



Committee and Date

Council

14 December 2017

10.00am

SHROPSHIRE COUNCIL – COUNCIL TAX SUPPORT SCHEME 2018-19

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1. Summary

- 1.1 In 2017/18 Shropshire Council is one of only 20% of Councils that still provide 100% protection through its local Council Tax Support (CTS) scheme. In 2018/19, it is highly likely that this percentage will fall further. Authorities across the country currently provide protection as low as 70%. Shropshire Council is facing an extremely challenging financial future and central government has been clear that councils should look to maximise locally generated income to help manage this situation and to support the continued delivery of key and critical services now and into the future.
- 1.2 Under the current CTS scheme it is necessary to administer minor awards that, for an individual, may amount to only a few pence per week. Furthermore, working age individuals not in employment or on low income can receive 100% protection against their council tax liability. It is proposed to implement two key changes:
 - Set a minimum award threshold of £1.50 per week to simplify the process and help reduce administration
 - To limit protection under CTS to 80% rather than 100%, while ensuring the design of the scheme still provides 100% protection to the most vulnerable in society.
- 1.3 Together these proposals could generate almost £1.2m additional revenue per annum, generated by asking a greater proportion of Shropshire's population to contribute towards the cost of delivering local services.
- 1.4 It is proposed to make no changes to the Revenue and Benefits Team as a result of these proposals (the increased cost of collection caused by reducing protection to 80% would be partially offset by implementing the minimum award threshold of £1.50). It is likely, however, that the overall collection rate will fall in the short-term. Shropshire Council currently has one of the highest collection

rates in the country and while this is anticipated to be maintained in the long term, there may be a short to medium term impact as a result of these changes. Nevertheless, the impact of these proposals would be financially positive for the Council, 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.

- 1.5 This report proposes some changes to the existing council tax support scheme for Shropshire Council, and also details options for introducing a minimum council tax payment for all council tax support claimants.

2. Recommendations

2.1 Members are asked to

- A. Agree option 4 as Shropshire Council's council tax support scheme for 2018-19 and associated exemptions with an estimated gross saving of £1,190,000
- B. Approve arrangements for consideration of discretionary requests and the utilisation of DHP fund and set aside a total fund of £300,000 for 2018/19 to help transition in these changes
- C. Members are asked to note that Shropshire Council's proposed full draft CTS scheme for 2018/19 is available on the Council's website at

<https://www.shropshire.gov.uk/benefits/what-help-can-i-claim-from-the-council/council-tax-support-and-housing-benefit/>

3. Risk Assessment and Opportunities Appraisal

- 3.1 The authority has a statutory duty to make a council tax reduction scheme. The authority must make any revision to its scheme or replace it with another scheme, no later than 31 January in the financial year preceding that for which the revision or replacement is to have effect.
- 3.2 The Government reduced the amount of funding it provided for council tax support by 10% when responsibility for localised council tax support was passed to billing authorities in 2013. It has been necessary for the Council to find ways to accommodate this shortfall ever since.
- 3.3 The 90% funding made available for council tax support is ostensibly included within the overall grant funding that the Council receives from central government (that is, it was rolled into Revenue Support Grant), but is not separately identifiable within the grant. It follows as government funding continues to be cut there is less funding available for council tax support. Furthermore, with RSG being removed entirely by April 2020 there will be no government support for Council Tax Support in future.

- 3.4 The Council continues to face unprecedented cuts in central government funding, and ever increasing pressure to maximise its own resources to cover the cost of services locally provided.
- 3.5. The Council's key strategic risk is the ability to set a sustainable budget. The changes proposed within this report could form part of a long-term sustainable solution.

4. Financial Implications

- 4.1 Option 1 – do nothing and retain the existing Council Tax Support Scheme.
Saving £0.

For the 2017-18 financial year the Council provides in excess of £7 million council tax support to working age claimants. Option 1 would provide no saving against this £7m.

- 4.2 Option 2 – Make changes to the existing scheme to align with Housing Benefit and apply a minimum award of £1.50 a week.
Saving £206,000

This option would remove entitlement to claimants that only qualify for a relatively small amount of council tax support, and associated administration costs. It is estimated that these changes would save the Council at least £206,000 per year. These amendments are detailed in the Shropshire Council Tax Summary document at Appendix A.

- 4.3 Option 3 - Make changes to existing scheme to align with Housing Benefit and introduce a minimum award of £1.50 per week and apply 10% minimum payment in Council Tax Support.
Saving £694,000

It is estimated that this would save the Council at least £836,000 per year. With the exemptions from the minimum payment percentage detailed below this would reduce to £694,000.

- 4.4 Option 4 – Make changes to existing scheme to align with Housing Benefit and introduce a minimum award of £1.50 per week and apply a 20% minimum payment in Council Tax Support.
Saving £1,190,000

It is estimated that this would make a gross saving to the Council of £1,480,000 per year, offset by exemptions as set out below.

- 4.5 It is proposed that the following categories would be exempt from the 20% minimum payment in the proposed scheme at the following cost. For more details of the exemption criteria please refer to the summary document at Appendix A.

