Prescribed scheme for Pension Credit age claimants
Draft scheme for working age claimants (options 1, 2 and 3)
Introduction

On 1st April 2013, Council Tax Benefit, the current method of supporting low income households with their Council Tax, will be abolished. It will be replaced by a new local scheme defined by each local council.

The government has stated that pensioners will be protected from the changes by a national framework and rules. Claimants of working age shall be subject to the provisions made by the local council under their scheme.

This document shows the prescribed national scheme for those who are of Pension Credit age and council’s proposed scheme for working age. It gives an explanation of how the council’s proposed scheme will work.

However, it cannot cover every eventuality or provide a full interpretation of the rules. Therefore it cannot be treated as a complete and authoritative statement of the law.

It should be read in conjunction with the consultation questionnaire and literature.

The proposals included in this document may be subject to change (i.e. following the response to the consultation) and any statutory requirements that will take precedence over the local scheme.

The final scheme shall be subject to approval by the council by no later than 31st January 2013.

The council is required to publish details of its draft scheme. We will, however, be providing examples of how the scheme will operate and the way in which entitlement will be different under the current Council Tax Benefit scheme.
### Local Council Tax Support Scheme

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Prescribed requirements

There are a small number of prescribed requirements that will apply to all schemes including local schemes, the prescribed scheme for persons of State Pension Credit eligible age and the default scheme (this is the scheme that will apply if the council does not adopt a local scheme).

Persons from Abroad

The Government intends to apply the same restrictions as exist under the Council Tax Benefit system to exclude foreign nationals with limited immigration status and non-economically active EEA individuals who are not exercising EU treaty rights from receiving Council Tax reductions. The prescribed requirements relating to immigration status will mean that individuals subject to immigration control under Section 115 of the Immigration and Asylum Act 1999 and non-economically active EEA nationals who fall into various categories to be set out in regulations, will not benefit from Council Tax reductions. New provisions will replicate those in existing CTB Regulation 7 in SI 2006/215 and 2006/216.

Refugees

In continuing the policy of restricting access to Council Tax Support for foreign nationals with limited immigration status however, the Government does wish to continue the practise already established of allowing those who have recognised refugee status, humanitarian protection, discretionary leave or exceptional leave to remain granted outside the immigration rules and who are exempt from the Habitual Residence Test are to be entitled to apply for Council Tax reduction support as long as their status has not been revoked.

Acting on behalf of another person

Regulations will allow current arrangements for a person to act on behalf of another, to continue. For example, where a person has been granted a power of attorney over a liable Council Tax-payer or in cases where a couple wish to make an application.

Glossary of terms

Applicable Amount: This is the amount of money that a claimant needs to live on. This is based on allowances and premiums for claimants, partners and their children’s needs.

Capital: This is money, savings and investments as well as any property or land that the claimant does not occupy as their home.

Council Tax: This is a tax that is paid to the council by the occupier of a dwelling for local services.

Council Tax Benefit (CTB): This is the benefit that is administered by the council at the moment to help low income households with their Council Tax. This will be abolished from 1 April 2013.

Council Tax Support: This is the council’s proposed local scheme for helping low income households with their Council Tax and will take the form of a discount rather than a benefit.

Income: This includes earnings, social security benefits, tax credits and most other regular payments.

Maximum Council Tax reduction: This is the most support that a claimant can receive towards their Council Tax before any deductions are made.

Non-dependants: These are adults that live with the claimant and their family. Examples of these are grown up children, parents and friends but does not include joint tenants, boarders or tenants.

This is not an exhaustive list of definitions used within the proposed scheme. The terms used in this scheme shall have the meaning given in the current CTB Regulations.
Prescribed scheme for Pension Credit age claimants

Classes of person entitled to a reduction under the scheme

There will be three main classes under the prescribed Pension Credit age scheme, for each of which there will be a number of qualifying criteria. In all cases individuals must not be of a prescribed class exempted from support, such as a person from abroad with limited leave to remain.

Class 1

The individual must:

- have attained the qualifying age for State Pension Credit
- not be somebody with a partner of working age in receipt of Income Support, income-based Jobseeker’s Allowance or income-related Employment and Support Allowance
- be liable to pay Council Tax in respect of a dwelling in which they are resident
- be somebody in respect of whom a maximum Council Tax reduction amount can be calculated
- not have capital savings above £16,000
- have applied for the scheme

Class 2

The individual must:

- have attained the qualifying age for State Pension Credit
- not be somebody with a partner of working age in receipt of Income Support, income-based Jobseeker’s Allowance or income-related Employment and Support Allowance
- be liable to pay Council Tax in respect of a dwelling in which they are resident
- be somebody in respect of whom a maximum Council Tax reduction amount can be calculated
- not have capital savings above £16,000
- have applied for the scheme

Class 3

The individual must:

- have attained the qualifying age for State Pension Credit
- not be somebody with a partner of working age in receipt of Income Support, income-based Jobseeker’s Allowance or income-related Employment and Support Allowance
- be liable to pay Council Tax in respect of a dwelling in which they are resident
- be somebody in respect of whom a maximum Council Tax reduction amount can be calculated
- have applied for a scheme
- be somebody who has at least one second adult living with them who is not his/ her partner, not somebody who pays rent, and who is on a prescribed low wage and/or prescribed benefit, as set out in regulations.
Reductions attracted by classes: protection of pensioner-related awards

Class 1 Reduction
If an individual matches the criteria in Class 1, including that income is less than their applicable amount (as set out in regulations) in their case, that person qualifies for 100% reduction on their Council Tax liability.

