

THE OVERVIEW AND SCRUTINY COMMITTEE

17 September 2012

CONSULTATION – COUNCIL TAX SUPPORT AND COUNCIL TAX CHANGES

REPORT OF HEAD OF REVENUES

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RECENT REFERENCES:

None

EXECUTIVE SUMMARY:

Council Tax Benefit (CTB) will be replaced with a local Council Tax Support Scheme from 2013-14. At the same time Government funding will be reduced by 10 per cent (12 per cent in real terms). The new Scheme will take the form of a Council Tax discount. This will be calculated once other discounts which the claimant is eligible to receive have been taken into account. In the medium term, given the tight timescale for introduction, the Scheme will be based on the current CTB scheme.

The Government has made clear its intention that no pensioner will be worse off when CTB is abolished. Future eligible pensioners will have the same support as existing eligible pensioners. At present, Winchester has a CTB caseload of approximately 6,000. Of these 3,200 are pensioner households. This means that for non pensioner households the overall reduction in Government support is much higher. Given the reduction in Government funding it is possible that Council Tax payers who have previously had their Council Tax met in full by benefit will be billed for the first time. As the Council will continue to process new claims for Housing Benefit until housing costs are included in Universal Credit it therefore makes sense to continue to allow residents to make one claim for assistance which will include Council Tax Support from 1 April 2013.

At the end of last year the Government issued a consultation paper on options relating to the Council Tax liabilities of second home owners and owners of empty

properties. The proposed changes require primary legislation and it is likely that they will come into effect for 2013/14. The Council is considering options for implementing some of these changes as any income raised could offset some of the cost of the localised Scheme.

The Council is faced with implementing some challenging changes and is considering some difficult options. It is important that benefit claimants and tax payers have an opportunity to make a meaningful contribution to the process to ensure that any changes introduced are reasonable.

The Council is consulting on the following options

- a) Abolishing the current 10% Council Tax discount for second homes (a second home is a property that is furnished and no ones main home)
- b) Abolishing the current 6 month Council Tax exemption for vacant properties and replacing it with a 100% discount for a period of up to one, two or three months for properties that remain vacant
- c) Abolishing the current 50% Council Tax discount that applies after the above exemption / discount award for properties that remain vacant
- d) Making working age customers responsible for a percentage of their Council Tax liability (10% or 15%)
- e) Capping the level of Council Tax Support awarded under the new scheme to a Band D property for those working age claimants living in properties with a Council Tax band of E, F, G & H
- f) A combination of the above two options for working age customers

Public consultation started on 20 August, after consultation with the Portfolio Holder for Finance and Administration in order to meet Government deadlines. The time available to introduce the new Scheme is tight and it must be formally approved by the Council by 31 January. The Council has launched a public consultation, which runs until 12 November, to seek views on options for how the new scheme might work and on proposed changes to the rules on council tax exemptions and discounts on empty homes.

A robust equality impact assessment must be carried out. Some preliminary work has commenced but the assessment cannot be completed until the end of the consultation process when all responses are collated and considered.

If the Council fails to approve a local Scheme by 31 January it must implement a default scheme which maintains Council Tax Support at the current CTB levels. This would mean that the Council would have no opportunity to implement the options included in the consultation. The scheme would otherwise be identical to that being proposed by the Council. The Bill containing the provisions for the new Scheme and the Council Tax changes has yet to be enacted and only draft regulations are available. The Government has made it clear that Councils should continue with the implementation process.

Members are able to contribute to the consultation process on an individual basis. The information and online survey can be found at www.winchester.gov.uk/ctax-benefit-consultation. Members were first notified of the opportunity to contribute to the consultation in the Democratic Services Update that was issued on 17 August.

The purpose of this report is to give the Overview and Scrutiny Committee the opportunity to provide comments to the Portfolio Holder for Finance & Administration and Cabinet.

RECOMMENDATIONS:

That Overview and Scrutiny Committee provides comment to the Portfolio Holder for Finance & Administration and Cabinet as appropriate.

OTHER CONSIDERATIONS:

1 SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLANS (RELEVANCE TO):

- 1.1 The Council has a corporate outcome of being an *Efficient and Effective Council – Being fit for the future*. One of the specific actions is to *Put in place appropriate systems to effectively deal with the changes to council tax benefit*. The consultation process described in this report forms part of that action.