- Claimant or partner in receipt of the severe disability premium. To exempt these claimants from the proposed 20% minimum payment in council tax support would cost an estimated £245,000
 - Claimant or partner in receipt of the support component of Employment and Support Allowance. The support component Employment and Support Allowance is for people with a 'limited capacity for work'. To exempt these claimants from the proposed 20% reduction in council tax support would cost an estimated additional £45,000
 - Claimant or partner in receipt of war pension exemption – This would cost a minimal amount in the region of £200
- 4.6 The net saving to the Council of aligning its scheme with Housing Benefit changes, applying a £1.50 per week minimum award, applying a 20% minimum payment, but exempting claimants in receipt of the severe disability premium and the support component of Employment and Support Allowance and war pensions would be £1,190,000.
- 4.7 A survey of other Council that have introduced a minimum payment to their Council Tax Support scheme has shown that there is a detrimental effect on their overall council tax collection rate. This has varied among different Councils between 0.3% and 0.7% in the first year, but gradually improving over subsequent financial years.
- 4.8 For the 2015-16 and 2016-17 financial years Shropshire Council has reported a collection rate of 98.4%. The Council's overall council tax debit for 2017-18 is £175 million. Shropshire Council keep around 78% of this as its precept. If the collection rate fell by 0.1%, that would mean a loss of income to Shropshire Council of £136,500 (£175,000 loss overall). If the collection rate fell by 0.4% that would mean a loss of income in year to Shropshire Council of £546,000 (£700,000 loss overall).
- 4.9 The majority of the impact of the initial changes, following the 2013 introduction of the Council's scheme, was felt by claimants in employment. The impact of the proposed changes will be consistent with that felt in other parts of the country. In Shropshire, it is anticipated that less than 7% of the impact of the new proposals will fall on working age claimants in work, with the remainder of the impact falling on working age claimants not in employment. The majority of claimants will continue to receive support, albeit at a lower level. Some examples of the potential impact of the changes for individuals is included at Appendix C.
- 4.10 It should be noted that Shropshire Council's Revenues Team would continue to collect these amounts during subsequent financial years. It should also be noted that any decision to create additional council tax debit, particularly among lower income groups, will increase administration and recovery costs within the Revenues and Benefits Teams. This may mean, for example, that within existing resources there would be reduced capacity to focus on collection of council tax arrears, which could impact on the overall council tax collected by Shropshire Council.

4.11 At its meeting on 18 October 2017 the Council's Cabinet met and agreed Option 4 above as the preferred option for amending Shropshire Council's council tax support scheme for 2018/19, with the associated exemptions listed. Cabinet also agreed the consultation options set out in the report.

4.11 Discretionary Fund

4.12 A council tax support scheme must state the procedure by which a person may apply for a reduction under section 13A (1) (c) of the Local Government Finance Act 1992 which provides delegation to a billing authority to reduce the amount of council tax to nil, either in relation to particular case, or by determining a class of dwellings.

4.13 As the local council tax support scheme is classed as a council tax discount, any appeals against council tax support awards are heard by the Valuation Tribunal. As local schemes are not legislation, but are locally defined schemes, the Valuation Tribunal will not consider an appeal against a billing authority's actual scheme, as that is beyond their jurisdiction. The Valuation Tribunal can, however, advise dissatisfied claimants of their right to apply to the billing authority for a discretionary discount under section 13 (1) (c) above. They will also hear appeals where the authority refuses to exercise this discretion, and will potentially overturn a billing authority decision to award discretionary discount on appeal.

4.14 It follows that any decision to apply a uniform minimum percentage payment in respect of council tax support awards is likely to see a marked increase in requests for discretionary discount considerations.

4.15 Currently, the discretion to award discretionary discounts has been delegated to the Head of Finance, Governance and Assurance (Section 151 Officer), and requests are considered on an ad hoc basis. There is no policy to guide awards of this nature, nor is there any funding to cover the cost of such awards. Therefore the cost of any discretionary discount is picked up by the wider taxpayer.

4.16 To cater for an increase in requests for discretionary council tax discount, some Councils have developed a policy document against which requests can be verified, and also a hardship fund from which any discretionary awards are paid.

4.17 It should be noted that the Council is currently allocated Government grant each year to make Discretionary Housing Payments (DHP) where Housing Benefit or Universal Credit claimants require further assistance towards housing cost or rent liability. It is probable that a high number of claimants that will be adversely affected by proposed changes to the CTS scheme and request additional discretionary assistance might also be legitimately considered for a DHP where they have a shortfall in their rent. Given that the DHP fund is often substantially underspent, a combined approach to administering both funds within Revenues and Benefits would enable a more

holistic view of the claimant and would provide opportunity for discretionary payments to be administered under the policy, but not necessarily at direct cost to the Council and the local taxpayer.

- 4.18 It is recommended to follow this approach and that a total £300,000 be set aside for discretionary requests, combined from the DHP fund for 2018/19 (final figures for 2018/19 are not yet available) and £50,000 for discretionary discounts for claimants that would not qualify for DHP.

