



# **CENTRAL BEDFORDSHIRE COUNCIL**

## **PROPOSED LOCAL COUNCIL TAX SUPPORT SCHEME**

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## **Glossary of Terms**

### **Applicable Amount**

Means the combination of allowances and premiums used to determine a claimant's basic living needs and against which their income is compared for the purposes of the means test performed.

### **Council Tax Liability**

Means the amount set by the Council as the Council Tax charge for the relevant financial year less any discounts i.e. the 25% single occupancy discount

### **CTS**

Means Council Tax Support – the proposed local means tested scheme for providing assistance with Council Tax, which replaces Council Tax Benefit from 1 April 2013.

### **CTB**

Means Council Tax Benefit, (i.e. the existing national scheme which operates until 31 March 2013).

### **CTB Regulations**

Means the existing Council Tax Benefit Regulations 2006 – which will be abolished from the 1 April 2013

### **Default Scheme Regulations**

Means the Draft Council Tax Reduction Schemes (Default Scheme) Regulations. These can be found at:

<http://www.communities.gov.uk/publications/localgovernment/draftdefaultschemeregs>

These regulations are currently going through the parliamentary process before they become law.

### **Excess Income**

Means the amount by which a claimant's weekly income exceeds their applicable amount.

### **Maximum Council Tax reduction amount**

Means the Council Tax liability net of other Council Tax Discounts and non-dependant deductions.

## **Non Dependant**

A non-dependant is a person who is residing with the claimant but who is not dependent upon them, and not residing in their home on a commercial basis, (i.e. as a joint tenant or sub tenant). Non-dependants generally include an adult son or daughter, a mother or father, friend, etc of the claimant.

## **Prescribed Regulations**

Means the Draft Council Tax Reduction Schemes (Prescribed Requirements) Regulations. These contain the elements of the scheme that the Council are required by Central Government to include in our local scheme, and these can be found at:

<http://www.communities.gov.uk/publications/localgovernment/draftprescribedreqsregs>

These regulations are currently going through the parliamentary process before they become law.

Any requirements within the Prescribed Regulations applies to both Pensioners and Working Age where stated.

## **1.0 Introduction**

In April 2013, Council Tax Benefit, the current means of helping people on low incomes meet their Council Tax obligations, will be replaced by a new localised support scheme defined by each Council.

The Government has stated that pensioners will be protected from the effects of the local schemes by a national framework of rules and eligibility. Working age claimants not being the subject of national rules and eligibility shall however be subject to the provisions of the locally defined scheme and not a national framework.

This document sets out:

- (i) The proposed Local Scheme for working age and
- (ii) The national scheme for pension age

The Council's proposed Local Scheme should be read in conjunction with the consultation questionnaire seeking comments and views on the proposed arrangements.

The proposals may be subject to change for example in response to findings from the consultation process and any statutory provisions made that take precedence over the scheme proposals.

However, the final scheme shall be subject to approval by the Council no later than 31st January 2013.

The Council is required to publish details of its proposed draft scheme and some of the contents of this document are by its very nature, technical in detail. However, we will be providing examples of how the proposals may affect entitlement in comparison to the existing Council Tax Benefit scheme on our web page at [www.centralbedfordshire.gov.uk/consultations](http://www.centralbedfordshire.gov.uk/consultations) as well as responses to frequently asked questions.

### **1.1 Discretionary Reduction**

In addition to the schemes for pensioners and working age the Council is able to reduce Council Tax Liability under its discretionary powers contained within section 13A(1)(c) of the Local Government Finance Act 1992.

A Council Tax payer should make an application in writing or electronically to the Council.

### **1.2 Classes**

The rules of the Council Tax Support scheme divide the persons who can claim support into various classes. The classes or groups are set by Central Government for pensioners and the classes or groups for working age applicants are set by the Council. The classes are explained in detail in this document.

## **2.0 The Prescribed Regulations**

The government's Prescribed Regulations will ensure that local Council Tax Support (CTS) schemes operated by Local Authorities contain any requirements prescribed by the Secretary of State, which are in the Prescribed Regulations. Currently, the following requirements are to be prescribed by the Secretary of State and will therefore apply to the Council's local CTS scheme and affect both working age and non-working age claims alike.

