

# DERBYSHIRE DALES DISTRICT COUNCIL

## Proposed Council Tax Support Scheme

DRAFT

<b>Contents</b>		<b>page</b>
Glossary of terms	.....	3
1 Introduction	.....	4
2 Scope of the local Council Tax Support scheme	.....	6
3 Calculating entitlement for Council Tax Support	.....	7
4 Administrative Arrangements	.....	10
Appendix 1: Applicable amount	.....	12
Appendix 2: Non-dependent deductions	.....	13

DRAFT

## **GLOSSARY OF TERMS**

### **Applicable Amount (living allowance)**

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

### **Council Tax Benefit**

The means tested scheme for providing assistance with Council Tax which operates until April 2013 (existing national scheme).

### **Council Tax Support**

The proposed local means tested scheme for providing assistance with Council Tax, the Council's proposed local scheme from 1 April 2013.

### **Council Tax liability**

The amount of Council Tax due to be paid in respect of a dwelling. Liability to pay Council Tax normally falls to one or more adults who are solely, or mainly, resident in the property.

### **Council Tax taper**

The rate (20%) at which Council Tax Support is withdrawn where a claimant's income exceeds their Applicable Amount.

### **Excess Income**

The amount by which a claimant's (including that of any partner(s)) weekly income exceeds their Applicable Amount.

### **Non-Dependant**

A grown-up son, daughter, friend or relative who lives in the claimants home on a non-commercial basis.

### **Prescribed Pension Credit Age Scheme**

National means tested scheme for providing assistance with Council Tax for those of pension credit age.

### **Prescribed Requirements**

Elements of the scheme that the Council are required by Central Government to include in the local scheme.

### **Working Age**

Means someone who has not yet reached the qualifying age for state pension credit.

## 1. INTRODUCTION

Council Tax Benefit (CTB) is a national welfare benefit and is administered by local authorities on behalf of the Department of Work and Pensions. The CTB scheme is set out in legislation passed by the U.K. parliament and the general rules are contained in the Social Security Contributions and Benefits Act 1992. This Act allows the Secretary of State for Work and Pensions to formulate the Regulations which contain and amend the detail of the scheme.

Once awarded, CTB is paid for an open-ended period. If the claimant's circumstances change the claimant should notify the local authority who will adjust their benefit entitlement accordingly, superseding the original decision. In some circumstances benefit will stop altogether and can only be paid again if the claimant makes a new claim.

The award of CTB is partly dependent on a person's means (or income). CTB is usually paid to those people who have relatively low incomes and who may well rely on other Social Security benefits for additional support.

From 1st April 2013, CTB ceases to exist and is to be replaced by a new scheme with rules devised by the local authority. The new scheme will be known as Council Tax Support.

The discretion given to local authorities to devise a scheme relates solely to working age claimants with national rules and regulations applying to pensioner claimants. The government has given an undertaking that pensioners will be no worse off with the ending of CTB and its replacement by the new arrangements.

Derbyshire Dales' proposed scheme will be based on the provisions of the current CTB scheme. In devising its own scheme, the Council has to consider how best to protect vulnerable groups within the community. The Council intends to help safeguard the needs of those who could be considered most vulnerable by retaining the key elements of the existing CTB arrangements within the local Council Tax Support scheme, including:

- the disregard of certain income types such as Disability Living Allowance and Attendance Allowance
- the use of allowances and premiums for those with children and the disabled; and
- the disregard of some earnings for lone parents.

The Government is cutting the funding available to local authorities for the new Council Tax Support arrangements and the Council is proposing to make up this shortfall by reducing the amount of assistance available to working-age claimants.

In practice, this overall cut in funding can only be applied to working age claimants because pensioners are exempt from these changes which would mean reducing the Council Tax Support for working age claimants by 24% to make up all of the funding gap. However, Derbyshire Dales is also proposing to make changes to Council Tax

exemptions in order to increase the amount of money it collects and so limit the reduction for working age claimants to 10% under its proposed scheme.

The Council also proposes to set up a discretionary fund which will allow it to increase someone's entitlement in cases of exceptional hardship.