5. Background

- 5.1 The former national Council Tax Benefit scheme was abolished on 31 March 2013 and replaced with a new system of localised Council Tax Support, which requires each billing authority to design and implement its own scheme for awarding council tax discounts to working age customers on low incomes, while accommodating a 10% reduction in Government funding.
- 5.2 Shropshire Council's scheme was approved by Cabinet on 17 October 2012. Effectively the scheme agreed by Shropshire Council continued to be means tested but made a number of adjustments to the existing council tax default scheme, namely
- Removal of second adult rebate
 - Increase the value of non-dependant deductions
 - Removal of child benefit and earnings disregards
 - Reducing the upper capital limit to £10,000
 - Minimum earnings threshold for EEA
 - Special education needs allowance disregarded in full
 - War pension/armed forces compensation scheme guaranteed income payments disregarded in full
 - Changes to habitual residency test to fall in line with Housing Benefit
- 5.3 Crucially, the Shropshire Council scheme did not implement a minimum payment percentage across all claimants. That means that certain claimants in receipt of passported benefits still receive 100% protection and pay no council tax.
- 5.4 Legislative changes have continued to be made in relation to Housing Benefit, which is currently assessed alongside Council Tax Support as part the same assessment process. These changes have not been reflected in the Council Tax Support scheme. As Housing Benefit and the Council Tax Support scheme have diverged it has made the assessment process more confusing for claimants, and more administratively challenging for staff. It would therefore be advantageous for the Council to agree to amend the Council Tax Support scheme with effect from 1 April 2018 to align it with Housing Benefit changes.
- 5.5 Shropshire Council went live with Universal Credit in April 2015. This change, however, only affected new claims from single working age claimants. Shropshire Council is currently scheduled to move to full service with Universal Credit in May 2018. This has recently been put back from February 2018. This

means that all new claims for working age claimants will move to Universal Credit with effect from May 2018. There are currently no plans for pensioners to move off Housing Benefit. Due to the way Universal Credit works the experience from other Councils that have already moved to full service is that they are receiving a high number of notifications from DWP of small changes to Universal Credit entitlement each month in respect of people that have moved to Universal Credit. The effect on Council Tax Support is that their entitlement is being recalculated each month, meaning their council tax instalments are continually being recalculated and pushed into the future. One way to avoid this problem would be to introduce a minimum change amount for Universal Credit. This would mean that there would be no change in entitlement to Council Tax Support if the change in Universal Credit is less than £10.00 per week.

5.6 While Shropshire Council has continued to offer 100% council tax reduction support to certain passported claimants, the majority of other billing authorities have required all claimants to make a minimum payment contribution to council tax. For 2016-17 out of 326 billing authorities only 67 authorities (of which Shropshire was one) continued to offer 100% protection from council tax. Members are asked to consider implementing an option which would reduce the overall cost of the scheme.

5.7 While there remains uncertainty about the continued roll out of Universal Credit it is recommended to continue with a Council Tax Support scheme that remains means tested as the calculation is linked to Housing Benefit.

5.8 If the roll out of Universal Credit continues as planned it may be sensible to consider further changes to the Council Tax Support scheme, possibly from April 2019. One option to consider for future years if the planned roll out of Universal Credit for Shropshire continues as scheduled, is implementation of an income banded scheme that is simplified and operates more as a Council Tax discount.

5.9 Consultation

5.10 Before making a scheme the authority must (in the following order)

- Consult any major precepting authority which has power to issue a precept to it
- Publish a draft scheme in such manner as it thinks fit, and
- Consult such other persons as it considers are likely to have an interest in the operation of the scheme

5.11 Case law has determined that any consultation undertaken to change the Council Tax Support scheme must refer to alternative methods to absorb the shortfall in government funding.

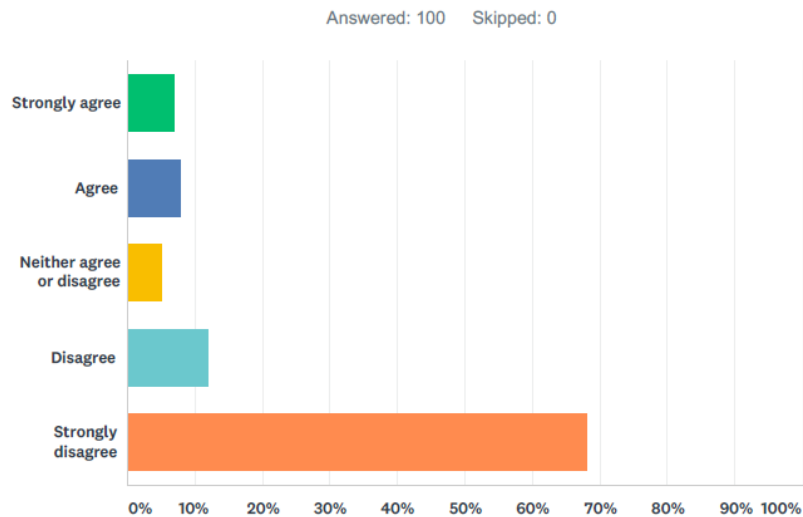
5.12 As agreed by Cabinet on 18 October 2017 we have undertaken a six week consultation that ran from 19 October 2017 to 26 November 2017. The consultation was published on the Council's website. All affected council tax

support claimants (over 7,747) were sent a letter detailing these changes and were invited to respond. Internal and external partners and advice agencies were also contacted and asked to respond.

5.13 In total we received 100 responses to the consultation. This is a very low response level (1.29%) considering we had sent 7,747 letters. Of those that responded, 67% stated that they currently paid council tax to Shropshire Council. 52% stated that they were currently in receipt of Council Tax Support.