### **2.1 Persons from Abroad**

The government intends to apply the same restrictions as exist under the Council Tax Benefit (CTB) Regulations to exclude foreign nationals with limited immigration status and non-economically active EEA individuals who are not exercising EU treaty rights from receiving CTS. The Prescribed Regulations 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 Prescribed Regulations, will not benefit from CTS. This will replicate the current provisions in the CTB Regulations.

### **2.2 Refugees**

Those persons that have recognised refugee status humanitarian protection, discretionary leave or exceptional leave to remain in the country outside of the immigration rules and who are exempt from the habitual residence test will be entitled to apply for Council Tax Support as long as their status has not been revoked.

### **2.3 Permitting a person to act for another person**

Current arrangements for a person to act on behalf of another will continue. For example, where a person has been granted a power of attorney for a Council Tax Payer.

# The proposed Local Scheme for Working Age Local CTS Scheme

## 3.0 Overview of scheme

The amount of support will be based upon individual circumstances and changes of circumstances will also be taken into account.

There will be six classes for each of which there will be a number of qualifying criteria. The class will determine the level of CTS that can be awarded.

A claimant is treated as a pensioner if they meet the conditions as stated in Part 1 and Part 2 of Prescribed Regulations and therefore do not fall within the Local CTS Scheme. They fall within the national scheme for Pension age, which is detailed at section 16 of this document.

In all cases claimants must not be of a prescribed class exempt from support, such as a person from abroad with limited leave to remain. Part 2 of Prescribed Regulations exclude such claimants.

There is a capital limit of £16,000 in order to qualify for CTS.

In the case of classes E, G and I below, the amount of a claimant's maximum Council Tax reduction amount shall be **75 per cent** of the amount A / B where:

- A is the amount set by the Council as the Council Tax for the relevant financial year in which they are a resident and for which they are liable, subject to any discount which may be appropriate and
- B is the number of days in that financial year,

Less any deductions in respect of non-dependants.

In the case of classes D, F and H below, which are **Protected Groups** the amount of a claimant's maximum Council Tax reduction amount shall be **100 per cent** of the amount A / B where:

- A is the amount set by the Council as the Council Tax for the relevant financial year in which they are a resident and for which they are liable, subject to any discount which may be appropriate and
- B is the number of days in that financial year,

Less any deductions in respect of non-dependants.

The protected groups are where the claimant must (or his partner or dependants must) be entitled to one of the following:

- (i) any of the disability premiums (awarded within the CTS scheme or income support, income- based jobseeker's allowance or income-related employment and support allowance)
- (ii) disabled earnings disregard
- (iii) Disabled Persons' Reduction for Council Tax purposes
- (iv) War Disablement Pension or War Widow's Pension or
- (v) be a lone parent with a child under the age of 5 or
- (vi) be a single person and on Carer's Allowance or
- (vii) be on Carer's Allowance and where they have a partner, the partner is also on Carer's Allowance.

#### **4.0 Classes of persons entitled to Council Tax Support**

##### **4.1 Class D**

The claimant must:

- 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
- be a person who is on Income Support, on an income-based jobseeker's allowance or on an income-related employment and support allowance
- or his partner or dependants must be entitled to one of the following:
  - (i) any of the disability premiums (awarded within the CTS scheme or income support, income- based jobseeker's allowance or income-related employment and support allowance)
  - (ii) disabled earnings disregard
  - (iii) Disabled Persons' Reduction for Council Tax purposes
  - (iv) War Disablement Pension or War Widow's Pension or
- be a lone parent with a child under the age of 5 or
- be a single person and on Carer's Allowance or
- be on Carer's Allowance and where they have a partner, the partner is also on Carer's Allowance
- have applied for the scheme



## 4.2 Class E

The claimant must:

- 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
- be a person who is on Income Support, on an income-based jobseeker's allowance or on an income-related employment and support allowance
- have applied for the scheme

## 4.3 Class F

The claimant must:

- 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 income equal to or less than their applicable amount
- or his partner or dependants must be entitled to one of the following:
  - (i) any of the disability premiums (awarded within the CTS scheme or income support, income-based jobseeker's allowance or income-related employment and support allowance)
  - (ii) disabled earnings disregard
  - (iii) Disabled Persons' Reduction for Council Tax purposes
  - (iv) War Disablement Pension or War Widow's Pension or
- be a lone parent with a child under the age of 5 or
- be a single person and on Carer's Allowance or
- be on Carer's Allowance and where they have a partner, the partner is also on Carer's Allowance
- have applied for the scheme

#### **4.4 Class G**

The claimant must:

- 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 income equal to or less than their applicable amount
- have applied for the scheme

#### **4.5 Class H**

The claimant must:

- 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 income greater than their applicable amount
- or his partner or dependants must be entitled to one of the following:
  - (i) any of the disability premiums (awarded within the CTS scheme or income support, income- based jobseeker's allowance or income-related employment and support allowance)
  - (ii) disabled earnings disregard
  - (iii) Disabled Persons' Reduction for Council Tax purposes
  - (iv) War Disablement Pension or War Widow's Pension or
- be a lone parent with a child under the age of 5 or
- be a single person and on Carer's Allowance or
- be on Carer's Allowance and where they have a partner, the partner is also on Carer's Allowance
- have applied for the scheme
- be somebody in respect of whom amount A exceeds amount B, where

- (i) amount A is the maximum Council Tax Reduction Amount; and
- (ii) amount B is a prescribed percentage (20%) of the difference between their income and the applicable amount

#### **4.6 Class I**

The claimant must:

- 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 income greater than their applicable amount
- have applied for the scheme
- be somebody in respect of whom amount A exceeds amount B, where
  - (i) amount A is the maximum Council Tax Reduction Amount; and
  - (ii) amount B is a prescribed percentage (20%) of the difference between their income and the applicable amount

### **5.0 Calculation of Council Tax Support by class:**

#### **5.1 Class D**

If a claimant matches the criteria in Class D, that person qualifies for CTS entitlement equivalent to 100% of their Council Tax Liability less any non-dependant deductions if applicable.

**This person is in a Protected Group.**

#### **5.2 Class E**

If a claimant matches the criteria in Class E, that person qualifies for CTS entitlement equivalent to 75% of their Council Tax Liability less any non-dependant deductions if applicable.

**This person is not in a Protected Group.**

#### **5.3 Class F**

If a claimant matches the criteria in Class F, that person qualifies for CTS entitlement equivalent to 100% of their Council Tax Liability less any non-dependant deductions if applicable.

**This person is in a Protected Group.**

## **5.4 Class G**

If a claimant matches the criteria in Class G, that person qualifies for CTS entitlement equivalent to 75% of their Council Tax Liability less any non-dependant deductions applicable.

**This person is not in a Protected Group.**

## **5.5 Class H**

If a claimant matches the criteria in Class H, that person's entitlement will be calculated on 100% of their Council Tax Liability less any non-dependant deductions applicable, to arrive at the Maximum Council Tax Reduction Amount.

20% of the difference between their income and their Applicable Amount will then be deducted from their Maximum Council Tax Reduction Amount.

**This person is in a Protected Group.**

## **5.6 Class I**

If a claimant matches the criteria in Class I, that person's entitlement will be calculated on 75% of their Council Tax Liability less any non-dependant deductions applicable, to arrive at the Maximum Council Tax Reduction Amount.

20% of the difference between their income and their Applicable Amount will then be deducted from their Maximum Council Tax Reduction Amount.

**This person is not in a Protected Group.**

## **5.7 Non-dependent deductions**

A Non-Dependant is a person who normally resides with a claimant but is not a member of his household, such as a grown-up child, as defined in Part 2 of the Default Scheme Regulations.

Any such deduction will be deducted from the Council Tax liability to arrive at the Maximum Council Tax Reduction Amount.

