

# Equality Impact Assessment (EIA) Form

Purpose of this form is to ensure that the Council's equality duty can be shown to have been properly considered in the decision-making process. An EIA should be completed and attached to any reports or proposals put forward for decision by the Council.



Name of proposal being assessed	
The introduction of Universal Credit Full Service	
Directorate/Service Area	Date EIA Completed
City Director, Revenues and Benefits Housing Management, Housing and Customer Services	25/04/2018
Lead Officer for this EIA	Contact Number
Dan Marson	01782 233341

## Identifying the aims of the proposal

What is the main purpose and scope of the proposal?
<p>Universal Credit is being implemented by the Department for Work and Pensions however it will impact directly and indirectly on a number of services delivered by and for Stoke-on-Trent City Council. Furthermore it will potentially change the way in which over 48,000 residents on low income receive financial support.</p> <p>Universal Credit is an integrated working-age credit that will provide a standard allowance with additional elements for children, housing and other particular needs or circumstances such as caring, childcare and disability. It will support people both in and out of work, replacing Working Tax Credit, Child Tax Credit, Housing Benefit, Income Support, income-based Jobseeker's Allowance and income-related Employment and Support Allowance. It will primarily support working age adults and children, up to an upper age limit linked to the qualifying age for Pension Credit</p> <p>It differs from legacy benefits in the following ways:</p> <ul style="list-style-type: none"> <li>• It is a single monthly payment made to a household.</li> <li>• It is accessed and managed online</li> <li>• Increased conditionality is applied to awards depending on the circumstances of the claimant and their partner. Failure to adhere to this may result in loss of benefit.</li> <li>• Housing costs are paid directly to the claimant, generally a month in arrears</li> </ul>
What are the intended outcomes of the proposal, and what could contribute to/detract from the delivery of these outcomes?
<p>The DWP states that the overarching objective of Universal Credit is to remove the financial and administrative barriers to work inherent in the current welfare system. The reform is designed, by virtue of the single withdrawal rate of Universal Credit, to ensure that work pays and to encourage more people to see work as the best route out of poverty. In addition the DWP advise that Universal Credit will seek to:</p> <ul style="list-style-type: none"> <li>• Ensure that people will no longer have to take a risk by moving from one system of support to another, addressing the legitimate concern that many people have that they could fall into financial difficulties once their out-of-work claim ends but before their in-work support begins.</li> <li>• Substantially improve incentives to work</li> <li>• Universal Credit will make work pay.</li> <li>• Simplify administration. Overall administration of the new benefit will be managed by a single delivery agency in one department – the Department for Work and Pensions. This will be radically simpler than current arrangements where delivery of benefits is administered through the different agencies of the Department for Work and Pensions, HM Revenue and Customs and local authorities.</li> </ul>

It is anticipated that recently implemented cuts to work allowances (the amount that a household can earn before support begins to be tapered away) make it on the whole less generous than the current benefit system. The slight reduction in the UC taper rate from 65% to 63% (the rate at which support is tapered away) introduced in April 2017 will offset some of the negative impact associated with the cut in work allowances.

**Who is intended to benefit from this proposal, how and why?**

The policy is intended to benefit those in remunerative work. Furthermore the administrative changes in the way that Universal credit is accessed and managed are designed to simplify the system and increase take-up – particularly amongst low income households.