The Council is also proposing additional measures in order to encourage people back into work by increasing the period they would be entitled to "extended payments" from 4 to 8 weeks (which means that a person's support is not reduced when they find a job after being unemployed for a set period).

This document provides information on Derbyshire Dales' proposals for a working age scheme and is split into three main sections.

The first section details certain aspects of the new scheme that are prescribed by Central Government. The second section provides an overview of the scheme as well as details of the key features of calculating entitlement. The final section provides some additional information about how claims would be dealt with.

The information from this consultation will be used by the Council to assist in making its decision on the new scheme. The results from the consultation will be published later this year on our website.

**If you have any questions or would like further information about the proposed scheme please contact either:-**

Peter Lisewski  
Revenues Services Manager  
Tel: 01629 761260  
Email: [peter.lisewski@derbyshiredales.gov.uk](mailto:peter.lisewski@derbyshiredales.gov.uk)

or

Paul Radcliffe  
Benefits Manager  
Tel: 01629 761271  
Email: [paul.radcliffe@derbyshiredales.gov.uk](mailto:paul.radcliffe@derbyshiredales.gov.uk)

## 2. SCOPE OF THE COUNCIL TAX SUPPORT SCHEME

### Council Tax Support and Pensioners

People who have reached the qualifying age for state pension credit will not be covered by the working age scheme and will instead be covered by a scheme prescribed by the Government.

The Department for Communities and Local Government (DCLG) have stated that this scheme will be as similar as possible to the existing CTB regulations which should mean that Council Tax Support for those of state pension credit age will not be reduced as a result of these changes.

### Prescribed requirements

The government's prescribed requirements mean that local Council Tax Support schemes operated by local authorities have to contain certain provisions laid down by the Secretary of State. Currently, the following requirements are prescribed and will apply to the Council's local Council Tax Support scheme and affect both working age and non-working age claims:

- **Persons from Abroad:** the Government intends to apply the same restrictions as exist under the CTB scheme 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 Support. 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 will not benefit from the Council Tax Support scheme.
- **Refugees:** those persons who 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.
- **Permitting a person to act for someone else:** current arrangements whereby a person can act on behalf of another will continue to apply (for example, where a person has been granted a power of attorney for a Council Tax payer).

### **3. CALCULATING ENTITLEMENT FOR COUNCIL TAX SUPPORT**

#### **3.1 Overview**

Except where changes are set out by statute under the Local Government Finance Act and accompanying legislation, eligibility under Derbyshire Dales' proposed scheme will be based on the existing CTB arrangements. The additional local changes that the Council are proposing are to:

- Reduce the amount a working-age claimants would have been entitled to under the existing CTB Regulations by 10%
- Increase the extended payment period from 4 to 8 weeks for unemployed claimants who start work
- Continue to fully disregard War Widows, War Widowers and War Disablement Pensions as income.

The Council is also proposing to introduce a discretionary fund to provide extra assistance to households in paying their Council Tax where there is evidence of exceptional hardship or circumstances, i.e. where the amount of Council Tax Support would not fully reflect the true level of need in a specific case. Any request to this hardship fund will be considered on its own individual merits.

The CTB scheme is based on the Council Tax Benefit Regulations 2006 which set out how CTB is claimed, how it is calculated and how it is paid.

It is proposed that eligibility for Council Tax Support will continue to be determined by reference to the income and capital of the claimant and any partner, where appropriate. It will also take into account any non-dependants in the household. Any changes in circumstances, such as changes in income or household composition after the initial claim, will be taken into account in the ongoing assessment of entitlement.

#### **3.2 Key elements of the Council Tax Support scheme**

It is proposed that the new Council Tax Support scheme will operate under the same principles and features as the current CTB scheme.

##### **Income and Capital**

Income and capital will be calculated in line with existing CTB Regulations and the income and capital of a claimant's partner will continue to be treated as income of the applicant.

For claimants in receipt of income support, income-related jobseekers' allowance and income-related employment and support allowance, the whole of their income and capital will be disregarded. This will mean that they automatically qualify to the maximum Council Tax Support they could be entitled to.

An equivalent consideration will be identified for individuals who are in future in receipt of Universal Credit.

Other 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 operate in the

same way as under existing CTB Regulations. In particular, earnings of employed and self-employed earners (both net of tax and contributions) will be taken into account as they are now.