A non-dependant deduction is normally based on the income of the non-dependant, on the basis they would be expected to contribute to Council Tax. However if any of the following is applicable there will be no non-dependant deduction:

- The claimant or partner are registered blind or treated as blind
- The claimant or partner are receiving the care component of a disability living allowance, attendance allowance or the daily living component of a Personal Independence Payment

- The non-dependant is receiving state pension credit, income support, income-based job seekers allowance or income-related employment and support allowance
- The non-dependant is a disregarded person for Council Tax purposes i.e. is severely mentally impaired
- The non-dependant is a full-time student, apprentice or on Youth Training
- The non-dependant has been a hospital patient for 52 weeks or more
- The non-dependant is under 18 years of age

The table below sets out the current and proposed weekly amounts of deductions to be applied to the proposed local CTS scheme.

<b>Description of Non-Dependant</b>	<b>Amount of Weekly Deduction in 2012/13 (£)</b>	<b>Proposed Weekly CTS Scheme Deduction (£)</b>
Adult in receipt of state pension credit	Nil	Nil
Adult in receipt of income support, income-based jobseeker's allowance or income-related employment and support allowance	Nil	Nil
Adult in receipt of jobseeker's Allowance (Contribution Based) or employment and Support Allowance (Contribution Based)	3.30	5.00
Gross income of adult (working not less than 16 hours per week) is less than £183	3.30	5.00
Gross income of adult (working not less than 16 hours per week) is greater than or equal to £183 but less than £316	6.55	10.00
Gross income of adult (working not less than 16 hours per week) is greater than or equal to £316 but less than £394	8.25	12.00
Gross income of adult (working not less than 16 hours per week) is greater than or equal to £394	9.90	15.00
Adult working less than 16 hours per week	3.30	5.00
Any other adult not included in the above descriptions	3.30	5.00

## 5.8 Determination of class and award

Determination of the class a claimant is put into and the reduction they will receive will be determined in two ways:

1. In respect of Class D and Class E, by virtue of entitlement to the specified income related benefits and
2. In respect of Class F, Class G, Class H and Class I through means testing

## 5.9 Means-test for Classes F, G, H and I

The means-test will be based upon a comparison of income and a deemed living allowance (known as the Applicable Amount) and is detailed in the Default Scheme Regulations; with the exception of the amounts attributable to each. This is explained in greater detail below.

## 5.10 Applicable Amount

The claimant's Applicable Amount is made up of four elements. These are:

1. A personal allowance in respect of the claimant and partner if applicable,
2. An amount in respect of any child or young person who is a member of their family,
3. A family premium element (where the claimant is part of a family of which at least one member is a child or young person), and
4. Any premium amount that is applicable to the claimant

The financial amounts attributable to the above are as follows:

<b>Allowances and Premiums used to determine basic living needs</b>	<b>Weekly Amount in £</b>
Single claimant aged 18 or over but less than 25	56.25
Single claimant aged 25 or over	71.00
Single claimant of any age and entitled to main phase employment support allowance	71.00
Single parent	71.00
Couple	111.45
Amount for a child from their date of birth to the day before the first Monday in September following their 16th birthday	64.99
Amount for a young person from the first Monday in September following their 16th birthday to the day before their 20th birthday	64.99
In the case of a polygamous marriage where none of the members	111.45

of the marriage have reached the age of 60 and for the claimant and other party to the marriage	
In the case of a polygamous marriage where none of the members of the marriage have reached the age of 60, for each additional spouse who is a member of the same household as the claimant	40.45
Family premium	17.40
Family premium (single parent rate)	22.20
Disability premium - single	30.35
Disability premium - couple	43.25
Enhanced disability premium - single	14.80
Enhanced disability premium - disabled child rate	22.89
Enhanced disability premium - couple	21.30
Severe disability premium - single	58.20
Severe disability premium - couple (lower rate)	58.20
Severe disability premium - couple (higher rate)	116.40
Disabled child premium	56.63
Carer premium	32.60
<b>Components employment support allowance (income related) and contributory.</b>	
Work-related activity component	28.15
Support component	34.05

### 5.11 Calculation of Income and Capital

Income and capital will be calculated for a claimant in accordance with the provisions detailed in Part 10 of the Default Scheme Regulations, with the exception of the treatment of an award of Universal Credit.