Class 1 – special provisions for State Pension Credit
Regulations will set out that an individual in receipt of State Pension Credit guarantee credit from the Department for Work and Pensions (Pensions Service) will have both his income and capital counted as zero. This means that the individual’s income will automatically be less than their applicable amount, and they will qualify for 100% reduction of their Council Tax liability.

The Department for Work and Pensions’ Pensions Service determines eligibility and awards for State Pension Credit. As is currently the case, it is intended that local authorities will be able to access information about any Pension Credit award and means test from the Pension Service. The Pension Service intends to pass this to the relevant authority if a State Pension Credit applicant confirms they wish to apply for localised Council Tax Support. Where an individual applies to the local authority without reference to the pension service, it is intended the local authority will be able to request such information from the Pension Service.

Where a person has been awarded only the savings credit element of State Pension Credit, billing authorities in receipt of the relevant Pension Service means-test will need to adjust this as necessary as part of the Council Tax reduction means test. The way in which this should be done will be set out in regulations.

Class 2 Reduction
If an individual matches the criteria in Class 2, it will mean the individual’s income is greater than his/her living allowance/applicable amount (both as defined in regulations). Twenty per cent of the difference between the two will be subtracted from this individual’s Council Tax liability.

Class 3 Reduction
Under Council Tax benefit, the Class 3 reduction is known as the Second Adult Rebate. This may be awarded in respect of a second adult sharing the household who would normally be expected to contribute towards the Council Tax bill, but who cannot afford to do so, based on their low income as indicated by prescribed low wages bands or prescribed working-age benefit indicators.

This reduction will equate to the existing Second Adult Rebate and may be awarded at 25%, 15% or 7.5% of the Council Tax liability, depending on individual circumstances. A summary of who is covered by the different classes and reductions in the scheme for people of Pension Credit age is included in this document.

Non-dependant deductions
Once the reduction award is calculated, it will continue to be subject to a downwards adjustment to take into account non-dependant adults that normally reside in the dwelling who would be expected to contribute to Council Tax. Deductions for such non-dependant adults will be calculated in the same way as under SI 2006/216 regulation 42, with differing prescribed amounts being deducted according to individual circumstances, and with the same exceptions applying.
Determination of class and award

Determination of the class the individual is put into, and the reduction they will receive, will continue to be determined in two ways:

(i) in respect of Class 1 and Class 2 through means-testing, which will continue according to the same rules and criteria and

(ii) through application of rules for calculation of Class 3 – currently known under Council Tax Benefit as the alternative maximum Council Tax Benefit calculation under SI 2006/216 regulation 46.

Definitions

In dealing with the means-test and alternative maximum Council Tax Benefit test, it is intended that the meaning and effect of definitions (in SI 2006/216), including in respect of regulations 1–11 will be replicated.

Means test for Class 1 and Class 2

The means test will be defined in regulations, aligned with existing regulations for Council Tax benefit for those of State Pension Credit age (SI 2006/216.) The means test is based on a comparison of income (as defined in regulations) and a deemed living allowance (currently known as the applicable amount) – also defined in regulations. The way in which these elements will be defined and evaluated for the Pension Credit age scheme is explained in greater detail later.

Living allowance – the applicable amount

The individual’s living allowance, or applicable amount, will be made up of four elements. These will be:

(i) a personal allowance in respect of the applicant

(ii) an amount in respect of any child or young person who is part of his family

(iii) a family premium element (where the applicant is part of a family of which at least one member is a child or young person) and

(iv) any premium amount, set out in regulations, which is applicable to the individual.

The elements and calculation methodology for the applicable amount will be as set out in SI 2006/216, regulation 12 and Schedule 1. Where wider welfare reforms necessitate the adjustment of Schedule 1 to recognise new benefits, any necessary technical amendments will be made by Department for Communities and Local Government, working closely with the Department for Work and Pensions.

Refugees

As is currently the case, individuals with recognised refugee status, humanitarian protection, discretionary leave or exceptional leave to remain granted outside the immigration rules and who are exempt from the Habitual Residence Test are to be entitled to apply for Council Tax reduction support as long as their status has not been revoked. (See SI 2006/216, regulation 7A and Schedule 1A.)
Calculation of income and capital

Income and capital will be calculated for a person who has attained the qualifying age for State Pension Credit in line with current provisions under SI 2006/216 regulations 13 – 39. The income and capital of an applicant’s partner (or, to mitigate the risk of over-claiming in a polygamous marriage, partners) will continue to be treated as income of the applicant. Income or capital of any child or young person will also continue not to be treated as income or capital of the applicant. The regulations will also allow for a billing authority to treat the income or capital of a non-dependant as if it were the income or capital of the applicant in a case where it appears to the billing authority that the two have entered into arrangements to take advantage of the system with the same exception to this rule for those on Income Support, income-based Jobseekers Allowance and income-related Employment and Support Allowance.

Income and capital for those on State Pension Credit

There will be special treatment of income and capital for those in receipt of State Pension Credit:

For those in receipt of the guarantee credit element of State Pension Credit, the whole of their income and capital will be disregarded. This will mean that they automatically qualify, under Class 1, for 100% Council Tax reduction.

