



Proposed Council Tax Support Scheme

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Glossary of Terms

Definition of Pensionable Age

When we talk about pensionable age customers we mean someone who:

- Has reached the qualifying age for state pension credit, and
- They, or any partner, do not receive Income Support, Income Based Job Seekers Allowance or Income Related Employment Support Allowance.

Definition of Working Age

When we talk about working age customers we mean someone who:

- Has not yet reached the qualifying age for state pension credit, or
- Has reached the qualifying age for state pension credit but they, or any partner, receive Income Support, Income Based Job Seekers Allowance or Income Related Employment Support Allowance.

Definition of 'partner'

When we talk about a customer's partner we mean a person they are married to or a person they live with as if they were married to them, or a civil partner or a person they live with as if they were civil partners.

Regulations for Council Tax Benefit

The current rules for Council Tax Benefit administration are set out in the following legislation:

- The Council Tax Benefit Regulations 2006
- The Housing Benefit and Council Tax Benefit (Decisions and Appeals) Regulations 2001
- Social Security Administration Act 1992
- Social Security Contributions and Benefit Act 1992
- Local Government Finance Act 1992

Applicable Amounts

An 'applicable amount' is a weekly figure used to calculate the basic living needs of a customer based on their household size and accounting for any disabilities or special circumstances. The elements and amounts of the applicable amount are decided by the Government and are made up of:

- personal allowances (for the claimant, partner and any children)
- premiums (based on certain qualifying conditions)

The applicable amount is used in a means tested calculation and compared to a customer's assessed income figure in order to work out how much benefit they may be entitled to.

Qualifying Rules for Disabled Child Premium

The disabled child premium is added to a customer's applicable amount where a disabled child in the household is:

- registered blind, or
- receiving Disability Living Allowance

Qualifying Rules for Severe Disability Premium

In the case of a single customer or lone parent the severe disability premium may be included in the applicable amount where:

- they receive the care component of Disability Living Allowance at the highest or middle rate, Attendance Allowance or Constant Attendance Allowance, and
- they live alone (see below), and
- no-one receives Carer's Allowance for looking after them

In the case of a couple the severe disability premium may be included in the applicable amount where the claimant and partner both:

- receive the care component of Disability Living Allowance at the highest or middle rate, Attendance Allowance or Constant Attendance Allowance, or
- the partner is blind and the claimant receives the care component of Disability Living Allowance at the highest or middle rate, Attendance Allowance or Constant Attendance Allowance, and
- no-one else lives with them (see below), and
- no-one receives Carer's Allowance for looking after either one or both of them

Other people living in the household

For the purposes of the severe disability premium, customers are still classed as living on their own if other people in the household are:

- children
- aged 16-17
- a person who is registered blind
- a person receiving the care component of Disability Living Allowance at the highest or middle rate, or Attendance Allowance
- a carer who is employed by a charity that makes a charge for this service
- co-owners or co-tenants

1. Introduction

- 1.1 From 1 April 2013, the Government is abolishing the national Council Tax Benefit scheme and requires each council to introduce their own local Council Tax support system to replace it. The amount of money the Government will give councils to fund a local scheme will be at least 10% less than the grant given for Council Tax Benefit. This means Huntingdonshire District Council will have less money to help low income households with their Council Tax.
- 1.2 Although the council is required to design a local scheme the Government has placed a number of restrictions on what we can do. The council also has to consider how a local scheme would impact on the most vulnerable in society and should specifically consider its statutory duties under the following regulations:
- The Equality Act 2010
 - The Child Poverty Act 2010
 - The Housing Act 1996
 - The Armed Forces Covenant 2011
- 1.3 We have spent considerable time looking at various options and the effects each one would have on residents in Huntingdonshire. We believe we have identified a scheme that fairly distributes the funds available whilst protecting the most vulnerable of our society. We have consulted on our draft proposals, have analysed the responses received and have now produced our proposed scheme. We need to have an agreed scheme in place by 31st January 2013.
- 1.4 People of pensionable age will be protected from the effects of the local scheme and will have any reduction in their Council Tax assessed by a national framework of rules and should therefore receive the same amount of reduction as they would have under Council Tax Benefit. However, most working age households will not be protected as these will be assessed under the local scheme rules and will therefore need to pay something towards their Council Tax.
- 1.5 Huntingdonshire District Council's proposed scheme is based on the following principles:
- Everyone of working age should pay something towards their Council Tax (unless they qualify for some protection – more information is explained about this later in this document)
 - The scheme should provide some protection for the most vulnerable in society