Any amount of Universal Credit will be taken into account as income less any amount for housing costs, included in it.

Any income or capital to be disregarded in full or part is detailed in Schedule 7, 8 and 10 of the Default Scheme Regulations.

The Council proposes to replicate existing local arrangements whereby the full amount of any weekly war widow's pension, war widower's or war disablement pension are disregarded in full.

### **5.12 Enhanced Earnings disregard – incentivise work**

The amount of earnings to be disregarded are detailed in Schedule 7 of the Default Scheme Regulations. These specify the amounts and replicate provisions within CTB. The Council proposes to increase all of the standard earnings disregards by £10 per week in order to help incentivise work.

The amount of the additional earnings disregard for those working 16 hours per week or more or 30 hours per week or more will remain unchanged.

### **5.13 Students**

Students will be dealt with in accordance with Part 11 of the Default Scheme Regulations. These replicate the existing CTB Regulations.

Some full time students and students who are persons from abroad will be excluded from entitlement to CTS. These groups are defined in Part 11 of the Default Scheme Regulations.

### **5.14 Notional capital**

Claimants may be treated as possessing capital of which they have deprived themselves for the purposes of securing CTS. This notional capital (which the claimant is treated as possessing) will be reduced over time to reflect payment of additional Council Tax liabilities incurred.

### **5.15 Tariff income**

Capital up to £6,000 is not counted. Capital over £6,000 up to £16,000 will be taken into account at £1.00 for each £250 (or part of). This is known as tariff income.

### **5.16 Summary of calculation of Council Tax Support**

Once the total income amount has been calculated, it will be compared with the Applicable Amount, to determine what class the claimant falls into.

Once the class has been identified this will dictate how entitlement to CTS is calculated as detailed above.



## **6.0 Extended payments**

There will be provision for extended payments. This is detailed in Part 12 of the Default Scheme Regulations.

This replicates current provisions set out within the existing CTB regulations.

There will be extended payments for 2 groups of claimants as follows:

### **6.1 Income Related Benefits**

A claimant (or their partner) in receipt of income support, income-related employment and support allowance or income-based jobseeker's allowance, 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 and for the period 26 weeks previously received income support, income-related employment and support allowance or jobseeker's allowance), will continue to receive CTS as if they were still in receipt of these benefits for four weeks.

### **6.2 Qualifying Contributory Benefits**

A claimant (or their partner) in receipt of contribution based employment and support allowance, Incapacity Benefit or Severe Disablement Allowance, 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 and for the period 26 weeks previously received contribution-based employment and support allowance, Incapacity Benefit or Severe Disablement Allowance), will continue to receive CTS as if they were still in receipt of these benefits for four weeks.

## **7.0 Applications**

Applications for CTS must be on a properly completed approved form. Under the proposed scheme, an application will be required for all new claims from the 1<sup>st</sup> April 2013. If you are liable to pay Council tax, you will be able to claim via a paper form.

The date of the original application will apply where claimants need to amend a properly completed application. The Council may accept amendments over the phone however there may be cases where the claimant has to confirm details in writing.

The Council will accept withdrawal of applications (where it has not yet made a decision). This will have effect on the same day any notice of withdrawal is received by the Council.

## **8.0 Date on which entitlement begins**

The date on which entitlement to CTS begins is detailed in Part 14 of the Default Scheme Regulations.

It will begin on the first day of the first week after the application is made or treated as made.

Claims can be back-dated for a period of up to six months, provided the claimant is able to show continuous good cause for failing to make an application.

A claimant may apply for CTS up to 13 weeks prior to an event that would entitle them to CTS.

A claimant may apply for CTS up to 8 weeks prior to becoming liable for Council Tax at their home.

## **9.0 Decisions and appeals**

The Council will notify the claimant 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 Council or as soon as reasonably practicable thereafter. The notice will include information on how to appeal or how to request further information about the decision.

Schedule 7, Part 2 of the Prescribed Regulations sets out the procedure by which a claimant may make an appeal.