For those in receipt of the savings credit element of State Pension Credit, the billing authority will be able to use the Department for Work and Pensions’ Pension Service’s assessment of the income and capital of the individual, and adjust this to take into account income from this benefit and any other relevant requirements (as set out currently in SI 2006/216, regulation 17).

Calculation of income where a person is not in receipt of State Pension Credit

For those who have reached the qualifying age for State Pension Credit, but are not in receipt of this benefit themselves, provisions relating to income, its calculation on a weekly basis, what is to be regarded as income and what is to be disregarded as income will replicate the operation of Council Tax Benefit under SI 2006/216 regulations 19 – 39. In particular, earnings of employed earners and earnings of self-employed earners will be taken into account as set out in SI 2006/216.

The Council Tax benefit regulations also list a number of elements and amounts which should not be taken into account in the calculation of earnings.

Amounts to be disregarded in this way from an applicant’s weekly earnings are set out in SI 2006/216 Schedule 2 of the Council Tax benefit regulations, and such provision will also be included in the new prescribed regulations for those who have attained the eligible age for State Pension Credit.

Amounts to be disregarded in terms of income other than earnings under Council Tax Benefit for those who have reached eligible age for state pension-credit are set out in SI 2006/216 Schedule 3, and these disregards of income will also be recreated under the new regulations. Treatment of other income (in relation to which the applicant has a right), will be calculated according to the same rules as under SI 2006/216 regulations 31–32.

Finally, in relation to income, wider welfare changes mean new working age benefits will be introduced to replace some of the existing working age benefits mentioned in SI 2006/216. Despite these changes being mainly to working-age benefits, they may have relevance for individuals with whom the person of pension-credit age is living and who may be taken into consideration in their assessment.

New applicants will be migrated onto these benefits over time, so both benefits will co-exist for a number of years (for example, the Universal Credit migration will take place over five years). Where such benefits are mentioned in these regulations, an equivalent approach for an individual on the new benefit will be identified and agreed with the Department for Work and Pensions. Draft regulations will mark the points where such arrangements will need to be set out. These changes will be formalised in regulations to be laid before Parliament.
Calculation of capital

Calculation of capital where a person is not in receipt of State Pension Credit

Provisions relating to capital — for example, the capital savings limit of £16,000 (after which individuals will not be eligible for Council Tax reductions); what is to be regarded as capital what is to be disregarded as capital and other capital calculations, will operate in the same way as existing SI 2006/216 regulations 33 – 39. Amounts to be disregarded as capital will be set out under provisions replicating existing SI 2006/216 Schedule 4.

Notional capital

The regulations will continue to stipulate that individuals will be treated as possessing capital of which they have deprived themselves for the purposes of securing Council Tax reductions.

The notional capital will continue on the same basis, for example, disregarding the value of any holding in a company where the applicant is the sole owner or partner (or where he holds an analogous position), but will include an amount of capital equal to the value (or his share of the value of) the capital of such a company. This notional capital (which the individual is treated as in possession of) will be reduced.

Tariff income on capital

Once an amount of capital is calculated, net of any amounts to be disregarded, this will be treated as if it is income of £1 for every £500 (or part of £500) in excess of £10,000. This amount of tariff income will be added to the initial income calculation to give a total income amount. (See SI 2006/216, regulation 19 paragraph (2)).

Calculation of reduction

Once the total income amount has been calculated, it will be compared with the living allowance/applicable amount, to determine whether the individual falls into Class 1 (income less than applicable amount) or Class 2 (income greater than applicable amount).

Persons in Class 1 will receive 100% Council Tax reduction against their Council Tax liability. (This liability will be net of any Council Tax discounts under the Local Government Finance Act 1992 and non-dependant deductions under the regulations for persons of Pension Credit eligible age).

Persons in Class 2 will receive a reduction equivalent to 20% of the difference between their income and applicable amount on their net Council Tax liability.

Where a person of Pension Credit age is jointly liable for Council Tax with a second adult who is not their partner and does not pay rent in respect of the dwelling, they may fall under Class 3, where conditions to be set out in regulations (corresponding to SI 2006/216 Schedule 6) are met. The table on the following page, sets out the possible reductions for this class on maximum daily Council Tax liability (after discounts, and with reductions varying according to individual circumstances). Note that the alternative maximum Council Tax reduction is calculated in relation to the income and circumstances of the second adult – the applicant’s income and capital is not taken into account.
Extended payments – qualifying contributory benefits

i.e. (i) Severe Disablement Allowance;  
(ii) Incapacity Benefit; 
(iii) Contributory Employment and Support Allowance

Regulations will set out that a person in receipt of one of the above benefits, who ceases to receive that benefit because they have returned to work, increased their earnings or increased their hours (and where that improvement in their situation is expected to last five weeks or more), will continue to receive a Council Tax reduction calculated as if they were still in receipt of these benefits for four weeks (where the resulting reduction amount is greater than the reduction amount taking into account their loss of these benefits).

If a Pension Credit age person moves to the area of a new billing authority, in the period from the Monday following the move to the point where entitlement to the qualifying benefit ceases (when the extended payment rule applies), the first billing authority will pay the second billing authority or the individual their reduction amount for the extended payment period.

If the person applies for a Council Tax reduction in the second billing authority the second billing authority will net off the reduction amount received from the first authority. Any balance of reduction award will be paid to the applicant (and the full amount will be paid to the applicant if there is no Council Tax liability in the second billing authority). After the extended payment period ends, the first billing authority’s liability in relation to extended payments will cease and the new billing authority’s reduction will apply.