- The scheme should incentivise and support people moving into work, and help those in low paid work

2. Outline of Draft Scheme

2.1 Those people entitled to a reduction in their Council Tax under Huntingdonshire District Council's Council Tax Support scheme will be as follows:

2.2 People of Pensionable Age

The Government has committed to protecting pensioners from the impact of the changes to Council Tax Benefit and therefore, support for people of pensionable age will be provided through a means tested reduction which will be the same as what they would have been entitled to under the previous Council Tax Benefit system (assuming no other changes in their circumstances). The details for this scheme are currently set out in the 'Draft Council Tax Reduction Schemes (Default Scheme) Regulations'. These draft regulations are currently being debated by Parliament and we expect them to become law towards the end of 2012.

2.3 Pensioners who are currently claiming Council Tax Benefit will be automatically transferred to the new local Council Tax Support scheme and will not need to make a new application.

2.4 People of Working Age

Support for people of working age will apply the rules as set out in the 'Draft Council Tax Reduction Schemes (Default Scheme) Regulations' except for the provisions mentioned in this document. These draft regulations are currently being debated by Parliament and we expect them to become law towards the end of 2012. All requirements prescribed by the Government will be incorporated into the Council's local scheme.

2.5 Working age customers who are currently claiming Council Tax Benefit will be automatically re-assessed under the new local Council Tax Support scheme rules and will not need to make a new application.

2.6 The amount of help working age people will be entitled to will be means tested in a similar way to Council Tax Benefit in that a customer's income will be compared against an 'applicable amount'.

2.7 Huntingdonshire District Council's proposed local scheme is based around the three principles as set out in paragraph 1.5 and contains the following features:

2.8 **Restrictions applied to Council Tax liability**

All working age customers (except those who are severely disabled, those with disabled children and families with children under 5), will have their entitlement to Council Tax Support based on 80% of their Council Tax charge. The actual amount someone has to pay will depend on the makeup of their household, their income and savings and any other discounts that may apply but this means that these customers will have to pay at least 20% of their Council Tax bill.

Working age customers with children under 5 years of age will have their entitlement to Council Tax Support based on 85% of their Council Tax charge.

However, those working age customers who receive a severe disability premium or a disabled child premium in their applicable amount will have their entitlement to Council Tax Support based on 100% of the Council Tax Charge.

More information about vulnerable groups can be found in section 3.

Note – if a customer is jointly liable for the Council Tax charge with one or more people (excluding their partner), the Council will divide the liability equally between all liable persons. The working age customer's Council Tax Support would then be based on a percentage (dependant on their circumstances) of their share of the Council Tax charge.

2.9 **Applicable amounts**

Under the current Council Tax Benefit rules, applicable amounts are increased each April by the Consumer Price Index (CPI) rate for the previous September. We intend to apply the same principle for Council Tax Support and will consider increasing these in subsequent years.

2.10 **Child Benefit income for eldest child only disregarded**

Where a working age person receives child benefit the amount for the eldest child will not be included in the assessment of the customer's income. However, all other child benefit income will be included.

Note – under the current Council Tax Benefit rules all child benefit income is disregarded in the assessment of a customer's income.

2.11 Child maintenance income disregard reduced

Where a working age person receives maintenance in respect of children the first £10 of the amount received each week will not be included in the assessment of the customer's income.

Note – under the current Council Tax Benefit rules all child maintenance income is disregarded in the assessment of a customer's income.

2.12 Earned income disregards adjusted

Huntingdonshire District Council is keen to incentivise and support those people starting work, whilst also helping those in low paid employment. This is one of the key principles of our local Council Tax Support scheme.