## **10.0 Changes of circumstance**

The date on which a change of circumstance takes effect is detailed in Schedule 8, Part 2 of the Prescribed Regulations.

Generally they take effect from the Monday following the date of change.

Where the change of circumstance is a change in the amount of Council Tax, it will take effect from the day of the change.

## **11.0 Suspension and Termination of Council Tax Support**

The Council may suspend CTS if any of the following situations apply:

- There is a doubt concerning whether the entitlement conditions for CTS are met
- There may be a recoverable excess of CTS
- The claimant or another person acting on their behalf has failed to provide information or evidence required for changing a decision concerning CTS

Where CTS has been suspended for failure to provide information or evidence and the claimant does not respond within one month or such longer period as may be considered reasonable in the circumstances, entitlement may be terminated.

These provisions are intended to replicate those in the existing CTB Regulations.

### **12.0 Time and manner of granting Council Tax Support**

Where the claimant is entitled to CTS the Council will reduce the Council Tax liability or make a payment where the claimant has discharged their liability.

A reduction or a payment will be made within 14 days of receipt of the application or, if that is not reasonably practicable, as soon as practicable thereafter.

### **13.0 Annual changes to Council Tax Support Scheme**

The Local Government Finance Bill is anticipated to stipulate that a Council, each financial year should either review the existing scheme or replace it with another scheme.

### **14.0 Existing Council Tax Benefit claimants**

A claimant who is in receipt of CTB immediately before 1st April 2013 is to be treated as having made an application for the CTS Scheme.

Where a claimant has, prior to 1st April 2013, made an application for Council Tax Benefit which has not been determined by 1st April 2013, that claimant is to be treated as having made an application for the CTS Scheme.

### **15.0 Fraud**

The Council is required to take reasonable steps to ascertain whether a claimant is entitled to any Council Tax discount: This includes CTS.

The Fraud Act 2006 and the Theft Act can be used to prosecute offenders.

The Government have stated they intend to provide further legislation (to replicate that which currently exists in CTB) under which claimants can be prosecuted for offences such as knowingly providing false information on a claim form.

## **National Scheme for Pension Age**

### **16.0 Overview of scheme**

The Government has stated that pensioners will be protected from the effects of the Local Scheme by a national framework of rules and eligibility. These are detailed in the Prescribed Regulations.

A claimant is treated as a pensioner if they meet the conditions as stated in Part 1 and Part 2 of Prescribed Regulations, i.e. have attained the qualifying age for state pension credit.

The amount of support will be based upon individual circumstances and changes of circumstances will also be taken into account.

There will be three classes for each of which there will be a number of qualifying criteria.

In all cases claimants must not be of a prescribed class exempt from support, such as a person from abroad with limited leave to remain. Part 2 of Prescribed Regulations exclude such claimants.

### **17.0 Classes of persons entitled to a reduction under the Prescribed Scheme**

#### **Class A**

The claimant must:

- 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 (unless in receipt of guarantee credit)
- have income equal to or less than their applicable amount (as defined in Prescribed Regulations) or be in receipt of guarantee credit
- have applied for the scheme

#### **Class B**

The claimant must:

- 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 income greater than their applicable amount (as defined in Prescribed Regulations)
- have applied for the scheme
- be somebody in respect of whom amount A exceeds amount B, where
  - (i) amount A is the Maximum Council Tax Reduction Amount; and
  - (ii) amount B is a prescribed percentage (20%) of the difference between their income and the applicable amount (both as defined in Prescribed Regulations).

### **Class C**

The claimant must:

- be liable to pay Council Tax in respect of a dwelling in which they are resident
- not be entitled to a Single Person Discount
- 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 their partner, not somebody who pays rent, not liable for Council Tax and who is on a prescribed low income and / or prescribed benefit, as set out in Prescribed Regulations

This is referred to as Alternative Maximum Council Tax Reduction (currently known as Alternative Maximum Council Tax Benefit).

## **18.0 Calculation of Council Tax Support by class:**

### **18.1 Class A**

If a claimant matches the criteria in Class A, that person qualifies for 100% reduction on their Council Tax Liability less any non-dependant deductions applicable.