5.14 Responses to the three specific questions asked as part of the consultation are below.

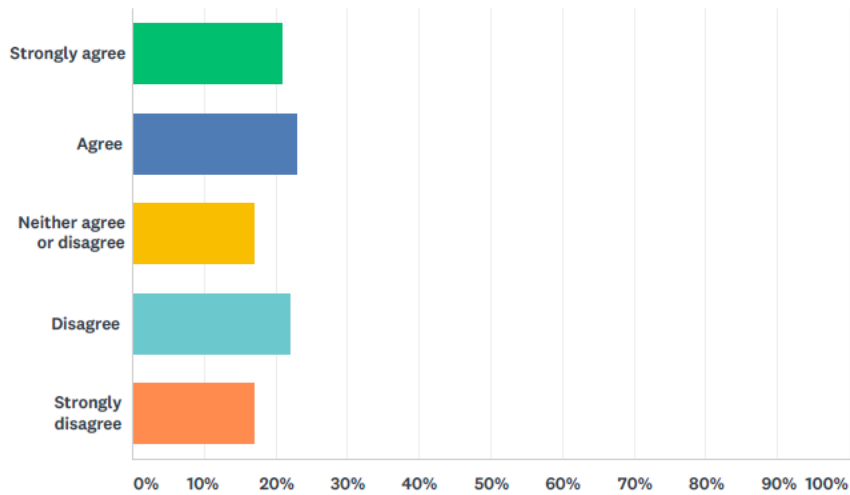
Q1 To what extent do you agree or disagree with the council’s preferred option of updating the current scheme and introducing a minimum payment of 20% to be paid by working age people?



ANSWER CHOICES	RESPONSES
Strongly agree	7.00% 7
Agree	8.00% 8
Neither agree or disagree	5.00% 5
Disagree	12.00% 12
Strongly disagree	68.00% 68
TOTAL	100

Q2 Do you believe that the council should cut other council services in order to continue with the current level of contribution from its own finances to fund the existing Council Tax Support Scheme?

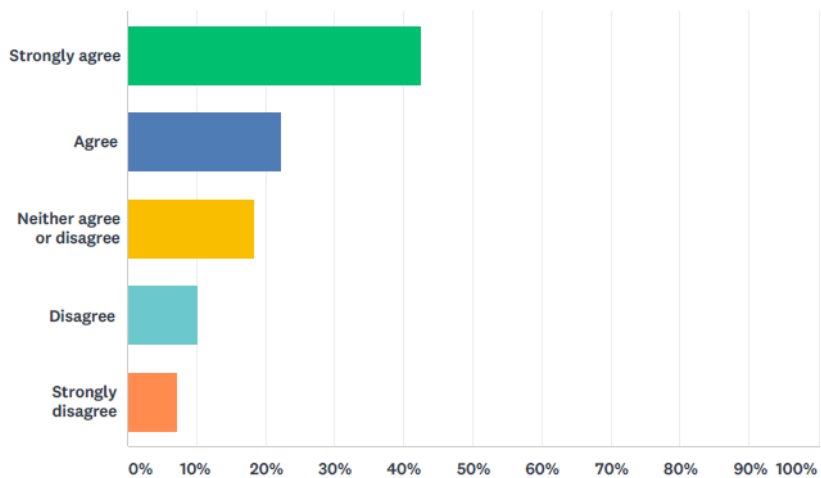
Answered: 100 Skipped: 0



ANSWER CHOICES	RESPONSES	
Strongly agree	21.00%	21
Agree	23.00%	23
Neither agree or disagree	17.00%	17
Disagree	22.00%	22
Strongly disagree	17.00%	17
TOTAL		100

Q3 To what extent do you agree or disagree with the council’s preferred option of exempting the following groups from the proposed 20% minimum payment: claimants in receipt of severe disability premium, claimants in receipt of the support component of employment and support allowance, claimants in receipt of war pension?

Answered: 99 Skipped: 1



ANSWER CHOICES	RESPONSES	
Strongly agree	42.42%	42
Agree	22.22%	22
Neither agree or disagree	18.18%	18
Disagree	10.10%	10
Strongly disagree	7.07%	7
TOTAL		99

5.15 Comments from respondents to the consultation can be made available for Members on request.

5.16 An Equality and Social Inclusion Impact Assessment has been completed and the result is that this change is not likely to have an adverse impact on any particular group. The ESIIA is at Appendix B.

List of Background Papers (This MUST be completed for all reports, but does

not include items containing exempt or confidential information)

N/A

Cabinet Member (Portfolio Holder)

David Minnery

Local Member

N/A

Appendices

Appendix A: Council Tax Support Summary Document

Appendix B: ESIIA

Appendix C examples

Appendix A: Council Tax Support Summary Document

SHROPSHIRE COUNCIL – BENEFITS SERVICE

COUNCIL TAX SUPPORT (CTS)

Introduction

The current Council Tax Benefit scheme is a means tested benefit that helps people with a low income to pay their Council Tax.

From April 2013 this will be abolished and all local authorities will provide a new scheme called 'Council Tax Support'. The funding that is provided for this scheme will be reduced by 10% and therefore it is likely that some people will have to pay more towards their Council Tax bill.

The changes will not affect pensioners even though they will move into the new scheme. The Government have confirmed that all pensioners will be protected and receive the same amount of benefit they do now under the current Council Tax Benefit Scheme.

Each local authority will be able to provide Council Tax support in a different way depending on local needs, funding available and how it can be administered. Each Council is expected to devise a new scheme and then put this to public consultation by the end of 2012.

Our new scheme was devised and published on the Shropshire Council website for customers, stakeholders and other agencies to comment on. Public consultation closed on the 14th December and the new scheme was formally adopted by the Council on 16th January 2013.

Anyone of working age will now be subject to the new scheme from April 2013. The differences that you will see in the new Council Tax Support Scheme are: -

- Removal of second adult rebate
- Reduction of the capital limit from £16,000 to £10,000
- Removal of earnings disregards
- Removal of child benefit disregard
- Increase in non-dependant deductions

Please note the following amendments are for the calculation of Council Tax Support only and do not affect Housing Benefit calculations.