2 RESOURCE IMPLICATIONS:

- 2.1 Under the existing CTB scheme, the Council is reimbursed fully, on the amount of CTB paid out correctly, with the exception of the discretionary War Pensions Scheme. The new scheme for support will be offered in the form of a Council Tax reduction (discount on the Council Tax bill). The support will reduce the Council Tax Base in the same way as other discounts and exemptions.
- 2.2 Under the new arrangements the Council, together with major precepting authorities, will be given a cash specific sum reducing the Council Tax requirement and off-setting the reduction in the Council Tax Base. Any expenditure above the cash limited sum will have to be met by the Council and major precepting authorities via the Collection Fund. Winchester's share of any surplus or deficit would be approximately 13.3%.
- 2.3 The indicative figure for the Council (including special expenses) is £469,000. The figures are illustrative and will be revised based on 2011/12 outturn data on subsidised benefit expenditure. The revised figures will not be available

until the autumn, but the Government does not expect the figure to change significantly. In future years it is unlikely that the level of funding allocated for the local schemes will be identified separately. Based on current estimates there would be a shortfall in funding of approximately £84,000 if the Council chooses to continue to provide support at the current levels.

- 2.4 Forecasts of likely demand for assistance will have to be gauged when setting the scheme to ensure that the Council remains within budget. The demand for assistance cannot be determined with any certainty especially at times of economic difficulty. The proposed fixed grant to local authorities represents a financial risk as it will not include any provision to manage increased take up and future Council Tax increases.
- 2.5 The Council currently receives administration subsidy for both Housing and Council Tax Benefits. The Government has stated that it does not intend the administration of local schemes to put pressure on local government finances, in line with the new burden doctrine. The Government will assess the net impact of housing benefit centralisation and the localisation of Council Tax Support, including transitional costs. No indication has been given as to when further information will be available. However, the Council has received an initial payment of £84,000 to support the introduction of the new Scheme. The vast majority of this funding will be allocated to software costs.

3 RISK MANAGEMENT ISSUES

- 3.1 There are no specific risks associated with the recommendations put forward in this report.

BACKGROUND DOCUMENTS:

<http://www.communities.gov.uk/localgovernment/localgovernmentfinance/counciltax/counciltaxsupport/>

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

APPENDICES:

Appendix A - Changes to Council Tax Benefit – Examples of additional amount working age customers could have to pay

Appendix B - Changes to support with paying Council Tax – case studies

Appendix C - Changes to Council Tax discounts and exemptions on empty properties - Examples of the impact of the consultation options

Appendix D - Changes to Council Tax discounts and exemptions on empty properties – case studies

Appendix E – Definition of claimants classed as pensioners

Appendix F – Summary of Council Tax Support Scheme Draft

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Appendix H – Consultation Questionnaire

Changes to Support with paying Council Tax – Examples of additional amount working age customers could have to pay
Examples based on average Band D Council Tax for 2012/13 in Winchester City Council

Circumstances of Working Age Household	Current Property Band*	Additional WEEKLY Amount of Council Tax you will pay under the consultation options (or WEEKLY amount of Council Tax you will pay if you currently pay nothing)				
		Paying a minimum of 10% Council Tax	Paying a minimum of 15% Council Tax	Capping support at Band D	Capping support at Band D and paying a minimum of 10% Council Tax	Capping support at Band D and paying a minimum of 15% Council Tax
Household receives 25% Council Tax discount e.g. single person	B	£1.61	£2.42	£0.00	£1.61	£2.42
	C	£1.84	£2.76	£0.00	£1.84	£2.76
	D	£2.07	£3.11	£0.00	£2.07	£3.11
	E	£2.53	£3.80	£4.61	£6.68	£7.72
Household receives no Council Tax discount e.g. at least 2 adults reside in the property	B	£2.15	£3.22	£0.00	£2.15	£3.22
	C	£2.46	£3.69	£0.00	£2.46	£3.69
	D	£2.76	£4.15	£0.00	£2.76	£4.15
	E	£3.38	£5.07	£6.14	£8.90	£10.29

*If you currently receive a Disabled Person's Band Reduction the changes will be applied to the lower Council Tax Band that is used to calculate your Council Tax Bill.

There are 2,800 working age households receiving Council Tax Benefit in the Winchester area. 115 of these households are in Band E and 60 households are in Band F, G or H.