Applications

Prescribed requirements for those of Pension Credit age will continue to provide that the date of the original application will apply where individuals need to amend a properly completed application. If a billing authority chooses to accept amendments over the phone, it will have to confirm these with the applicant.

Billing authorities will also be able to accept withdrawal of applications (where the billing authority has not yet made a decision). This will have effect on the same day any notice of withdrawal is received by the billing authority.

Provision will also be made for the use of electronic forms, should billing authorities wish to use these.

<table>
<thead>
<tr>
<th>Second adult</th>
<th>Alternative maximum Council Tax reduction (net of discounts) due in respect of a day</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) The second adult (or all second adults) are in receipt of Income Support, income-related Employment and Support Allowance, State Pension Credit or income-based Jobseeker’s Allowance.</td>
<td>a) 25%</td>
</tr>
<tr>
<td>b) Where the gross income or aggregate gross income of any second adult(s) – disregarding any income support – is:</td>
<td>b)</td>
</tr>
<tr>
<td>(i) less than £177.00 per week;</td>
<td>(i) 15%</td>
</tr>
<tr>
<td>(ii) not less than £177.00 but less than £231.00 per week.</td>
<td>(ii) 7.5%</td>
</tr>
<tr>
<td>c) If the dwelling is occupied by a second adult/adults on State Pension Credit, income-based Jobseeker’s Allowance, income-related Employment and Support Allowance or Income Support, living with a full-time student(s).</td>
<td>c) 100%</td>
</tr>
</tbody>
</table>
Entitlement

Entitlement to Pension Credit eligible age Council Tax reduction will begin on the first day of the first week after the application is made. In terms of backdating, regulations will set out that people of pension credit eligible age will be able to back date their applications by three months, provided they were entitled to pension credit age reduction at the start of the three month backdated period.

Applicants will be able to notify the relevant billing authority of their intent to apply for a reduction, which can then be treated as the date of the application or, where appropriate, the basis for determining the date of entitlement, provided the applicant submits a completed application in the manner prescribed. These arrangements will include any advance applications made for Council Tax reduction support.

Decisions

The regulations for the scheme for persons who have attained the qualifying age for State Pension Credit will require a billing authority to notify the applicant in writing of its decision within 14 days from the date that all relevant information and evidence relating to the application has been received by the billing authority, and will include information on how to appeal.

Changes of circumstance

Matters relating to the duty for an applicant to notify the billing authority of a change of circumstances may not need to be regulated for specifically. Existing Council Tax regulations (as amended, if necessary) could be used to cover this. The government are also considering how this interacts with the proposed amendment to the Bill to provide additional regulatory powers for the investigation and prosecution of fraud.

However, the regulations will set out the dates from which various prescribed changes of circumstance are to take effect. In particular, regulations will set out the dates from which changes of circumstance in relation to awards of State Pension Credit will be taken into account, replicating SI 2006/216 regulations 48–51.

Time and manner of granting relief and recoveries/overpayments

Matters relating to the time and manner of granting relief, persons paid and dealing with over and underpayments will, for clarity, be regulated for in the prescribed scheme for those of Pension Credit age and the default scheme in the same way they currently are under Council Tax Benefit to allow for consistency of treatment. Existing Council Tax powers already in place under the Local Government Finance Act 1992 are adequate to deal with these matters.

This will include payments to next of kin where a person in receipt of a Council Tax reduction dies, allowing the billing authority to make payment of the reduction amount to his personal representative or next of kin.

Where the taxpayer is entitled to an increase or decrease in their reductions following a reported change of circumstance, the billing authority can issue a substitute demand notice taking into account the increase or decrease in liability.

The local authority already has the scope of authority to:

a) recover over entitlement of Council Tax Support – this effectively becomes underpayment of Council Tax;

b) take recovery action according to the circumstances of the applicant; and

c) provide a refund of underpayment of reductions including a cash payment.
Local Council Tax Support Scheme for working age claimants

There will be up to four classes of person entitled to a reduction under the council’s proposed scheme. This will depend on the claimant’s income and household circumstances. All of the qualifying criteria are shown in the following section.

In all cases, the claimant cannot be a person from abroad, as defined in the current CTB Regulations. The definition of a person from abroad has been included previously in this document.

Claimants who would qualify for State Pension Credit shall have their awards determined under a prescribed national scheme and are not subject to the scheme proposed in this section of the document.

Option 1

Option 1 proposes a scheme where the maximum Council Tax reduction will be based on 100% of the claimant’s Council Tax liability, irrespective of them fulfilling the criteria set out in classes 3 and 4.

Options 2 and 3

Option 2 proposes a scheme where the maximum Council Tax reduction will be based on 87.5% of the claimant’s Council Tax liability and option 3 proposes a scheme where the maximum Council Tax deduction will be based on 75% of the claimant’s liability. If the claimant fulfils the criteria set out in classes 3 and 4, the maximum Council Tax deduction will be based on 100% of the claimant’s liability.
Local Council Tax Support Scheme

Council Tax Support

Each of the four classes shall be entitled to a different level of Council Tax Support depending on whether the claimant and partner (and in some instances, children) have certain incomes and how much income they have in comparison to how much they need to live on.