**Assessment of Impact**

**List available evidence, including consultations, regarding the impact that the proposal may have on people with differing protected characteristics**

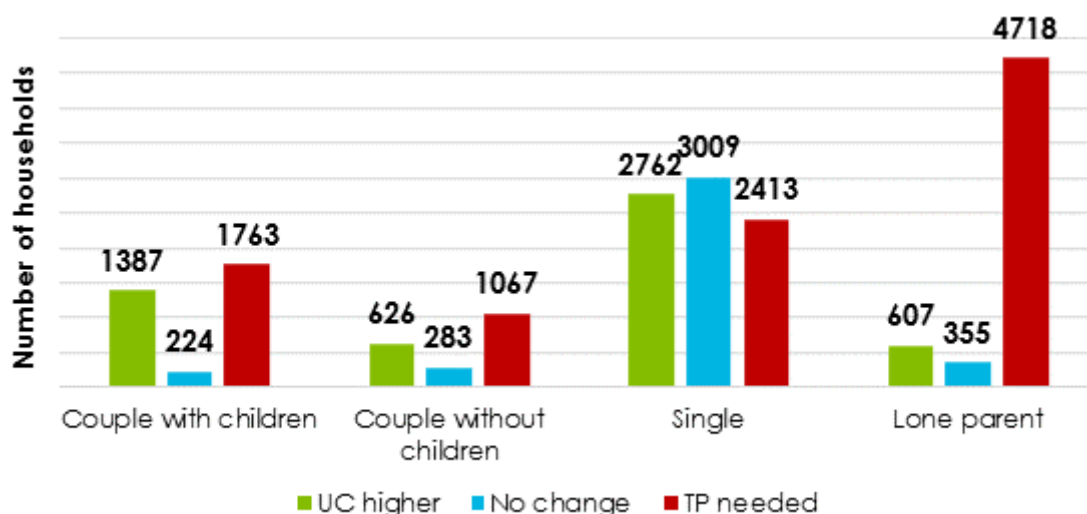
In March 2017 the City Council commissioned a Welfare reform Impact Assessment at a household level.

This report sets out the findings of an analysis of the impact of Universal Credit in Stoke-on-Trent based on available information from the Single Household Benefit Extract (SHBE) data for the month of March 2017. This data contains information on every household in Stoke receiving Housing Benefit.

**It should be considered that this data does not include everyone who will transition onto Universal Credit but it represents the largest comparative analysis that we are able to conduct based on the data available. The modelling was applied to a sample of 28000 households in the City claiming Housing Benefit or Council Tax Support.**

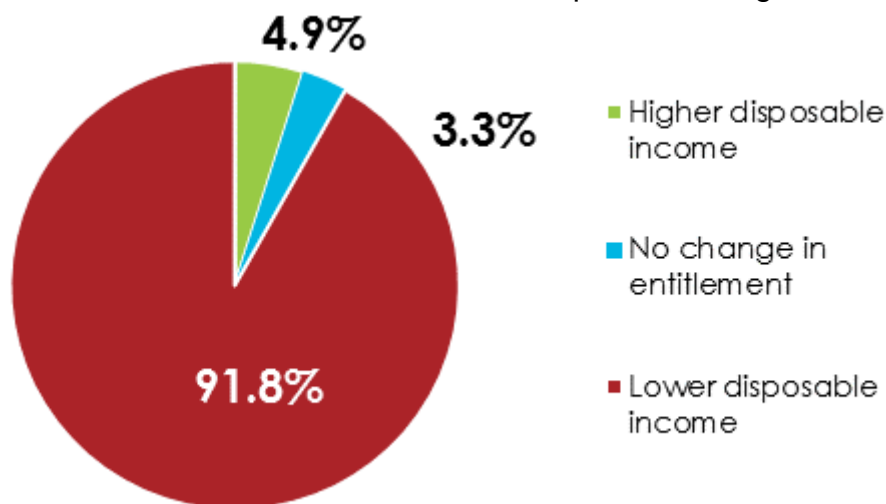
Key findings from this analysis show:

- Under Universal Credit 28.0% of all working-age households will have a higher income than under the current system. 51.8% will have a lower income and need transitional protection and 20.2% will see no change in income if their circumstances remained the same. This analysis does not take into account any changes in behaviour (e.g. moving into or out of work) as a result of Universal Credit.
- 16.5% of the households in Stoke that will be entitled to Universal Credit when it is fully implemented will have a lower work allowance as a result of the changes announced in the 2015 Summer Budget. The largest group affected is Lone Parent (48.2%). Only households that are in work are affected by the reduction in work allowance.
- All household types, except for single people, are more likely to be worse off than better off. The group with most people worse off are lone parents. Single people and couples with children are the two groups most likely to see an increase in their income under Universal Credit.



