

# Proposed changes to Shropshire Council's Council Tax Support Scheme

Performance Management Scrutiny Committee  
8 November 2017

# Agenda

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- Shropshire Councils current CTS scheme
- Other local Councils approach
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## Background

- The former national Council Tax Benefit scheme was abolished on 31 March 2013 and replaced with a new system of localised Council Tax Support
- Each billing authority was required to implement and design its own scheme for awarding council tax discounts to working age customers on low incomes, while accommodating a 10% reduction in Government funding
- The 90% funding for council tax support is ostensibly included within the overall grant funding the Council receives from central government
- It follows that as government funding continues to reduce, there is less funding for council tax support
- By 2020 with no Revenues Support Grant there will be no government support for council tax support

## Shropshire Council Financial Position – Funding Gap

- The Council's key strategic risk is the ability to set a sustainable budget
- The Council's Financial Strategy highlights the projected funding gap for Shropshire Council for the next five years
- The estimated funding gap for 2018/19 is now expected to be in the order of £36m. The gap is then expected to grow by approximately £6m per year as set out in the table below

Year	2018/19	2019/20	2020/21	2021/22	2022/23
Funding Gap	£36m	£44m	£49m	£54m	£59m

- Despite a predicted negative impact on the Council's collection rate, the impact of these proposed changes would be financially positive even in the short term, and this would be reflected within the Council's Financial Strategy by an immediate and increasing reduction in the existing funding gap.

## Shropshire Council's current CTS scheme

The main changes that Shropshire Council made to Council Tax Benefit when it introduced its local CTS scheme in 2013 were:

- Removal of second adult rebate
- Increase the value of non-dependant deductions
- Removal of child benefit and earnings disregards
- Reduced the upper capital limit to £10,000

Shropshire Council did not implement a minimum payment percentage across all claimants – that means that certain claimants still receive 100% protection from Council Tax

## Other Local Councils approach – 2016/17

- **Cheshire East**

25% minimum payment, £6,000 savings limit, CTS restricted to band B, minimum payment £2.00

- **Cheshire West and Chester**

25% minimum payment, £6,000 savings limit, CTS restricted to band D, minimum payment

- **Telford and Wrekin**

21% minimum payment, £6,000 savings limit, no band restriction, minimum payment £2.50

- **Herefordshire**

20% minimum payment, £6,000 savings limit, CTS restricted to band C, minimum payment

For 2017/18 80% of Councils have introduced a minimum payment

- **Other options**

Band restriction, change taper, capital limit

# The options being considered

- **Option 1** – do nothing and retain the existing scheme – **savings £0**
- **Option 2** – Make changes to the existing scheme to align with HB changes and apply a minimum award of £1.50 – **savings £206,000**
- **Option 3** - Make changes to the existing scheme to align with HB changes and apply a minimum award of £1.50 and apply a 10% minimum payment in Council Tax Support– **savings £694,000**
- **Option 4** - Make changes to the existing scheme to align with HB changes and apply a minimum award of £1.50 and apply a 20% minimum payment in Council Tax Support– **savings £1,190,000**
- Proposed that certain vulnerable groups are exempt from minimum payment
- Option 4 was recommended to cabinet and is out for consultation
- Shropshire is currently scheduled for full service roll out of Universal Credit in February 2018. This means all new claims for working age claimants will move to Universal Credit. We will review the options for council tax support for 2018/19 assuming Universal Credit continues to roll out as scheduled for Shropshire.

# How Council Tax Support is Calculated

- If the claimant has income up to or less than their applicable amount they qualify for maximum council tax support
- If the claimant's weekly income is more than their applicable amount the difference between the two is known as 'excess income'.
- The claimant qualifies for maximum benefit minus a percentage of this excess income (known as the taper)
- The taper for calculating council tax support is 20%
- Council Tax Support calculation is:

Weekly eligible council tax

MINUS any non dependant deductions

MINUS 20% of excess income

EQUALS weekly entitlement to council tax support

- Proposing to reduce the weekly eligible council tax in the calculation by 20%

## The effect of the proposed changes - Example 1

- Claimant is in receipt of JSA. Income is assessed against their applicable amount. Where there is no excess of income over their applicable amount they would currently make no minimum payment under CTS.
- Under the new proposals they would instead pay £20% of their council tax bill.
- Full council tax payable in this example would be £1040.00 or £20.00 per week (average band A liability)

	current	proposed
Weekly council tax bill = £20.00. Contribution under CTS proposed to be 20% of bill	£0.00	£4.00
<b>Total weekly payment</b>	£0.00	£4.00
<b>Total council tax payable (total payment figure X 52 weeks)</b>	<b>£0.00</b>	<b>£208.00</b>

## The effect of the proposed changes - Example 2

- Claimant has excess income over their applicable amount. Currently would make a 20% contribution of excess income over applicable amount (the taper)
- Under the proposals this would be based on 20% of their council tax bill
- Full council tax payable in this example would be £1040.00 or £20.00 per week (average band A liability)
- Excess income in this example is £17.50 per week

	current	proposed
Weekly contribution towards council tax (20% of excess income of £17.50)	£3.50	£3.50
Weekly council tax bill = £20.00. contribution under CTS proposed to be 20% of Bill	£0.00	£4.00
<b>Total weekly payment</b>	£3.50	£7.50
<b>Total council tax payable (total payment figure X 52 weeks)</b>	<b>£182.00</b>	<b>£390.00</b>

## The effect of the proposed changes - Example 3

- Claimant has excess income over their applicable amount. Currently would make a 20% contribution of excess income over applicable amount (the taper)
- Under the proposals this would be based on 20% of their council tax bill
- Full council tax payable in this example would be £1040.00 or £20.00 per week (average band A liability)
- Excess income in this example is £83.00 per week

	current	proposed
Weekly contribution towards council tax (20% of excess income of £83.00)	£16.60	£16.60
Weekly council tax bill = £20.00. contribution under CTS proposed to be 20% of Bill	£0.00	£4.00
<b>Total weekly payment</b>	<b>£16.60</b>	<b>£20.00</b>
<b>Total council tax payable (total payment figure X 52 weeks)</b>	<b>£863.20</b>	<b>£1,040.00</b>

# Consultation

- We contacted Police and Fire authorities
- 6 weeks consultation document published on website running from 19 October 2017 to 26 November 2017
- Questionnaire to complete and additional comments
- We have written to all claimants that may be affected by these proposals
- We have contacted partners and advice agencies
- We have contacted internal stakeholders

## Discretionary Fund

- Claimants can still request Section LGFA 1992 13 (A) discretionary discount
- Current Council policy is for requests to be considered by Section 151
- Appeals to General Appeals panel of members. Valuation Tribunal will hear appeals and pass directed judgement on Council's decision
- Consideration being given for discretionary fund
- Review of DHP administration. DHP funding is substantially underspent in Shropshire, (nationally in 2016/17 we were in the bottom 2% of DHP spend against government grant received)
- More holistic approach to DHP within Revenues and Benefits to maximise DHP award where possible for affected claimants
- If we identify a shortfall in income over outgoings, and claimant can qualify for a DHP we will pay DHP

## Collection of outstanding debt

- For 2016/17 Shropshire Council had 98.4% council tax collection
- Acknowledge that in year collection rates will drop if proposals implemented
- We can take a different approach to collection for affected claimants
- Additional letters can be sent
- Additional recovery stages
- Holistic approach to discretionary awards as part of collection process
- Retain focus on Attachment of Benefit/Earnings
- Review court costs for affected claimants
- If Enforcement Agent required, additional stages and additional contact by Enforcement Agents
- Work with advice agencies

# Any Questions