### **18.2 Class B**

If a claimant matches the criteria in Class B that person's entitlement will be calculated on 100% of their Council Tax Liability less any non-dependant deductions applicable, to arrive at the Maximum Council Tax Reduction Amount.

20% of the difference between their income and their Applicable Amount will then be deducted from their Maximum Council Tax Reduction Amount.

### **18.3 Class C**

Under the existing national CTB scheme, the Class C reduction is known as Alternative Maximum Council Tax Benefit. This may be awarded in respect of a second adult(s) 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 income bands or prescribed working-age benefit indicators.

This will be a reduction of either 25%, 15% or 7.5% of the Council Tax liability, depending upon the income of the second adult(s).

#### **18.4 Non Dependent Deductions**

A Non-Dependant is a person who normally resides with a claimant but is not a member of his household, such as a grown-up child. Deductions for such Non-Dependants will be in the Prescribed Regulations.

Any such deduction will be deducted from the Council Tax liability to arrive at the Maximum Council Tax Reduction Amount.

A non-dependant deduction is normally based on the income of the non-dependant, on the basis they would be expected to contribute to Council Tax. However if any of the following is applicable there will be no non-dependant deduction:

- The claimant or partner are registered blind or treated as blind
- The claimant or partner are receiving the care component of a disability living allowance, attendance allowance or the daily living component of a Personal Independence Payment
- The non-dependant is receiving state pension credit, income support, income-based job seekers allowance or income-related employment and support allowance
- The non-dependant is a disregarded person for Council Tax purposes i.e. is severely mentally impaired
- The non-dependant is a full-time student, apprentice or on Youth Training
- The non-dependant has been a hospital patient for 52 weeks or more
- The non-dependant is under 18 years of age

The amount of the non-dependant deduction will be prescribed by Government.

#### **18.5 Determination of Class and Award**

Determination of the class a claimant is put into and the reduction they will receive will be determined in two ways:

1. In respect of Class A and Class B, through means testing of the claimant, which will be in accordance with Prescribed Regulations and
2. In respect of Class C, through means testing of the second adult(s)

## **18.6 Means Test for Class A and Class B**

The means test will be defined within Prescribed Regulations and aligned with existing CTB Regulations for those of state pension credit age.

The means test is based upon a comparison of income defined in Prescribed Regulations and an Applicable Amount also defined in Prescribed Regulations. This is explained in greater detail below:

## **18.7 Applicable Amount**

The claimant's applicable amount will be made up of four elements. These will be:

1. A personal allowance in respect of the claimant and partner if applicable,
2. An amount in respect of any child or young person who is a member of their family,
3. 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
4. Any premium amount set out in regulations that is applicable to the individual.

The amount of the Applicable Amount will be prescribed by Government.

## **18.8 Calculation of Income and Capital**

Income and capital will be calculated for a claimant in accordance with Prescribed Regulations.

Any income or capital to be disregarded in full or part is detailed in Prescribed Regulations.

The Council proposes to replicate existing local arrangements whereby the full amount of any weekly war widow's pension, war widower's or war disablement pension are disregarded in full.

## **18.9 Notional capital**

Claimants may be treated as possessing capital of which they have deprived themselves for the purposes of securing CTS. This notional capital (which the claimant is treated as possessing) will be reduced over time to reflect payment of additional Council Tax liabilities incurred.

## **18.10 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.

## 19.0 Summary of calculation of Council Tax Support

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

Claimants in Class C will receive CTS based on the income/status of their second adult(s) as set out in the following table:

Second adult	Council Tax Support
<p>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.</p>	<p>a) 25% of Council Tax due in respect of that day</p>
<p>b) Where the gross income or aggregate gross income of any second adult(s) – disregarding any income of persons on income support, income-related employment and support allowance, state pension credit or income-based jobseeker's allowance</p> <p>b)(i) less than £177.00 per week;</p> <p>b)(ii) not less than £177.00 but less than £231.00 per week.</p>	<p>b)(i) 15% of Council Tax due in respect of that day</p> <p>b)(ii) 7.5% of Council Tax due in respect of that day</p>
<p>c) If the dwelling would be wholly occupied by one or more students but for the presence of one or more second adults in receipt of income support, state pension credit, income-related employment and support allowance or income-based jobseekers allowance.</p>	<p>c) 100%</p>



If the claimant is entitled to both Class A and Class C or Class B and Class C they will be awarded the greater of the two.