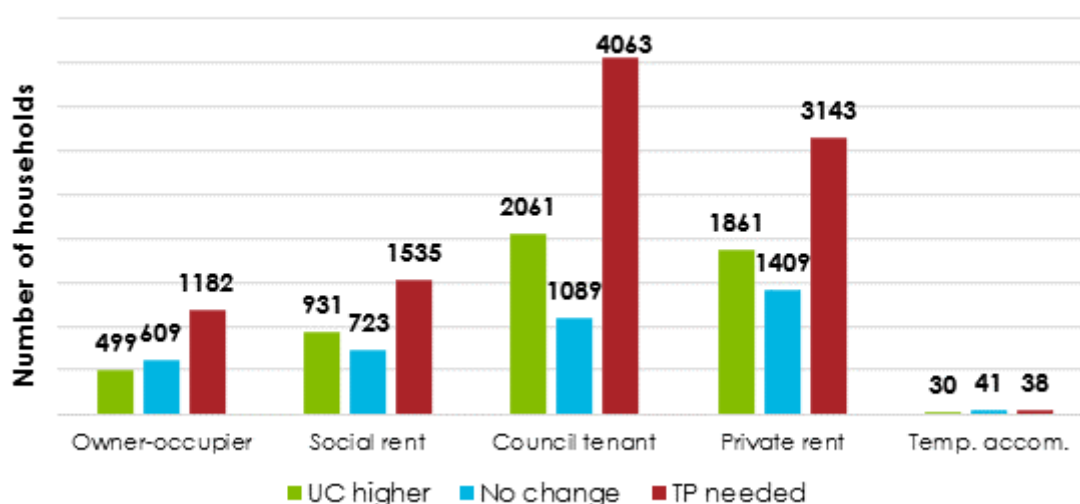
**Figure 1 Impact of Universal Credit on household types**

- By 2020 (assuming a full rollout of Universal Credit) the higher cost of living means that almost all working-age low-income residents in Stoke are set to be worse-off compared to their situation in 2017. Only 4.9% of households will see their income increase by 2020, while 91.8% of the working-age cohort will have a lower disposable income compared to their current economic circumstances. The disposable income of all working-age households included in the analysis is set to drop by an average of £43.46 per week compared to their income in the 2017 baseline.
- The negative outlook in 2020 for Stoke residents is the result of two main factors. Firstly, the high proportion of working-age households who are not in work (77%) means that most households will not benefit from the increase in the National Living Wage and personal tax allowance. Secondly, the impact of inflation and increases in rent prices projected through to 2020 – compared to a benefits freeze for the same period – means that, in real terms, households in Stoke experience a significant decrease in incomes.



**Figure 2 Impact of Universal Credit by 2020**

- There are also winners and losers among different tenure types. Council tenants have the highest number of households requiring transitional protection, but there are also more council tenants benefitting from UC than any other tenure type. There are more private tenants and households in the social-rented sector seeing either no change in their entitlement or a positive change than there are requiring transitional protection.



**Figure 3 Impact of Universal Credit on tenure type**

- 30.7% of working-age households in the cohort will be subject to conditionality under Universal Credit. Of these, 2,143 households are in work and will be subject to conditionality because earnings are below the required threshold. These households do not have any conditionality in the current system and could be subject to sanctions for

not fulfilling their conditionality requirements under Universal Credit.