Therefore, where a working age person is in work, we will not include the first £10 of earned income received each week in respect of a single person, and the first £20 received each week in respect of couples when assessing their income. This doubles the amounts currently disregarded under Council Tax Benefit.

Other earned income disregards, for example, £25 for lone parents and £20 for certain people with disabilities, will be kept at the same level as in the Council Tax Benefit rules.

2.13 Extra earned income disregard

To encourage people to increase their hours of employment, where a working age person works 24 hours or more each week, or is in receipt of Working Tax Credit, an additional £10 of their weekly earned income will not be included in the assessment of their income.

2.14 War Pensions

Under the current Council Tax Benefit rules, the first £10 of war pension income received each week is not included in the assessment of the customer's income. However, Huntingdonshire District Council has always disregarded the remainder of war pension income under its discretionary powers. We propose to continue to disregard all war pensions in the assessment of a customer's income for Council Tax Support.

2.15 **Non-Dependants (Other people who live in the household)**

Where a working age person has other people living in their home who are not dependant on them (such as children who have left school, parents, other relatives or friends), a deduction will be made from any Council Tax Support award. The deduction will be set at £5 per week for each non dependant that is not working and £7 for each non dependant in work. Where two non-dependants live in the same property and are a couple only one deduction is made. However, a deduction will not be made where the customer (or their partner) is:

- registered blind,
- in receipt of the care component of Disability Living Allowance

We will consider how Personal Independence Payments (due to be introduced during 2013) will apply to non-dependant deductions in the Council Tax Support scheme.

Note – under the current Council Tax Benefit rules there are a range of deductions depending on whether the non-dependant is working and the level of their income. Non-dependants in receipt of Pension Credit, Income Support, Income Based Job Seekers Allowance or Income Related Employment Support Allowance do not attract any deduction.

2.16 **Abolition of Second Adult Rebate**

The Council Tax Benefit regulations also provided for a rebate in cases where a Single Person Discount could not be awarded because other adults were living in the property. This rebate assessed the income of the second adult(s) and allowed for a reduction in the Council Tax charge of up to 25%. Second Adult Rebates will be abolished under the proposed local scheme.

2.17 **Universal Credit**

From October 2013 the Government plans to begin a phased process of merging payments of Income Support, Income Related Job Seekers Allowance, Income Based Employment Support Allowance, Child Tax Credit, Working Tax Credit and Housing Benefit into a single payment called 'Universal Credit'. The exact details of how Universal Credit will operate are still emerging and therefore Huntingdonshire District Council will consider how this will be dealt with in the Council Tax Support scheme when more information is known.

3. Vulnerable groups

- 3.1 Most working age customers will have their entitlement to Council Tax Support based on 80% of their Council Tax charge. However, one of the key principles of Huntingdonshire District Council's local Council Tax Support scheme is to provide support for the most vulnerable members of our society.

The Council believes that, by basing its scheme for local support on the 'Draft Council Tax Reduction Schemes (Default Scheme) Regulations', provision is already made for the most vulnerable customers. This is because the figure used to calculate the basic living needs of a customer (the 'applicable amount') includes extra amounts to cater for disabilities, children or other special circumstances as well as disregarding certain types of income.

- 3.2 However, we are also proposing that working age customers with children under 5 years of age will have their entitlement to Council Tax Support based on 85% of the Council Tax charge.
- 3.3 In addition, working age customers who receive a severe disability premium or a disabled child premium in their applicable amount for the assessment of Council Tax Support, Income Support, Income Based Job Seekers Allowance or Income Related Employment Support Allowance will have their entitlement to Council Tax Support based on 100% of the Council Tax charge.

4. Who can apply

- 4.1 Eligibility for Council Tax Support is set out in the 'Draft Council Tax Reduction Schemes (Default Scheme) Regulations' which follows the same rules as set out in the current regulations for Council Tax Benefit. Claimants must be at least 18 years old, liable to pay Council Tax and the property must be their main or sole residence. Current arrangements allowing a person to act on behalf of another (for example, where a person has been granted power of attorney) will continue.
- 4.2 Those not eligible to claim will include those not liable to pay Council Tax, customers with savings of £16,000 or more, most students and persons from abroad who have no recourse to public funds.