Changes to support with paying Council Tax – case studies**Paying a minimum of 10% of the Council Tax charge**

Mr Smith lives by himself in a Band B property and receives a 25% single person discount. His Council Tax charge, with a 25% discount, before support is £838.34 per year. This would mean that he would have to pay 10% of this charge, an additional £83.83 a year in Council Tax.

- If Mr Smith currently receives full Council Tax Benefit and does not pay any Council Tax this change means that he will now have to pay £1.61 a week.
- If Mr Smith currently receives partial benefit and makes some Council Tax payments this change means that he will now have to increase his Council Tax payments by £1.61 per week.

Paying a minimum of 15% of the Council Tax charge

Mr Taylor lives with his wife and children in a Band C property. His Council Tax charge before support is £1,277.48 per year. This would mean that he would have to pay 15% of this charge, an additional £191.62 a year in Council Tax.

- If Mr Taylor currently receives full Council Tax Benefit and does not pay any Council Tax this change means that he will now have to pay £3.69 a week.
- If Mr Taylor currently receives partial benefit and makes some Council Tax payments this change means that he will now have to increase his Council Tax payments by £3.69 per week.

Capping support at Band D level

Ms Brown lives with her partner in a Band E property. If Council Tax support is capped at Band D support will be based on the lower Band D charge (£1,437.16) and not the Band E charge (£1,756.53). This would mean that Ms Brown would have to pay, the difference between Band D and Band E, an additional £319.37 a year in Council Tax.

- If Ms Brown currently receives full Council Tax Benefit and does not pay any Council Tax this change means that she will now have to pay £6.14 a week.
- If Ms Brown currently receives partial benefit and makes some Council Tax payments this change means that she will now have to increase her Council Tax payments by £6.14 per week.

Anyone living in a Band A, B, C or D property will not be affected by this change.

Capping support at Band D level and paying a minimum of 10% of the Council Tax charge

Ms Wilson lives with her partner in a Band E property. If Council Tax support is capped at Band D support will be based on the lower Band D charge (£1,437.16) and not the Band E charge (£1,756.53). This would mean that Ms Wilson would have to pay, the difference between Band D and Band E, an additional £319.37 a year in Council Tax. She would also have to pay 10% of the Band D charge, an additional £143.72 per year.

- If Ms Wilson currently receives full Council Tax Benefit and does not pay any Council Tax this change means that she will now have to pay £8.90 a week.
- If Ms Wilson currently receives partial benefit and makes some Council Tax payments this change means that she will now have to increase her Council Tax payments by £8.90 per week

Capping support at Band D level and paying a minimum of 15% of the Council Tax charge

Ms Cook lives with her children in a Band D property and receives a 25% single person discount. Ms Cook will not be affected by the Band D cap. Her Council Tax charge, with a 25% discount, before support is £1,077.87 per year. In future she would have to pay 15% of this charge, an additional £161.68 a year in Council Tax.

- If Ms Cook currently receives full Council Tax Benefit and does not pay any Council Tax this change means that she will now have to pay £3.11 a week.
- If Ms Cook currently receives partial benefit and makes some Council Tax payments this change means that she will now have to increase her Council Tax payments by £3.11 per week

Changes to Council Tax discounts and exemptions on empty properties - Examples of the impact of the consultation options

Consultation option	Estimate of number of properties	Current Council Tax liability for full year			Council Tax liability after change for full year		
		Band B	Band C	Band D	Band B	Band C	Band D
Reduce the discount awarded on second homes from 10% to zero*	500	£1,006	£1,150	£1,293	£1,118	£1,277	£1,437
Remove the current exemption that is awarded for a period of up to six months when a property is vacant and replace it with a 100% discount for a period of up to three months for properties that remain vacant**.	130	£279	£319	£359	£838	£958	£1,078
Remove the 50% discount that is awarded at the end of the above exemption / discount period when a property remains vacant**.	400	£559	£639	£719	£1,118	£1,277	£1,437

*Second homes are properties that are furnished and no ones main home. (This change would not affect people who are required to live in a work related residence.)

**A property is vacant when no one lives there and it is substantially unfurnished.

The figures in the above table are calculated on the average Council Tax charge for the Winchester City Council area. The actual amount will vary depending on the level of the parish Council Tax charge.

The changes would come into effect from 1 April 2013 and would apply to new and existing vacant properties and second homes. All other discounts and exemptions remain unchanged.