Class 1

The maximum Council Tax Support shall be 100% (option 1), 87.5% or 75% (options 2 and 3) of the Council Tax liability for that financial year. This shall be calculated as the annual liability multiplied by 100%, 87.5% or 75% and divided by the number of days in the financial year. Any appropriate non-dependant deductions will be applied.

Class 2

The maximum Council Tax Support shall be 100% (option 1), 87.5% or 75% (options 2 and 3) of the Council Tax liability for that financial year. This shall be calculated as the annual liability multiplied by 100%, 87.5% or 75% and divided by the number of days in the financial year. Any appropriate non-dependant deductions will be applied. A deduction is made from this amount through a means test described later on in this document.

Class 3 (options 2 and 3 only)

The maximum Council Tax Support shall be 100% of the Council Tax liability for that financial year. This shall be calculated as the annual liability multiplied by 100% and divided by the number of days in the financial year. Any appropriate non-dependant deductions will be applied.

Class 4 (options 2 and 3 only)

The maximum Council Tax Support shall be 100% of the Council Tax liability for that financial year. This shall be calculated as the annual liability multiplied by 100% and divided by the number of days in the financial year. Any appropriate non-dependant deductions will be applied. A deduction is made from this amount through a means test described later on in this document.

Cases where the Council Tax liability is with more than one person

In the case of a claimant being jointly or severally liable for Council Tax, the Council Tax liability shall be divided by the number of persons who are liable for the tax. This will not apply to cases where the claimant is joint and severally liable with their partner only.

Classes of person who are entitled to a reduction under the scheme

Class 1

The claimant must:
- Not have reached the qualifying age for State Pension Credit, unless they or their partner are in receipt of Income Support, income-based Jobseeker’s Allowance or income-related Employment and Support Allowance
- Be liable to pay Council Tax in respect of the dwelling in which they are resident
- Be someone in respect of whom a maximum Council Tax reduction can be calculated
- Not have capital of £6,000 or above
- Have applied for the scheme
- Be a person whose income is lower than their applicable amount

Class 2

The claimant must:
- Not have reached the qualifying age for State Pension Credit, unless they or their partner are in receipt of Income Support, income-based Jobseeker’s Allowance or income-related Employment and Support Allowance
- Be liable to pay Council Tax in respect of the dwelling in which they are resident
- Be someone in respect of whom a maximum Council Tax reduction can be calculated
- Not have capital of £6,000 or above
- Have applied for the scheme
- Be a person who does not fulfil all of the conditions of class 1 but the maximum Council Tax Support is more than 20% of the difference in their income and their applicable amount
Class 3 (options 2 and 3 only)
The claimant must:
- Not have reached the qualifying age for State Pension Credit, unless they or their partner are in receipt of Income Support, income-based Jobseeker’s Allowance or income-related Employment and Support Allowance
- Be liable to pay Council Tax in respect of the dwelling in which they are resident
- Be someone in respect of whom a maximum Council Tax reduction can be calculated
- Not have capital of £6,000 or above
- Have applied for the scheme
- Be a person whose income is lower than their applicable amount

And either the claimant or their partner must satisfy at least one of the following criteria:
- Be a person who is entitled to the care component of Disability Living Allowance paid at the middle or high rate or the Personal Independence Payment equivalent
- Be a person who is in receipt of Carer’s Allowance or has an underlying entitlement to this benefit
- Be in receipt of any war pension/payment
- Have received statutory homelessness advice or housing due to financial reasons

Or the claimant must:
- Be a lone parent with a child under 5 years of age, or;
- Have a dependant child in receipt of any component of Disability Living Allowance paid at any rate

Class 4 (options 2 and 3 only)
The claimant must:
- Not have reached the qualifying age for State Pension Credit, unless they or their partner are in receipt of Income Support, income-based Jobseeker’s Allowance or income-related Employment and Support Allowance
- Be liable to pay Council Tax in respect of the dwelling in which they are resident
- Be someone in respect of whom a maximum Council Tax reduction can be calculated
- Not have capital of £6,000 or above
- Have applied for the scheme
- Be a person who does not fulfil all of the conditions of class 3 but the maximum Council Tax Support is more than 20% of the difference in their income and their applicable amount

And either the claimant or their partner must satisfy at least one of the following criteria:
- Be a person who is entitled to the care component of Disability Living Allowance paid at the middle or high rate or the Personal Independence Payment equivalent
- Be a person who is in receipt of Carer’s Allowance or has an underlying entitlement to this benefit
- Be in receipt of any war pension/payment
- Have received statutory homelessness advice or housing due to financial reasons

Or the claimant must:
- Be a lone parent with a child under 5 years of age, or;
- Have a dependant child in receipt of any component of Disability Living Allowance paid at any rate
The amount someone would be entitled to by class

The claimant will be entitled to a reduction in their Council Tax if they fulfil the criteria of any of the four classes. The amount that they get depends on which class they fall into.

-Class 1 reduction

Claimants who fulfil class 1 will be entitled to help with up to 100%, 75% or 87.5% of their Council Tax liability, subject to reduction by any other discounts.

If the claimant receives income-based Jobseeker’s Allowance, Income Support or income-related Employment and Support Allowance they will have their income treated as zero. This means that their income will be lower than their applicable amount.

In addition, any other claimants who have less income than the council thinks that they need to live on shall be entitled to this class of discount.