Removal of Second Adult Rebate

Second Adult Rebate (2AR) is awarded to a customer based on the circumstances of a second adult living in the property. Under the new scheme this has been abolished and will no longer be effective from 01.04.13.

Reduction of the capital limit

For working age people the capital limit will reduce to £10,000 from 01.04.13. This will mean that if a customer's savings amounts to more than £10,000 they will not be entitled to CTS. The lower capital limit of £6,000 remains the same.

Tariff income calculations remain as is i.e. from the total amount if capital £6,000 is deducted, the remainder is then divided by 250 if the result is not an exact multiple of £1 the result is rounded up to the next whole £1

All other capital rules including static savings, land and property, shares, etc. remain the same.

Removal of Earnings disregards

All income disregards for working age people will cease from the 01.04.13.

Removal of Child Benefit disregards

Child benefit will no longer be disregarded from the calculation of CTS from the 01.04.03.

Increase in non-dependant earned income deductions (working age only)

From 01.04.13 non dep deductions will increase to the following: -

- £5 for anyone earning under £100,
- £10 for anyone earning between £100 and £150
- £20 for anyone earning over £150 per week

This deduction will only be made from their earned income. It won't affect any other income they receive.

Non-dependant earned income deductions (pension age only)

Gross income less than £186.00	=	£3.65
Gross income £186.00 to £321.99	=	£7.25
Gross income £322.00 to £400.99	=	£9.15
Gross income £401.00 or above	=	£10.95

Unearned income will attract the following disregards (working age and pension age):

Others aged 18 or over incl. JSAC & ESAC	=	£3.65
In receipt of Pension Credit, IS, JSA (IB), ESA(IR)	=	nil

(If nil income is added to the claim for the non-dep it appears to take the maximum deduction).

(This disregard will be up-rated annually in line with figures provided annually by DCLG)

A new minimum earnings threshold will be introduced with effect from 01/04/15 to reflect the current arrangements in the Housing Benefit scheme.

This minimum earnings threshold will help to determine whether a European Economic Area (EEA) national's previous or current work can be treated as genuine and effective for the purposes of deciding whether they have a right to reside in the UK as a worker or self-employed person.

The minimum earnings threshold has been set at the level at which workers start to pay National Insurance Contributions (NICs), currently £153 a week in the 2014/15 tax year. If an EEA national can prove that they have been earning at least this amount for a period of 3 months immediately before they claim CTS their work can be treated as genuine and effective and they will have a right to reside as a worker or self-employed person.

If they do not satisfy the minimum earnings threshold criteria, a further assessment will be undertaken against a broader range of criteria (such as hours worked, pattern of work, nature of employment contract etc.) to determine whether their employment is genuine and effective.

Ultimately, if an EEA national's income does not meet the minimum earnings threshold or the additional criteria to be classified as genuine and effective employment they will not be eligible for CTS.

Special Educations Needs Allowance – to be disregarded in full with effect from 01/09/14

War Pensions / Armed Forces Compensation Scheme Guaranteed Income Payments – to be disregarded in full with effect from 01/04/13 (and to be consistent with Housing Benefit)

From 01/04/15 the CTR scheme will include changes to the habitual residency test to reflect changes to the Housing Benefit (HB) regulations.

The amendments to the CTS scheme removes access to CTS for EEA jobseekers who make a new claim for CTS on or after 1 April 2015. EEA nationals who are self-employed, are workers or who are unemployed but retain their worker status have the same rights to CTS as a UK national and their situation remains unchanged.

EEA jobseekers who are entitled to CTS and JSA(IB) on 31 March 2015 will be protected until they have a break in their claim for CTS or JSA. If their JSA ends because they have started work, then as long as we can be satisfied that their employment is genuine and effective they will be able to access in-work CTS as either a worker or a self-employed person. Claimants receiving in-work CTS beyond 1 April will continue to be able to access CTS, if they become entitled to JSA(IB) on or after that date, but only if they retain their worker status. If they are a jobseeker then their CTS entitlement ends from the Monday following the cessation of work.

Changes with effect from 1 April 2018 to bring the scheme in line with Housing Benefit changes

- **2 child cap**
The Government has announced that they will limit benefit support by only taking into account a maximum of two dependent children per family. It affects all claims where new children are born after April 2017. This will apply in Housing Benefit to families that make a new claim from April 2017
- **Loss of the family premium**
The Government removed the family premium for new claims within the assessment of Housing Benefit with effect from May 2016
- **Bereavement Support Payments to be disregarded in full**
This was introduced into Housing Benefit with effect from April 2017
- **Any payments from the ‘We love Manchester Fund’ and the ‘London Emergency Trust’ to be disregarded in full**
- **Maximum backdate period of 1 month**
- **Absence from home limited to 4 weeks when outside GB**
The temporary absence rules for Housing Benefit were amended in 2015 reducing the allowable period of temporary absence outside Great Britain from 13 weeks to 4 weeks.

The limit applies to new periods of absence only. Exceptions are when an absence is in relation to
 - Death of a partner, child or close relative
 - Receiving medical treatment
 - A person who has fled their home due to fear of violence
 - A member of Her Majesty’s forces posted overseas
- **Beneficial changes in circumstances to be reported within one month of the change in order for the claim to be updated from the date of change, otherwise changes will take effect from the Monday following date notified.**
- **All working aged claimants who receive Council Tax Support (unless they are a pensioner or classed as vulnerable) will pay 20% of their council tax liability, (after appropriate discounts have been awarded)**

An example of this change is as follows:

- 1) Current scheme (which allows for 100% reduction)

The customer's liability is £20.00 per week. As they are in receipt of Jobseekers Allowance they are entitled to full Council tax reduction making their council tax balance for the year £0.00

2) Proposed new scheme (20% minimum payment)

The customer liability is £20.00. Before any calculation takes place 20% of this amount is reduced from the liability to be used. This means that any calculation will be carried out on a figure of £16.00. Again the customer is on Jobseekers Allowance and so they are entitled to a full award. This will mean their council tax balance for the year will be £208.00 (£4.00 x 52).