Changes to Council Tax discounts and exemptions on empty properties – case studies**Second homes**

Mr Brown lives in Portsmouth and owns a Band C house in the Winchester area. The property is furnished but no one lives in it. Mr Brown's current Council Tax charge for his Winchester property is £1,150 a year. This includes a 10% discount because the property is classed as a second home. If the 10% discount is removed Mr Brown's Council Tax charge would increase to £1,277 a year, an extra £127.

Vacant property – exemption & 50% discount

Mr Smith lives in Southampton and owns a Band D house in the Winchester area. The property has just become unfurnished and no one lives in it. Under the current rules Mr Smith would receive a 6 month exemption from his Council Tax charge followed by a 50% discount. If the exemption is removed and the 50% discount is removed and replaced with a 100% discount for a period of up to 3 months Mr Smith's Council Tax charge for the first year would increase from £359 to £1,078, an extra £719.

Vacant property - 50% discount

Ms Cook lives in Salisbury and owns a Band B flat in the Winchester area. The property is unfurnished and no one has lived in it for over six months. Ms Cook's current Council Tax charge for her Winchester property is £559 a year. This includes a 50% discount because the property is unfurnished and no one lives in it. If the 50% discount is removed Ms Cook's Council Tax charge would increase to £1,118 a year, an extra £559.

Council Tax would also be paid on the main home where the Council Tax payer lives.

Definition of claimants classed as pensioners

Single person

If you have reached state pension credit age you will be classed as a pensioner for Council Tax Support purposes

Couple

If both individuals have reached state pension credit age you will be classed as pensioners for Council Tax Support purposes

If one of you has reached state pension credit age and the other is working age and **not receiving** Income Support (income based), Job Seekers Allowance (income based) or Employment and Support Allowance (income based) your claim will be classed as a pensioner claim for Council Tax Support purposes.

If one of you has reached state pension credit age and the other is working age and **receiving** Income Support (income based), Job Seekers Allowance (income based) or Employment and Support Allowance (income based) your claim will be classed as a working age claim for Council Tax Support purposes.

Winchester City Council

Council Tax Support

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and the draft scheme for Working Age claimants**

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Introduction

As part of the major changes to the Welfare Benefits system, from 1st April 2013 Council Tax Benefit will end and is to be replaced by a new scheme called Localised Support for Council Tax or Council Tax Support. Both systems are means tested which means that they compare your income and capital against an assessment of your needs.

The new scheme will largely be decided by each Council rather than nationally by Central Government. The monies available to each Council have been reduced and if you are of working age the amount of help you receive may be less than under the current scheme (Council Tax Benefit).

Central Government has decided to protect pensioners (persons who are of an age where they can claim pension credit) and therefore if you are a pensioner and are currently receiving Council Tax Benefit, then the amount of help you receive under the new Council Tax Support scheme will be broadly the same and operate in a similar way to the current Council Tax Benefit system

The rules of the Council Tax Support scheme divide the persons who can claim support into various classes. The classes are set by Central Government for pensioners and the classes for working age applicants are set by the Council. The following section shows the classes that are to be in place from 1st April 2013:

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The Council Tax Support scheme for Pensioners (persons who have reached the age at which pension credit can be claimed)

The Council Tax Support scheme for Pensioners (persons who have reached the age at which pension credit can be claimed)

The Government has created three classes and the Council will decide which class each applicant is in. The class will determine the level of Council Tax Support that can be provided:

Class A

To obtain support the person must:

- a. have attained the qualifying age for state pension credit;
- b. not be somebody with a partner of working age in receipt of income support, income-based jobseeker's allowance or income-based employment and support allowance;
- c. be liable to pay council tax in respect of a dwelling in which they are resident;
- d. not have capital savings above £16,000;
- e. have their assessed income less than or equal to the set living allowances (applicable amounts) set by Central Government; and
- f. have made a valid application for the support

The class also includes persons who have successfully claimed Pension Credit Guarantee.

Class B

To obtain support the person must:

- a. have attained the qualifying age for state pension credit;
- b. not be somebody with a partner of working age in receipt of income support, income-based jobseeker's allowance or income-based employment and support allowance;
- c. be liable to pay council tax in respect of a dwelling in which they are resident;
- d. not have capital savings above £16,000;
- e. have assessed income above the set living allowances (applicable amounts) set by Central Government; and
- f. have made a valid application for the support

Class C

To obtain support the person must:

- a. have attained the qualifying age for state pension credit;
- b. not be somebody with a partner of working age in receipt of income support, income-based jobseeker's allowance or income-based employment and support allowance;
- c. be liable to pay council tax in respect of a dwelling in which they are resident;
- d. 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 by Central Government; and
- e. have made a valid application for the support

What Council Tax Support will be payable to Pension Age persons?