-Class 2 reduction

Claimants who fulfil class 2 will be entitled to help with up to 100%, 75% or 87.5% of their Council Tax liability, subject to reduction by any other discounts and will be subject to a means test. If a claimant is in this category, it means that they have more income than the council thinks they need to live on.

A further reduction of 20% of the difference between the claimant’s applicable amount and their income will be applied to their Council Tax reduction.

-Class 3 reduction (options 2 and 3 only)

Claimants who fulfil class 3 will be entitled to help with up to 100% of their Council Tax liability, subject to reduction by any other discounts.

If the claimant receives income-based Jobseeker’s Allowance, Income Support or income-related Employment and Support Allowance will have their income treated as zero. This means that their income will be lower than their applicable amount.

In addition, any other claimants who have less income than the council thinks that they need to live on shall be entitled to this class of discount.

-Class 4 reduction (options 2 and 3 only)

Claimants who fulfil class 4 will be entitled to help with up to 100% of their Council Tax liability, subject to reduction by any other discounts and will be subject to a means test. If a claimant is in this category, it means that they have more income than the council thinks they need to live on.

A further reduction of 20% of the difference between the claimant’s applicable amount and their income will be applied to their Council Tax reduction.
Non-dependant deductions

Once the reduction has been calculated, a deduction shall be made for any non-dependant adults who normally reside with the claimant and their family. A deduction is made according to the non-dependant’s income and circumstances.

Under the current CTB Regulations a deduction is not made for non-dependants who are disregarded for Council Tax Benefit purposes and in the following circumstances. It is the council’s intention under the proposed scheme that these categories and circumstances remain unchanged.

- The claimant or partner are registered blind or have recently regained their sight
- The claimant or partner is receiving the care component of a Disability Living Allowance or attendance allowance
- The non-dependant is receiving Pension Credit, Income Support or income-based Job Seeker’s Allowance or income-related Employment and Support Allowance
- The non-dependant is a prisoner
- The non-dependant is severely mentally impaired
- The non-dependant is over 18 but child benefit is still payable for them
- The non-dependant is a student nurse or apprentice or on Youth Training
- The non-dependant has been a hospital patient for 52 weeks or more. If the non-dependant leaves hospital but is readmitted to hospital within 28 days, the total number of days in hospital is added together
- The non-dependant is living in a care home or nursing home
- The non-dependant is an overnight carer
- The non-dependant is a resident of a hostel or night shelter for the homeless
- The non-dependant is a full-time student (even if they work full-time in the summer vacation)

Under the proposed scheme, the council intends to increase the non-dependant deductions by 50% in all cases. The resulting changes are shown in the table below.

<table>
<thead>
<tr>
<th>Description of Deduction</th>
<th>Weekly Deduction in 2012–2013</th>
<th>Proposed Weekly CTS Scheme Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult in receipt of Pension Credit guarantee credit or savings credit</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Adult in receipt of Employment Support Allowance (income-related) main or assessment phase</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Adult in receipt of Job Seeker’s Allowance (contribution based) or employment support allowance (contribution based)</td>
<td>£3.30</td>
<td>£4.95</td>
</tr>
<tr>
<td>Gross income of adult in remunerative work is less than £183</td>
<td>£3.30</td>
<td>£4.95</td>
</tr>
<tr>
<td>Gross income of adult in remunerative work is greater than or equal to £183 but less than £316</td>
<td>£6.55</td>
<td>£9.83</td>
</tr>
<tr>
<td>Gross income of adult in remunerative work is greater than or equal to £316 but less than £394</td>
<td>£8.25</td>
<td>£12.38</td>
</tr>
<tr>
<td>Gross income of adult in remunerative work is greater than or equal to £394</td>
<td>£9.90</td>
<td>£14.85</td>
</tr>
<tr>
<td>Adult in receipt of Job Seeker’s Allowance (income-based)</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Adult in receipt of Income Support</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Adult working less than 16 hours per week or is on maternity, paternity adoption or sick leave</td>
<td>£3.30</td>
<td>£4.95</td>
</tr>
<tr>
<td>Any other adult not included in the above descriptions</td>
<td>£3.30</td>
<td>£4.95</td>
</tr>
</tbody>
</table>
Local Council Tax Support Scheme

Calculation of the total Council Tax Support

The means test will reflect the current CTB regulations and will be defined in the final scheme. This is a comparison of the income and the applicable amount of the claimant. Treatment of income and the calculation of an applicable amount (the amount that the claimant and their family need to live on) shall reflect the current CTB regulations. These are detailed below:

Living allowance – the applicable amount

The applicable amount shall be made up of the following allowances and premiums as appropriate:

1: An allowance for the claimant and a partner
2: An allowance for any child or young person who is part of the family
3: A family premium where the claimant is part of a family with at least one child or young person
4: Any premium that applies to the claimant, partner or children that would have applied under the CTB Regulations that were in force prior to 1st April 2013.

Calculation of income and capital

The income held by a claimant and their partner (or partners in the case of a polygamous marriage) will continue to be assessed in the same way as it is under the existing CTB Regulations. These will be included in the final scheme.

Income and capital held by a child or young person shall not be treated as being held by the claimant. This is reflective of the current CTB regulations. However, if the council believes that an arrangement has been made to take advantage of the scheme, it shall treat the child or young person’s income and capital as being held by the claimant.