## **20.0 Extended payments**

The Prescribed Regulations will set out where a claimant can continue to receive CTS, for a prescribed period of 4 weeks whilst they or their partner apply for state pension credit.

The pension-credit eligible age regulations will state that from the point at which the person already in receipt of CTS reaches the eligible age for pension credit they will, for the prescribed extended payment period of four weeks, be entitled to whatever award is greater – the local working age scheme award or the award under the scheme for those of state pension credit age.

## **20.1 Qualifying contributory benefits**

The Prescribed Regulations set out that a claimant not in receipt of state pension credit who or his partner was in receipt of contribution based employment and support allowance, incapacity benefit or severe disablement allowance for at least 26 weeks, 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 CTS as if they were still in receipt of these benefits for four weeks.

## **21.0 Applications**

The Prescribed regulations provide that an application for CTS must be on a properly completed approved form. Under the proposed scheme, an application will be required for all new claims from the 1<sup>st</sup> April 2013. If you are liable to pay Council tax, you will be able to claim via a paper form.

The Prescribed Regulations will provide that the date of the original application will apply where claimants need to amend a properly completed application. The Council may accept amendments over the phone, however there may be cases where the claimant has to confirm details in writing.

The Council will accept withdrawal of applications (where it has not yet made a decision). This will have effect on the same day any notice of withdrawal is received by the Council.

## **22.0 Date on which entitlement begins**

Entitlement to CTS will begin on the first day of the first week after the application is made or treated as made, unless back-dating is applicable, as set out in the Prescribed Regulations.

Claims can be automatically back-dated for a period of up to 3 months, providing the claimant was of pension credit age at the start of the 3 month period.

In the case of new Council Tax liabilities, if the application is made or treated as made in the same week as the new Council Tax liability, CTS will start from that week.

A claimant may apply for CTS up to 17 weeks prior to an event that would entitle them to CTS.

A claimant may apply for CTS up to 8 weeks prior to becoming liable for Council Tax at their home.

### **23.0 Decisions and appeals**

The Prescribed Regulations require the Council to notify the claimant 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 Council or as soon as reasonably practicable thereafter. The notice will include information on how to appeal or how to request further information about the decision.

Schedule 7, Part 2 of the Prescribed Regulations sets out the procedure by which a claimant may make an appeal.

### **24.0 Changes of circumstance**

The date on which a change of circumstance takes effect is detailed in Schedule 1 Part 9 of the Prescribed Regulations.

Generally they take effect from the Monday following the date of change or where it is a change in the amount of Council Tax, it will take effect from the day of the change.

There are specific rules for the treatment of any change of circumstance relating to pension credit.

### **25.0 Time and manner of granting CTS**

Where the claimant is entitled to CTS the Council will reduce the Council Tax liability or make a payment where the claimant has discharged their liability.

A reduction or a payment will be made within 14 days of receipt of the application or, if that is not reasonably practicable, as soon as practicable thereafter.

## **26.0 Existing Council Tax Benefit claimants**

A claimant who is in receipt of CTB immediately before 1st April 2013 is to be treated as having made an application for the CTS Scheme.

Where a claimant has, prior to 1st April 2013, made an application for Council Tax Benefit which has not been determined by 1st April 2013, that claimant is to be treated as having made an application for the CTS Scheme.

## **27.0 Fraud**

The Council is required to take reasonable steps to ascertain whether a person is entitled to any Council Tax discount. This includes Council Tax Support.

The Fraud Act 2006 and the Theft Act can be used to prosecute offenders.

The Government have stated they intend to provide further legislation (to replicate that which currently exists in CTB) under which claimants can be prosecuted for offences such as knowingly providing false information on a claim form.