Derbyshire Dales' scheme will include new arrangements for the treatment of self-employed earnings where it appears that the claimant is making no profit from their self-employment. In these cases, they will be treated as earning the National Minimum Wage after 12 months for the purposes of working out their income.

Existing CTB Regulations list a number of elements and amounts which are not taken into account in the calculation of earnings. Amounts to be disregarded in this way from an applicant's weekly earnings are currently set out in the CTB Regulations and will be replicated within the Council's scheme.

Amounts to be disregarded in terms of income other than earnings are also currently set out in the CTB scheme and these will be replicated within this scheme as well. The Council will continue its policy to fully disregard income received for war disablement pension, war widower's pension and war widow's pension.

At present those with up to £16,000 worth of savings or capital are eligible to apply for help with Council Tax Benefit. Those with more than £16,000 in savings or capital are ineligible to claim. It is proposed that the new Council Tax Scheme will maintain the existing capital limit.

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 £250 (or part of £250) in excess of £6,000. This amount of *tariff income* will be added to the initial income calculation to give a *total income amount*.

### **Applicable Amount**

At present, Government premiums and allowances are used to determine a working age claimant's basic living needs for the purposes of the means test performed in the assessment of eligibility to CTB. These are prescribed by statute.

The Council's proposal is to continue to apply the existing premiums and allowances used within the national CTB scheme in calculating any entitlement to Council Tax Support. An example of the current applicable amounts can be found in Appendix 1.

### **Council Tax Support taper**

The Council proposes to maintain the current taper rate of 20% for Council Tax Support. If a claimant has more money coming in than the Applicable Amount a taper of 20% is used to calculate the amount of CTB available. In practice, this means that a claimant would lose 20p in CTB for every £1 of income over their Applicable Amount figure.

## **Non-dependent deductions**

When assessing a claimant's entitlement, other adults in the claimant's home (i.e. non-dependants) are treated as making a contribution towards the costs of paying Council Tax which means that the claimant's entitlement to CTB is reduced accordingly by a set amount.

Once a person's Council Tax Support award is calculated, it will continue to be subject to deductions that 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 they are now with differing amounts according to individual circumstances and with the same exceptions applying.

Details of the current non dependant rates can be found in Appendix 2.

## **Entitlement**

Where a claimant becomes liable for Council Tax at their home in the same week that they apply for Council Tax Support, any entitlement shall be awarded from the date that their liability for Council Tax commences. For the purposes of Council Tax Support, a week in this context shall comprise a Monday to Sunday.

People of working age will be able to back-date their applications by up to six months, provided they are able to prove that from a day (up to six months) in the past, they had continuous good reason/cause for failing to make an application.

If a claimant notifies the Council of an intention to claim Council Tax Support and submits their application form using one of the specified approaches for claiming within one month of when it was sent out or such longer period as may be reasonable in the circumstances, the date of the claim shall be the date of notice of their intention and any entitlement to Council Tax Support shall be awarded from the Monday following that date.

If a claimant applies for Council Tax Support within one month of the death or separation from their partner and the partner was in receipt of Council Tax Support at the time of their death or separation, the date of claim shall be the date of the death or separation in question and any entitlement to Council Tax Support shall be awarded from the Monday following the date of their claim.

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

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

There shall be no fixed limit to an award for Council Tax Support although entitlement may change or cease if there is a change of circumstances or be terminated if the claimant fails to respond to a request for information or evidence within one month or such longer period as may be considered reasonable in the circumstances.

## **4. ADMINISTRATIVE ARRANGEMENTS**

### **Applications**

An application will be required for all new claims for Council Tax Support from 1st April 2013.

A person may apply for Council Tax Support in writing using the Council's designated application form and claims may be made jointly with applications for Housing Benefit.

An application form submitted in writing shall be signed by the claimant and may also be signed by their partner if applicable and shall be supported by such information or evidence as is reasonably required to enable entitlement to be determined.

The Council shall not determine entitlement for an incomplete claim including one that is not signed until the relevant information, signature or both as appropriate is received and provided that at all times, this is within a period of one month from the date of the Council request or such longer period as may be reasonable in the circumstances.