Those receiving income-based Jobseeker’s Allowance, Income Support or income-related Employment and Support Allowance will have their income treated as zero and will therefore be entitled to the maximum Council Tax Support under class 1 or 3. This may be subject to any capping of liability that the council introduces at either 75% or 87.5% and Non-dependent deductions. A consideration will also be made for individuals who are in receipt of Universal Credit.

If any applicant holds capital of £6,000 or above they will not be entitled to a reduction under the proposed scheme.

Calculation of income for those not receiving working age benefits

The earnings of employed earners and the self-employed will continue to be assessed in the same way as it is under the current CTB Regulations. These will be taken into account net of National Insurance and Income Tax contributions.

The council proposes, as part of its local scheme, to increase the amount that is not taken into account when working out a claimant or partner’s earnings. This is called the earnings disregard. A table showing the proposed changes is shown below:

<table>
<thead>
<tr>
<th>Category</th>
<th>Current disregard</th>
<th>Proposed disregard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single claimant</td>
<td>£5.00</td>
<td>£7.50</td>
</tr>
<tr>
<td>Couple</td>
<td>£10.00</td>
<td>£15.00</td>
</tr>
<tr>
<td>Lone parents</td>
<td>£25.00</td>
<td>£35.00</td>
</tr>
<tr>
<td>Disabled claimant</td>
<td>£20.00</td>
<td>£30.00</td>
</tr>
</tbody>
</table>

These will replace the current earnings disregard but will not affect the other amounts that are disregarded within the current CTB Regulations.

Disability Living Allowance will continue to be disregarded as an income and it is the council’s intention to treat Personal Independence Payments in the same way in the proposed scheme. The council’s existing local policy of disregarding war pensions when working out a claimant’s income will also continue.
**Welfare reform**

New claimants will be migrated to Universal Credit, replacing some of the existing working age benefits. This will happen over a number of years and both new and current benefits will co-exist for this period. An equivalent approach will be incorporated within the council’s proposed scheme.

**Students**

The council proposes that students will be treated in the same way as they are under the current CTB Regulations. In general, this will mean that full time students and students from abroad will not be eligible for support under the proposed scheme unless they meet the qualifying criteria described within the current CTB Regulations.

**Definitions**

Unless otherwise stated, the definitions used within the calculation of support section will replicate those currently used within the CTB Regulations.

**Calculation of the support**

Once the total income has been calculated in line with the current CTB regulations (subject to the changes made under the proposed scheme), it is compared to the claimant’s applicable amount. This will determine if the claimant has an income lower than their applicable amount and therefore fulfil classes 1 or 3, or they have an excess income and will be subject to a reduction in the support they get through means testing and therefore fulfil classes 2 or 4.

**Calculation of class 1**

Claimants in class 1 shall receive a maximum of 100%, 75% or 87.5% Council Tax Support for their liability. The liability will be calculated net of any discounts or reductions already applied. Any non-dependant deductions that apply will be taken from the Council Tax Support.

**Calculation of class 2**

Claimants in class 2 shall receive a maximum of 100%, 75% or 87.5% Council Tax Support for their liability. The liability will be calculated net of any discounts or reductions already applied. Any non-dependant deductions that apply will be taken from the Council Tax Support. In addition, a deduction of 20% of the difference between the claimant’s income and applicable amount shall be made.

**Calculation of class 3 (options 2 and 3 only)**

Claimants in class 3 shall receive a maximum of 100% Council Tax Support for their liability. The liability will be calculated net of any discounts or reductions already applied. Any non-dependant deductions that apply will be taken from the Council Tax Support.

**Calculation of class 4 (options 2 and 3 only)**

Claimants in class 4 shall receive a maximum of 100% Council Tax Support for their liability. The liability will be calculated net of any discounts or reductions already applied. Any non-dependant deductions that apply will be taken from the Council Tax Support. In addition, a deduction of 20% of the difference between the claimant’s income and applicable amount shall be made.
Local Council Tax Support Scheme

Applications for Council Tax Support
A person may apply for Council Tax Support using the following methods:

- In writing using an application form published by the council for that purpose
- Online via the council’s website where an option is published for that purpose
- By telephone using the council’s telephone number published for that purpose
- If the council receives an application for support via the Department for Work and Pensions it will consider the applicant’s Council Tax Support

Any application made using the above methods may be subject to additional validation as required by the council in order to calculate the claimant’s entitlement to support.

The council shall not determine entitlement for an incomplete claim until all relevant information and evidence is provided. This information must be provided by the claimant within one month of the council’s written request. This period can be extended as the council thinks reasonable under the circumstances.

A claimant who is in receipt of CTB immediately prior to 1st April 2013 shall be treated as having made an application for Council Tax Support under the proposed scheme. Their support will be calculated under the provisions of the new scheme from 1st April 2013.

Where an application has been made for CTB prior to 1st April 2013 and has not been determined by the council by this date, the claimant shall be treated as having made a claim for Council Tax Support under the proposed scheme.

A claim for support may be amended or withdrawn by the claimant at any time prior to the council making a decision regarding entitlement. This shall be in writing and the council shall accept the withdrawal of the application if a decision has not been made regarding the claimant’s entitlement.

Entitlement
Entitlement to Council Tax Support will usually begin on the first day of the first week after an application is made.

Working age claimants will be able to backdate their date of claim for up to six months before the application was received. However, this is subject to them demonstrating that they have had continuous good cause for failing to make an application on an earlier date.