- **De Minimis change amount of £10.00 per week for claimants in receipt of Universal Credit**
- **Claimant or partner who meet the specific criteria of severe disablement contained within the policy will be protected from any percentage reduction in council tax support. Claimant or partner in receipt of Employment and Support Allowance will be protected from any percentage reduction in council tax support. This will also apply to customers who meet the criteria for receiving a war compensation related benefit or pension. Specifically this includes**

Criteria to be awarded for the severe disability premium:

- The customer has to be in receipt of
 - 1) Attendance allowance or
 - 2) Higher or middle rate care component of disability living allowance or
 - 3) The daily living allowance rate of personal independence payments
- They must not have a resident non-dependant
- No person is entitled to, and in receipt of, carers allowance in respect of caring for the customer and;
- If the customer has a partner they must also meet all above criteria

Criteria to be awarded the support component of employment and support allowance –

It is accepted that some people's difficulties or disabilities are such that not only is the person not expected to look for work but are also not expected to undertake an work related activities or plan for starting work due to the severity of their difficulties

Criteria to qualify for the war pension's exemption

The customer and/or partner has to be in receipt of either:

- War pension
- War disablement pension
- War service attributable pension
- War widows pension
- War mobility supplement

SUMMARY OF CHANGES FROM 01.04.13

Current Council Tax Benefit Scheme (CTB)	Council Tax Support (CTS)
Second Adult Rebate - Awarded to the customer based on the circumstances of 'second adult'. Can be awarded due to a 'better buy' comparison	No award due for second person. On 'better buy' calculation customer will only be awarded any CTS due.
Reduction of the capital limit - Upper capital limit of £16,000. Above this limit the person would not qualify for CTB. Lower capital of £6,000. Below this figure amount is ignored. Amounts above £6,000 attract tariff income at £1 for every £250 or part of above the lower capital limit	Upper capital limit of £10,000. Above this limit the person would not qualify for CTB. Lower capital of £6,000. Below this figure amount is ignored. Amounts above £6,000 attract tariff income at £1 for every £250 or part of above the lower capital limit
Removal of earnings disregards – Permitted work - £97.50 Lone parents - £25.00 Disabled, carers or special occupations - £20.00 Couples - £10 Single £5	Permitted work - £0 Lone parents - £0 Disabled, carers or special occupations - £0 Couples - £0 Single £0
Removal of Child Benefit disregard – Child Benefit is fully disregarded for the calculation of CTB	Child benefit is fully included for the calculation of CTS
Increase in non-dependant deductions (using current figures) On pass ported benefit - £0.00 On JSA C/ESAC - £3.30 Works less than 16 hours on maternity, paternity, adoption or sick leave - £3.30 Income more than £394.00 per week – £9.90 £316.00 to £393.99 per week – £8.25 £238.00 to £315.99 per week - £6.55 £183.00 to £237.00 per week - £3.30 £124.00 to £182.99 per week – £3.30 Under £124.00 – £3.30	On pass ported benefit - £0.00 On JSA C/ESAC - £3.30 Works less than 16 hours on maternity, paternity, adoption or sick leave - £3.30 Earnings less than £100 - £5.00 Earnings between £100 and £150 - £10.00 Earnings above £150 - £20.00

APPEALS

There will be no joint HB/CTR appeals – they will be heard separately by different bodies. First Tier Tribunals will hear the Housing Benefit appeals (as now) and the Valuation Tribunals Service will hear Council Tax Support appeals.

The legislation is contained within the Local Government Finance Act. Appeals against the local Council Tax Support Scheme will be covered by Regulation 16(b).

Process:

- The customer firstly needs to write to the Council saying they disagree with the decision. There is no time limit to do this. They can request this at any time.
- If we do not alter our original decision the customer has the right to appeal to the Valuation Tribunal.
- To appeal to the Valuation Tribunal the customer will need to do this on line at www.valuationtribunal.gov.uk
- The customer must complete the on line appeal application within two months of the date of the decision notice sent by ourselves upholding the original decision

As local schemes are not legislation, but are locally defined schemes, the Valuation Tribunal will not consider an appeal against a billing authority's actual scheme, as that is beyond their jurisdiction. However, the Valuation Tribunal will advise dissatisfied claimants of their right to apply to the billing authority for a discretionary discount under section 13 (1) (c) of the Local Government Finance Act 1992. They will also hear appeals where the authority refuses to exercise this discretion.

Appendix B: ESIIA

Shropshire Council Part 1 ESIIA: initial screening and assessment

Please note: prompt questions and guidance within boxes are in italics. You are welcome to type over them when completing this form. Please extend the boxes if you need more space for your commentary.

Name of service change

Change to local Council Tax Support scheme. Proposed change is to align the scheme with changes that have been made to Housing Benefit legislation, and apply a 20% minimum payment in council tax support to apply to all working age claimants. Pensioners are protected in law from these changes, and continue to have their council tax support assessed against the former council tax benefit rules.

Certain groups are proposed as being exempt from these changes.