- Where an adult relative lives in a household on a non-commercial basis (termed a non-dependant) they are expected to contribute towards rental costs and housing benefit is reduced to take account of the expected contribution. Under Housing Benefit the expected contribution is dependent on the income and circumstances of the non-dependant. Analysis identifies 859 households in receipt of Housing Benefit that will have a higher non-dependant deduction under Universal Credit than under the current system. By contrast, 1,560 households will receive a lower deduction to their housing element than currently because under Universal Credit rules there is a flat rate contribution (deduction) each month regardless of the non-dependant's income, for 2018/19 this is £72.16 a month.

If monitoring data is not available for the people who are potentially affected or impacted by the proposal please provide reasons why not, and explain how (if at all) the potential equalities impact of the proposal has been assessed.

National equality impact assessments have been carried out by DWP, and continued scrutiny is undertaken by the Work and Pensions Select Committee.

- <https://www.gov.uk/government/publications/universal-credit-equality-impact-assessment>
- <https://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/inquiries/parliament-2017/inquiry/publications/>

Taking into account all the evidence available indicate where you think that the proposal could have an intended or unintended **negative impact** on a particular group: i.e. it could cause some disadvantage or leave out from its benefits some people with or without a particular protected characteristic. Where the proposal is intended to benefit any particular group this should be recorded as a **positive impact** and the reasons for this should be stated or included in the appropriate section above. Where the proposal will affect a particular group no differently from any other indicate this as **neutral impact**. Please give reasons for each outcome and explain which particular groups with which particular protected characteristics will be affected by the proposal and how:

#### Details relate to national UC modelling by the DWP:

	Negative Impact	Positive Impact	Neutral Impact	Reason(s)
Age	<p>Children in lone parent households</p> <p>Mixed age households where one h/hold member is working age and one is pension age.</p> <p>Most claims are to be dealt with online, theoretically disadvantaging older people who have weaker digital skills</p>	<p>Under 25s will benefit from the removal of age related restriction to access to working tax credits</p>	<p>Majority of pension age benefit recipients will remain outside of UC</p>	<p>Reduced work allowances mean that lone parent households will lose out compared to the tax credit regime</p> <p>Universal Credit is a working age benefit. However a household where one claimant is working age and one claimant is pension age will be considered as working age households and eligible for UC. This is different to legacy benefits where the oldest of the couple takes precedence. This means that additional households will be affected by welfare reforms to which they were previously not affects such as Social Sector Size Criteria ('bedroom tax') and Benefit Cap.</p>
Disability	<p>The severe disability</p>	<p>Disabled claimants are</p>		<p>Universal credit represents a significant change for disabled</p>

	premium is removed within UC which is awarded to the most severely disabled. (?)	less likely to see an immediate change as they are less likely to be in work.		claimants. Existing disability benefits remain outside of UC, but UC will be awarded to disabled customers for their living costs. The severe disability premium is removed within UC which is awarded to the most severely disabled.
Gender (including sex, transgender and issues relating to pregnancy and maternity)		<p>Around 55% of single males and 45% of single females will see no impact – as less likely to be in work</p> <p>Help with childcare costs will be available to help parents – specific benefit to lone parents – mostly women.</p>	Both males and females will see improved incentives to work and greater support to get into employment.	<p>Childcare support will be available to around 80000 more households. Under Universal Credit help with childcare costs will be available to all lone parents and couple where both members are in work regardless of the number of hours they work.</p> <p>Where there are small difference between the impact on men and women this is caused by differences in the profile of the genders for example single females in the population are more likely to see a change in entitlement compared to single men largely due to the fact that single men on UC are statistically more likely to be in work.</p>
Race/Ethnicity	All – Claimants may encounter difficulties accessing benefits online where English is not first language or skills are minimal. Little evidence to suggest that ethnic minority groups are less able to access digital services though.	All – benefit from a theoretically simpler system. Complexity of benefit system particularly challenging where language barriers also exist. Evidenced by lower take-up rates from ethnic minority groups.	UC does not directly discriminate against religion	Universal credit does not fundamentally change the eligibility for or access to benefit for ethnic minority groups. However it represents a change in administration that may present challenges for those for whom language is already a barrier.
Religion or belief	Requirement for both parties in relationship to be actively seeking work, may be contrary to the religious beliefs of some households where females are not expected to work outside of the marital home. Unlikely to represent a large number of households		UC does not directly discriminate against religion	