Where a claimant becomes liable for Council Tax during the same week that they applied for Council Tax Support, entitlement shall be awarded from the date that their liability for Council Tax commenced. In this context, a week is defined as from Monday to Sunday.

If the claimant notifies the council of an intention to claim Council Tax Support and makes a valid application within one month from the date of the notification, the claim shall be treated as made on the date that the notification was received. This period can be extended as the council thinks reasonable under the circumstances.
Where a claimant is receiving income-based Jobseeker’s Allowance, Income Support, income-related Employment Support Allowance or Universal Credit equivalent and a claim for Council Tax Support is made within one month of the claim for the that benefit, the claim shall be treated as made on the same date as the award start date for the that benefit.

If a claimant applies within one month of the death or separation from a partner and that partner was in receipt of Council Tax Support, the date of claim will be the date of death or separation of the partner and any support would commence the following Monday (although the change in liability will entitle them to support from the day the liability starts).

A claimant may apply for support up to 13 weeks before a change that will entitle them to support or 8 weeks before they become liable for Council Tax. If Council Tax is set after 31st March in a financial year and a claim is made within four weeks of it being set, entitlement starts on either 1st April or the first benefit week between the claimant becoming entitled and the date of their claim.

An award of Council Tax Support shall not have a fixed award period. However, entitlement may change or end if there is a change in circumstances or terminated if the claimant does not respond to a request for information or evidence within one month of the date of the request. The time limit for providing information may be extended as the council thinks reasonable under the circumstances.

Decisions

The council will aim to notify the claimant within 14 days from the date that the claimant has provided all relevant information and evidence in order for the council to assess their entitlement to Council Tax Support. The decision notice shall also notify the claimant of how they can appeal against the council's decision regarding their Council Tax Support.

Changes in circumstance

The changes in circumstance that the claimant has a duty to notify the council of will reflect those in the current CTB regulations. The claimant shall provide any information and evidence requested by the council within one month of any such request. The time limit for providing information may be extended as the council thinks reasonable under the circumstances.

Extended payments

The council proposes to retain the current provisions under the CTB Regulations for the award of extended payments to working age. This is a payment for an additional four weeks when a claimant who was long term unemployed has returned to work.
Suspension and termination of Council Tax Support

The council may suspend support if:

- There is a doubt over the claimant’s entitlement to support
- There may be a recoverable overpayment of support
- The claimant or person acting on their behalf fails to provide evidence required by the council in connection with calculating their support, including details of a change in circumstances
- An appeal has been made or leave to appeal has been sought against the decision of a valuation tribunal for England. This includes but is not limited to appeals to higher courts including the High Court, Court of Appeal and the House of Lords. This provision will also apply to cases where similar cases are subject to appeal that deal with the same matter concerned.

Time and manner of granting relief and recoveries/overpayments

The council proposes that the treatment of overpayments and underpayments of Council Tax Support shall reflect the current CTB Regulations. Where the Council Tax payer entitled to support has an increase or decrease in the amount of support they receive following a change in circumstances, the council shall issue a revised Council Tax bill to reflect the change in their liability.

Appeals

A claimant may appeal against the council’s decision concerning their eligibility for, or entitlement to support by writing to the council at its designated office. The matter will be considered further by the council and the claimant notified of the council’s decision and the reasons for that decision.

If the claimant is not satisfied with the council’s response or has not received a response within two months of making an appeal, the claimant may make a further appeal to the valuation tribunal for England or any other organisation as may be provided for by statute.

The appeal to the valuation tribunal for England must be made within two months of the council’s response or within four months from the date of the claimant’s original appeal if they have not received a response from the council.

The following matters shall not be the subject of an appeal under the proposed scheme:

- The Council Tax Support scheme as set by the council
- Any discretion applied to recover an overpayment of Council Tax Support
- Who to recover an overpayment from
- Suspending and restoring Council Tax Support
- Any decision not to apply a reduction under section 13A (1)(c) of the Local Government Finance Act 1992
Applications for a reduction under section 13A (1)(c)

A Council Tax payer may apply for a reduction under section 13A (1)(c) under the Local Government Finance Act 1992. Any application shall be made in writing to the council’s designated office giving the details necessary for the council to properly consider the application.

Reviewing the Council Tax Support Scheme

It is anticipated that the council will need to review its scheme each financial year and consider if the scheme needs to be changed or replaced with a different scheme. This is likely to be in the legislation proposed by central government. Any changes to the scheme for working age claimants will be considered at that time. This may include changing the applicable amounts and premiums used for working out a claimant’s Council Tax Support.

Changes to the State Pension Credit age for couples

It is the intention of the Department for Work and Pensions (who administer most welfare benefits) to make changes to the way in which couples of mixed ages are treated for new applications. Currently, where a couple comprises of someone of working age and someone who has reached Pension Credit age they are treated as being of Pension Credit age. In future it will not be possible to claim Pension Credit until both the members of the couples have reached Pension Credit age. These couples will be eligible to claim Universal Credit (subject to them being eligible to claim).

It is the government’s intention that all current CTB claimants and those who migrate onto the pensioner’s scheme from 1st April 2013 will be continue to be assessed under that scheme as long as their entitlement continues.
If Other formats: If you would like this information in another language, Braille, audio tape, large print, easy English, BSL video or computer disk please contact: The Consultation Team on 0117 922 4424 or email consultation@bristol.gov.uk