Aims of the service change and description

The authority has a statutory duty to make a council tax reduction scheme. The authority must make any revision to its scheme or replace it with another scheme, no later than 31 January in the financial year preceding that for which the revision or replacement is to have effect.

The Government reduced the amount of funding it provided for council tax support by 10% when responsibility for localised council tax support was passed to billing authorities in 2013.

Funding for council tax support is included within the overall grant funding that the Council receives from central government, but is not separately identifiable. It follows as government funding continues to be cut, that there is less funding available for council tax support.

Shropshire Council's council tax support scheme was approved by Cabinet on 17 October 2012. Effectively the scheme agreed by Shropshire Council continued to be means tested but made a number of adjustments to the existing Council Tax Default scheme, namely

- Removal of second adult rebate*
- Increase the value of non-dependant deductions*
- Removal of child benefit and earnings disregards*
- Reducing the upper capital limit to £10,000*
- Minimum earnings threshold for EEA*
- Special education needs allowance disregarded in full*
- War pension/armed forces compensation scheme guaranteed income payments disregarded in full*
- Changes to habitual residency test to fall in line with Housing Benefit*

Crucially, the Shropshire Council scheme did not implement a minimum percentage across all claimants. That means that certain claimants in receipt of pass ported benefits still receive 100% protection and pay no council tax.

Legislative changes have continued to be made in relation to Housing Benefit, which is currently assessed alongside Council Tax Support as part the same assessment

process. These changes have not been reflected in the Council Tax Support scheme. As Housing Benefit and the Council Tax Support scheme have diverged it has made the assessment process more confusing for claimants, and more administratively challenging for staff. It would therefore be advantageous for the Council to agree to amend the Council Tax Support scheme with effect from 1 April 2018 to align it with Housing Benefit changes. These amendments are detailed in the Shropshire Council Tax Support Summary document at appendix A.

Shropshire Council went live with Universal Credit in April 2015. However, this only affected new claims from single working age claimants. Shropshire Council is currently scheduled to move to full service with Universal Credit in February 2018. This means that all new claims for working age claimants will move to Universal Credit with effect from February 2018. There are currently no plans for pensioners to move off Housing Benefit. Due to the way Universal Credit works the experience from other Councils that have already moved to full service is that they are receiving a high number of notifications from DWP of small changes to Universal Credit entitlement each month in respect of people that have moved to Universal Credit. The effect on Council Tax Support is that their entitlement is being recalculated each month, meaning their council tax instalments are continually being recalculated and pushed into the future. One way to avoid this problem would be to introduce a minimum change amount for Universal Credit. This would mean that there would be no change in entitlement to Council Tax Support if the change in Universal Credit is less than the £10.00 per week.

While Shropshire Council have continued to offer 100% council tax reduction support to certain pass ported claimants the majority of other billing authorities have required all claimants to make a minimum payment contribution to the council tax. For 2016-17 out of 326 billing authorities only 67 authorities (of which Shropshire was one) continued to offer 100% protection from council tax.

Shropshire Council is now considering proposals to align its council tax support scheme with housing benefit, and apply a 20% minimum payment percentage in council tax support for working age claimants. The following groups will be exempt from this proposal.

- Claimants in receipt of the severe disability premium.*
- Claimants in receipt of the support component of Employment and Support Allowance. The support component Employment and Support Allowance is for people with a 'limited capacity for work'.*
- Claimants in receipt of war pensions*

While there remains uncertainty about the continued roll out of Universal Credit it is recommended to continue with a Council Tax Support scheme that remains means tested as the calculation is linked to Housing Benefit.

Intended audiences and target groups for the service change

- Members of the public*
- Members*
- Registered Social Landlords*
- Working age claimants*
- Other Council departments*

<i>- Advice agencies</i>
Evidence used for screening of the service change
<i>The Council has had significant cuts in funding and needs to explore ways to reduce costs. For 2016-17 the majority of other Councils (79%) have implemented a minimum payment percentage into their council tax support scheme.</i>
Specific consultation and engagement with intended audiences and target groups for the service change
<i>A consultation on the proposed amendments to Shropshire Council’s council tax support scheme will commence on 19 October 2017 and run for six weeks. As well as a consultation document being published on the internet, all affected claimants will be contacted about the proposed changes to the new scheme and invited to respond.</i>

Potential impact on Protected Characteristic groups and on social inclusion

Using the results of evidence gathering and specific consultation and engagement, please consider how the service change as proposed may affect people within the nine Protected Characteristic groups and people at risk of social exclusion.

1. Have the intended audiences and target groups been consulted about:
 - their current needs and aspirations and what is important to them;
 - the potential impact of this service change on them, whether positive or negative, intended or unintended;
 - the potential barriers they may face.
2. If the intended audience and target groups have not been consulted directly, have their representatives or people with specialist knowledge been consulted, or has research been explored?
3. Have other stakeholder groups and secondary groups, for example carers of service users, been explored in terms of potential unintended impacts?
4. Are there systems set up to:
 - monitor the impact, positive or negative, intended or intended, for different groups;
 - enable open feedback and suggestions from a variety of audiences through a variety of methods.
5. Are there any Human Rights implications? For example, is there a breach of one or more of the human rights of an individual or group?
6. Will the service change as proposed have a positive or negative impact on:
 - fostering good relations?
 - social inclusion?

Initial assessment for each group

Please rate the impact that you perceive the service change is likely to have on a group, through inserting a tick in the relevant column. Please add any extra notes that you think might be helpful for readers.