Sexual Orientation (including issues relating to marriage and civil partnerships)	Universal Credit does not recognise polygamous marriages	ALL		There is no fundamental change to the way Universal Credit treats married couples, irrespective of sexual orientation.
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Are there any other groups (e.g. travellers, single parents, those on low income etc) who may be disadvantaged by the proposal's operation, or who may not benefit equally from it?

Those groups for whom the following characteristics exist:

- Households with limited/no access to short term credit – delays in decision making and a five week wait for first payment represent a challenge for low income families. Such households are also often unable to access short term credit at an affordable rate in order to bridge immediate income shortfalls. Nationally the introduction of universal Credit has correlated with an increase in Foodbank usage. It is not possible to prove any causation here however UC full Service areas recorded a 52% increase in usage from 16/17.

Increase in number of food packages, %

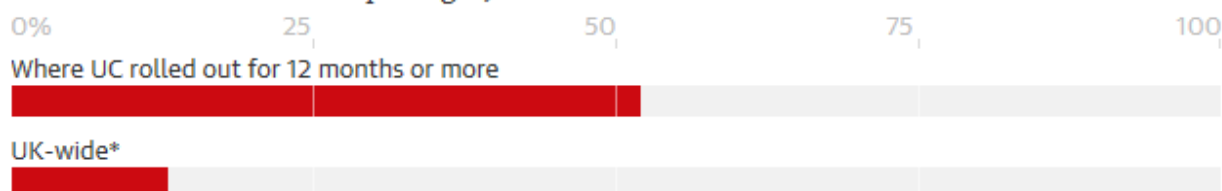


Figure 4 Foodbank usage in 2017/18 compared to 2016/17

- Households with limited digital skills – this risk needs to be considered alongside overall literacy levels in the City. The issue may impact the travelling community particularly badly.

Additional groups impacted:

Households where income is derived from self-employment (regardless of gender, race, religion) - If a customer has been self-employed for more than a year, they are subject to the Minimum Income Floor (MIF) assessment. The MIF is based on an earnings threshold equivalent - for those without health conditions or caring responsibilities, this will usually be set at 35 hours at the appropriate National Minimum Wage rate. This is part of a more robust test of the gainfulness of self-employment which will restrict Universal Credit based on notional, rather than actual income. No local data exists on this matter but a study into the impacts on London Boroughs shows:

- 78% of self-employed households on low-income in London earn below the National Living Wage.
- 91% of London households earn below the Minimum Income Floor
- 78% have been self-employed for 13 months or more and would be affected by the MIF today

## Negative Impact

### If an adverse negative impact has been identified, why is this necessary, and what actions are being taken to mitigate the impact?

Transitional Protection is calculated by comparing the total household monthly income at the point of migration to Universal Credit with the new Universal Credit entitlement. Where the Universal Credit entitlement is lower, transitional protection will be awarded to make up the difference.

Significant changes in circumstances will lead to the end of protection, which DWP describes as any of the following:

- a partner leaving or joining the household;
- a sustained (3-month) earnings drop beneath the level of work that is expected of them according to their claimant commitment;
- the Universal Credit award ending;
- one (or both) members of the household stopping work.

Overall, analysis finds that a total of £4,340,476 worth of transitional protection will be paid to 9,961 households in Stoke who would otherwise see their income fall following the migration to Universal Credit.