A person who is in receipt of CTB immediately before 1st April 2013 is to be treated as having made an application for a reduction under the local Council Tax Support scheme and existing information held by the Council will be used to determine Council Tax Support awards.

Where an individual has, prior to 1st April 2013, made an application for CTB which has not been determined by 1st April 2013, that individual is to be treated as having made an application for a reduction under the local Council Tax Support scheme.

A claim for Council Tax Support may be amended or withdrawn in writing by the claimant at any time prior to the Council making a decision regarding entitlement.

The Council shall accept the withdrawal of an application where it has not yet made a decision concerning entitlement. This shall have effect on the same day that the notification was received by the Council.

The Council will extensively communicate the new arrangements for applying for Council Tax Support in advance of the change.

The Council may in addition consider the adoption of other means of applying including telephone and on-line applications and these methods will be extensively communicated as and when they become available for claimants.

Council Tax Support claimants will be able to apply for a backdated award of Council Tax Support and the rules and maximum period for which backdates will be granted will be specified in the final scheme.

A review process may be implemented by the Council for new and existing awards. Awards may be reviewed in a time period to be determined by the Council, and failure of the claimant to fulfil any request during a review of their award may result in termination of that award.

## **Appeals Process**

Consideration will be given as to how a claimant may appeal a decision made by the Council under the new scheme, and as to what decisions are appealable. Regulations laid down by the Government will determine the body to which any appeal or request for reconsideration can be made.

## **Revision of Rates**

Any figures set out in the scheme may be updated, to take effect on 1st April each year following the commencement of the scheme, by the consumer price index, retail price index rate of inflation set out in the preceding September, or by another rate determined with reference to provisions made for Housing Benefit and Universal Credit or as decided by the authority.

## **Notification**

Apart from where legally required, advice of any award granted, removed or revised will be by an adjustment to the Council Tax bill and the bill itself will be the formal notification. The authority may reserve the right to include additional notifications.

Any overpayment will be rectified by the amount being clawed back by an adjustment to the Council Tax bill.

A review process may be implemented by the local authority for new and existing awards of Council Tax Support. Awards may be reviewed in a time period to be determined by the authority and failure of the claimant to fulfil any request during a review of their award may result in the termination of that award.

It is proposed that the duty of a claimant to notify the Council of any change to circumstances that may affect entitlement to Council Tax Benefit will be replicated in the new Council Tax Support scheme.

## APPENDIX 1      Applicable Amount (premiums and allowances)

<b>Allowances and premiums used to determine basic living needs</b>	<b>Weekly amount</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
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
Components employment support allowance (income related) and contributory	
Work-related activity component	£28.15
Support component	£34.05

## APPENDIX 2 NON-DEPENDENT DEDUCTIONS

Currently NO deduction is made from Council Tax Benefit if the claimant or their partner:-

- is registered blind or treated as blind
- is receiving the care component of disability living allowance or attendance allowance.

Currently NO deduction is made from Council Tax Benefit if the non-dependent:-

- is receiving pension credit, income support or income-based job seekers allowance or income-related employment and support allowance
- is a prisoner
- is severely mentally impaired
- is over 18 but Child Benefit is still payable for them
- is a student nurse or apprentice or on youth training
- has been a patient in hospital for 52 weeks or more
- is living in a residential care or nursing home
- is a care worker
- is a resident of a hostel or night shelter for the homeless
- is a full-time student.

Similar rules will apply for the proposed Council Tax Support scheme.

<b>Income of non-dependent (weekly)</b>	<b>Weekly Deduction</b>
in receipt of pension credit guarantee credit or savings credit	£Nil
in receipt of employment support allowance (income related)	£Nil
in receipt of job seekers allowance (contribution based) or employment support allowance (contribution based)	£3.30
working with gross income of less than £183	£3.30
working with gross income greater than or equal to £183 but less than £316	£6.55
working with gross income greater than or equal to £316 but less than £394	£8.25
working with gross income greater than or equal to £394	£9.90
in receipt of job seekers allowance (income based)	Nil
in receipt of income support	Nil
working less than 16 hours or on maternity, paternity, adoption or sick leave	£3.30
Any other adult not included in the above descriptions	£3.30