5. How to make a claim and supporting evidence

- 5.1 Applications for Council Tax Support should be made by an electronic form which will be available from the council's website or via public access computers at the Customer

Service Centre in Huntingdon or most local libraries. A paper application form will also be available for those customers who do not have access to complete the electronic version. It is likely the application form will also collect information regarding housing costs for those wishing to apply for Housing Benefit.

- 5.2 Some customers may complete an application form for Housing Benefit via Job Centre Plus and the Pension Service and these will also be acceptable to claim Council Tax Support.
- 5.3 Customers applying for Council Tax Support will be required to verify their identity, national insurance number, income, and capital. The Council may be able to use other sources to confirm some details but customers will be required to provide documentation to support their application.

6. Date of claim

- 6.1 The start date of Council Tax Support for people of working age is set out in the 'Draft Council Tax Reduction Schemes (Default Scheme) Regulations' which follows the same rules as set out in the current regulations for Council Tax Benefit. In general, this means entitlement to Council Tax Support will be assessed from the Monday following the date a customer first contacts the Council to make an application, providing a form is received at Huntingdonshire District Council's offices within one calendar month of the date the Council were first contacted.
- 6.2 The current Council Tax Benefit rules allow working age customers to apply for backdated awards of benefit up to 6 months in the past if they can prove 'good cause' as to why they had not made an application for benefit earlier are also included in the 'Draft Council Tax Reduction Schemes (Default Scheme) Regulations'. Therefore, backdating rules will also be included in our local Council Tax Support scheme.
- 6.3 The date of claim for pension age customers will be assessed under the national rules (currently set out in the Draft Council Tax Reduction Schemes (Prescribed Requirements) Regulations).

7. Notification of entitlement

- 7.1 All customers will be notified of the outcome of their application. The notification will also explain their appeal rights if they are unhappy with the decision.
- 7.2 Where a customer is entitled to Council Tax Support a new bill showing the amount of the reduction awarded and the revised amount to pay will be issued.

8. Change of Circumstances

- 8.1 Once an application for Council Tax Support has been made customers will have a duty to notify Huntingdonshire District Council of changes in their circumstances. The rules for when changes of circumstances will take effect will be set out in regulations (currently set out in the 'Draft Council Tax Reduction Schemes (Default Scheme) Regulations').
- 8.2 Changes of circumstance should be notified as soon as possible in order to prevent overpayments and ensure the correct amount of Council Tax Support is being paid.

9. Overpayments

- 9.1 Council Tax Support will be paid in the form of a reduction against the Council Tax account and calculated up to the end of March in each financial year. However, where a customer's circumstances change in the year, or the customer notifies the Council of a change which occurred in the past, an overpayment of Council Tax Support may be created.
- 9.2 Under the Council Tax Benefit rules where overpayments of benefit are created we must consider reducing the overpayment by a customer's actual income during the period of the overpayment had we known the true income details at that time. This is known as 'underlying entitlement'. We do not propose to include this rule for Council Tax Support.
- 9.3 Where overpayments do occur these will be posted to the Council Tax account and a new bill will be issued. Overpayments will always be recoverable from the customer.

10. Appeals

- 10.1 Customers will have the right to appeal against decisions made and must do so in writing within one month of notification.
- 10.2 The Council will review the original decision and notify the customer of the outcome. If the customer is still not satisfied with the outcome a further appeal may be made.

11. Claim Reviews

11.1 From time to time the Council may need to check the details of a claim for Council Tax Support to see if any of the details held on our records have changed. If we need to do this we may send a form or visit the customer in their home.

12. Fraud

12.1 Anyone that makes a false claim for Council Tax Support or fails to tell us about changes in their circumstances when they occur, will not only have to repay any support incorrectly claimed but may also be liable to prosecution or a fine.