On average, households in Stoke will have to earn at least £20,792 per year to move beyond an entitlement to Universal Credit. However, this varies by household type:

Table 7.7: Earnings needed to move off of Universal Credit	
Average	£20,792
By Household Type	
Single	£16,339
Lone parent	£23,337
Couple without children	£18,078
Couple with children	£28,899
By Tenure	
Private Rent	£22,234
Social Rent	£22,238
Owner occupier	£12,125

Universal Credit offers significant support to customers seeking employment or additional earnings. This support alongside the claimant commitment hopes to drive behavioural change and promote employment as a route out of benefit dependency.

Additional support will be available to customers to access digital services. Support will be available from:

- Jobcentre plus
- Libraries

Limited funding has been provided to the LA to administer assisted digital support.

### Follow-up Equality Impact Assessment

Should there be a Follow-up Equality Impact Assessment if this proposal is implemented?

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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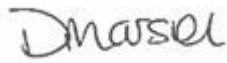
If a follow-up EIA is not required, explain why:

The rollout of Universal Credit is unpredictable and outside of the control of the City Council. The rate at which customers will migrate onto this new benefit will be determined by external factors and will happen gradually.

The rollout schedule has been amended consistently and policy changes have affected the original intentions of the scheme. Further policy changes would impact the way in which Universal Credit delivers and affects residents.

The Department for Work and Pensions is implementing Universal Credit via an agile approach using a test learn philosophy. Subtle changes to legislation can have either a small impact on significant numbers or often a large impact on a smaller cohort.

As Universal Credit Full Service starts in the City, a greater understanding of the impact will be possible.

Signed (lead officer): 

Signed (lead manager): .....

Date: .....

The completed and signed Equality Impact Assessment must be attached to the CO or relevant report and mailed to [equalities@stoke.gov.uk](mailto:equalities@stoke.gov.uk)



# Follow-Up Equality Impact Assessment

## Recapping the original EIA

Begin the follow-up EIA by recalling:

- the function or policy's intended purpose and scope;
- who was intended to benefit or be affected by the policy or function; and
- who were identified in the EIA as potentially disadvantaged, excluded or marginalised by its implementation?

## Consultation and Assessment

- Profile who is making use of the service or affected by the policy / function and how, in particular by reference to the protected characteristics of those concerned.
- Carry out a consultation as to the operation of the service or effect of the policy / function that reaches all those using the service or affected by the policy / function and in particular the identified potentially disadvantaged, excluded or marginalised groups.
- Particularly look at the take up of and effect of any measures implemented to assist particular groups who would otherwise have difficulty using the service or be adversely affected by the policy / function
- Ensure all relevant employees and staff support groups are consulted.
- Attach details of the profile of service users / those affected and a list of those consulted, together with the responses and any additional evidence.
- Review the consultation by asking:
  - What are the views of those consulted on the operation of the service or effect of the policy / function?
  - Is the service, policy or function successful in providing the intended benefits as set out in the EIA?
  - Are there any differences in responses between different groups with different protected characteristics?
  - Are there groups with particular protected characteristics who are not benefiting from the service / function or policy or benefiting less than others?
  - Are there groups with particular protected characteristics which are more adversely affected by the operation of the function / policy than others?
  - Where measures have been implemented to assist particular disadvantaged groups, have these been taken up and how effective are they in dealing with the disadvantage concerned?
- Compare the results with the anticipated results as set out in the original EIA.

## Outcome of EIA

### Consultation and Assessment Summary

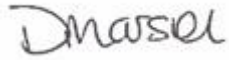
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## Issues from the follow-up EIA that will need to be addressed

Where issues are identified, based on the comments given in the EIA, you should draw up an action plan that highlights all the issues and states how they will be addressed. The action plan must form a part of your business planning process to ensure an effective outcome.

The completed and signed Equality Impact Assessment must be attached to the CO or relevant report and mailed to [equalities@stoke.gov.uk](mailto:equalities@stoke.gov.uk)

Ensure feedback is given to those who participated in the consultation.

Signed (lead officer): 

Date: 25 April 2018