model 1 is the preferred model, a recommended hardship fund amount will be included in the final report to committee. Any increase in cost to the hardship fund would be covered by the Council's Welfare Reform Fund.
- 5.8 Both schemes will deliver significant service efficiencies and help to generate time and resource savings in the long-term.
- 5.9 When the final model is presented to Finance & Management Committee for approval, it will clearly outline the direct and indirect financial impacts as well as model the scheme forward to test potential growth in caseloads.

6.0 Corporate Implications

Employment implications

- 6.1 There are no direct employment implications arising from the consultation on the proposals.
- 6.2 Any implications from any future proposals that arise from the consultation will be fully explored in future papers presented to Finance & Management Committee.

Legal implications

- 6.3 None directly arising from the proposals in this report. Any changes to statutory or legislative requirements that impact on customers will be considered as part of the proposals.

Corporate Plan Implications

- 6.4 The proposal will support the Council's Corporate Plan in the following ways:
- Encourage independent living and keep residents healthy and happy in their homes.
 - Ensure consistency in the way the Council deals with its service users.
 - Support unemployed residents back into work.
 - Provide modern ways of working that support the Council to deliver services to meet changing needs.

Risk Impact

- 6.5 Appropriate risk assessments will be completed on any proposed changes as part of the governance of the overall project.

7.0. Community Implications

Consultation

- 7.1 The community will be directly consulted on the proposals as detailed in the consultation plan at Appendix 5.
- 7.2 There are no direct community impacts from consultation on the proposals of a proposed revised Local Council Tax Reduction Scheme (LCTRS).

Equality & Diversity and Social Value Impact

- 7.3 The purpose of the consultation is to give customers, residents, Elected Members and stakeholders an opportunity to give feedback on a proposed new scheme.
- 7.4 The changes that would be introduced through either of the two models have been assessed against the protected characteristic groups, as set out the Equalities Act.

Protected characteristic	Comment
Age	The schemes only apply to working age claimants and not to pensioners or children. The proposed models do not affect or alter the applicable ages.
Sex	The scheme/proposed models do not discriminate against people of any particular sex.
Sexual orientation	The scheme/proposed models do not discriminate against people of any particular sexual orientation.
Gender reassignment	The scheme/proposed models do not discriminate against people who have undergone gender reassignment.
Race	The scheme/proposed models do not discriminate against people based on their race.
Gypsy and travellers	The scheme/proposed models do not discriminate against gypsies or travellers, however the scheme provides a reduction on Council Tax payable, so anyone who does not pay Council Tax does not benefit.
Religion or belief	The scheme/proposed models do not discriminate against people based on their religion or belief.
Marriage and civil partnership	The scheme/proposed models do not discriminate against people based on their marital or civil partnership status. Civil partner are recognised as dependents.
Disability	Both proposed models disregard incomes awarded for disabilities and vulnerabilities and consider a household's circumstances before determining the excess income amount (for example disabled claimants).

7.5 An Equality Impact Assessment on the proposed models will be presented to the Equality, Diversity & Inclusion (EDI) Steering Group, and will be made available online as part of the consultation process.

7.6 A full Equality Impact Assessment will be included in the final report to committee in relation to the chosen model. It will also be reported to the EDI Steering Group for comment.

8.0 Conclusions

8.1 The report details how the current scheme is not as user friendly as it could be for both customers and the Council. It also details how potential changes to the scheme could better distribute support to those most in need across the district. It does however highlight that some residents could be more affected by the proposed changes than others and as such, a wide public consultation is required to ensure the needs of all residents, in particular the most vulnerable are fully considered.

9.0 Background Papers

- Appendix 1 – Proposed models
- Appendix 2 – How the calculation methods differ
- Appendix 3 – How the three schemes compare
- Appendix 4 – About the banded scheme proposal
- Appendix 5 – Consultation plan
- Appendix 6 – Consultation booklet