Protected Characteristic groups	High negative	High positive	Medium positive or	Low positive or
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and other groups in Shropshire	impact Part Two ESIIA required	impact Part One ESIIA required	negative impact Part One ESIIA required	negative impact Part One ESIIA required
Age (please include children, young people, people of working age, older people. Some people may belong to more than one group eg child for whom there are safeguarding concerns eg older person with disability)			This change will have a negative impact on working age claimants as they will receive less council tax support. Pensioners are protected in legislation. The council retain power to award council tax discounts on an ad hoc basis through discretionary powers and will exempt certain vulnerable groups from these changes.	
Disability (please include: mental health conditions and syndromes including autism; physical disabilities or impairments; learning disabilities; Multiple Sclerosis; cancer; HIV)			Exempt from minimum payment percentage where claimant or partner is in receipt of severe disability premium, support component of Employment Support Allowance and War pensions	√
Gender re-assignment (please include associated aspects: safety, caring responsibility, potential for bullying and harassment)				√
Marriage and Civil Partnership (please include associated aspects: caring responsibility, potential for bullying and harassment)				√
Pregnancy & Maternity (please include associated aspects: safety, caring responsibility, potential for bullying and harassment)				√
Race (please include: ethnicity, nationality, culture, language, gypsy, traveller)				√
Religion and belief (please include: Buddhism, Christianity, Hinduism, Islam, Judaism, Non conformists; Rastafarianism; Sikhism, Shinto, Taoism, Zoroastrianism, and any others)				√
Sex (please include associated aspects: safety, caring responsibility, potential for bullying and harassment)				√
Sexual Orientation (please include associated aspects:				√

safety; caring responsibility; potential for bullying and harassment)				
Other: Social Inclusion (please include families and friends with caring responsibilities; people with health inequalities; households in poverty; refugees and asylum seekers; rural communities; people for whom there are safeguarding concerns; people you consider to be vulnerable)				√

Guidance on what a negative impact might look like

High Negative	Significant potential impact, risk of exposure, history of complaints, no mitigating measures in place or no evidence available: urgent need for consultation with customers, general public, workforce
Medium Negative	Some potential impact, some mitigating measures in place but no evidence available how effective they are: would be beneficial to consult with customers, general public, workforce
Low Negative	Almost bordering on non-relevance to the ESIIA process (heavily legislation led, very little discretion can be exercised, limited public facing aspect, national policy affecting degree of local impact possible)

Decision, review and monitoring

Decision	Yes	No
Part One ESIIA Only?	√	
Proceed to Part Two Full Report?		√

If Part One, please now use the boxes below and sign off at the foot of the page. If Part Two, please move on to the full report stage.

Actions to mitigate negative impact or enhance positive impact of the service change
<i>This is the section where you can explain what the service area is already planning to do. Check: for the groups who may be affected, what actions will you now take to mitigate or enhance impact of the service change? For example, if you are reducing a service there may be further use you could make of publicity and awareness raising through social media and other channels to reach more people who may be affected.</i>

Actions to review and monitor the impact of the service change
<i>This is the section where you can explain what actions the service area will be</i>

taking to review and monitor the impact of the service change, and with what frequency. Check: what arrangements will you have in place to continue to collect evidence and data and to continue to engage with all groups who may be affected by the service change, including the intended audiences? For example, customer feedback and wider community engagement opportunities, including involvement of elected Shropshire Council councillors for a locality.

Scrutiny at Part One screening stage

People involved	Signatures	Date
<i>Lead officer carrying out the screening</i>	Phil Weir	28 September 2017
<i>Any internal support*</i>		
<i>Any external support**</i>		
<i>Head of service</i>	James Walton	28 September 2017

**This refers to other officers within the service area*

***This refers either to support external to the service but within the Council, eg from the Rurality and Equalities Specialist, or support external to the Council, eg from a peer authority*

Sign off at Part One screening stage

Name	Signatures	Date
<i>Lead officer's name</i>	Phil Weir	28 September 2017
<i>Head of service's name</i>	James Walton	28 September 2017

Appendix C

Changes to Council Tax Support (CTS) means that individuals currently eligible to receive 100% protection through this scheme would now receive a lower level of protection. This means that those affected will pay more towards their council tax bill than they currently do. Some individuals who currently do not pay anything towards their council tax bill would now be expected to make some contribution. The examples below give some illustrations of the impact this could have on individuals and households as a result of the proposed changes.

Example 1: Someone in receipt of Job Seekers allowance will have their income assessed against an ‘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 (an 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
Total weekly payment	£0.00	£4.00
Total council tax payable (total payment figure X 52 weeks)	£0.00	£208.00

Example 2: Someone with an excess of income over their applicable amount would currently make a contribution of 20% of this excess income, but no minimum payment under CTS. Under the proposals they would also pay 20% of their council tax bill. Full Council Tax payable in this example would be £1040.00 or £20.00 per week (an average band A liability). Excess of 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
Total weekly payment	£3.50	£7.50
Total council tax payable (total payment figure X 52 weeks)	£182.00	£390.00

Example 3: Someone with an excess of income over their applicable amount would currently make a contribution of 20% of this excess income, but no minimum payment under CTS. Under the proposals they would also pay 20% of their council tax bill up to the value of their council tax bill. Full Council Tax payable in this example would be £1040.00 or £20.00 per week (an average band A liability). Excess of 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
Total weekly payment	£16.60	£20.00
Total council tax payable (total payment figure X 52 weeks)	£863.20	£1,040.00