If a person matches the criteria in Class A, including that their *income* is less than their *living allowances (applicable amounts)* that person qualifies for 100% reduction on their council tax liability, (net of any council tax discounts, such as single person discount), adjusted down for any non- dependant deductions. This also applies if a person is in receipt of state pension credit guarantee credit from the Department for Work and Pensions (Pensions Service)

If a person matches the criteria in Class B, it will mean the person's *income* is greater than their *applicable amount (living allowances)*. 20% of the difference between the two will be subtracted from this individual's council tax liability (net of any council tax discounts, such as single person discount), adjusted down for any non- dependant deductions

Council Tax Support for persons in Class C 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 or on prescribed benefits. This reduction will equate to the *second adult rebate* available under the Council Tax Benefit scheme and may be awarded at 100%, 25%, 15% or 7.5% of the council tax liability, depending on individual circumstances

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The draft Council Tax Support scheme for working age persons

The draft Council Tax Support scheme for working age persons

The Council has decided that there will be three classes and the Council will decide which class each applicant is in. The class will determine the level of Council Tax Support that can be provided:

Class A

To obtain support the individual (or their partner) must:

- a. have not attained the qualifying age for state pension credit; or
- b. have attained the qualifying age for state pension credit if they, or their partner, is a person on income support, on an income-based jobseeker's allowance or on an income-related employment and support allowance.
- c. be liable to pay council tax in respect of a dwelling in which he is solely or mainly resident;
- d. not have capital savings above £16,000;
- e. be a person whose *income* is **less** than their living allowances (*applicable amount*) or the claimant or partner is in receipt of Income Support, Jobseekers allowance (income based) or Employment and Support Allowance (income related); and
- f. have made a valid claim for support.

Class B

To obtain support the individual (or their partner) must:

- a. have not attained the qualifying age for state pension credit;
- b. be liable to pay Council Tax in respect of a dwelling in which they are solely or mainly resident;
- c. be somebody in respect of whom a maximum council tax support amount can be calculated;
- d. not have capital savings above £16,000;
- e. be a person whose *income* is **more** than their living allowances (*applicable amount*);
- f. have made a valid claim for support;

Class C

To obtain support the individual must:

- a. have not attained the qualifying age for state pension credit; or
- b. have attained the qualifying age for state pension credit if they, or their partner, is a person on income support, on an income-based jobseeker's allowance or on an income-related employment and support allowance.
- c. be liable to pay council tax in respect of a dwelling in which they are solely or mainly resident;
- d. be somebody who has at least one second adult living with them who is not their partner, not somebody who pays rent, and who is on a *prescribed* low wage and/or a *prescribed* benefit.
- e. have made a valid claim for support:

What Council Tax Support will be payable to a working age person?

If a person matches the criteria in Class A, including that their *income* is less than their *living allowances (applicable amounts)* that person qualifies for the maximum council tax liability allowed. This also applies if a person is in receipt of income support, on an income-based jobseeker's allowance or on an income-related employment and support allowance

If a person matches the criteria in Class B, it will mean the person's *income* is greater than their living allowances (*applicable amount*). 20% of the difference between the two will be subtracted from the maximum council tax liability allowed.

Council Tax Support for person in Class C 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 or on prescribed benefits. This

may be awarded at 100%, 25%, 15% or 7.5% of the maximum council tax liability allowable by the Council, depending on individual circumstances.

For 2013/14, the maximum council tax liability allowed will be 85% or 90% of the council tax liability or 85% or 90% of a Band D charge (whichever is the lower).

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How Council Tax Support works

How Council Tax Support works

Who can claim?

If you have to pay Council Tax, you may be able to get Council Tax Support (CTS) from 1st April 2013

You can only get support if you have a right to reside and are habitually resident in the United Kingdom (UK). If you have entered the UK within the 2 years before your claim for benefit, the council will ask you about this.

People given refugee status, humanitarian protection or exceptional leave to remain in the UK will continue to be eligible for support.

Most full-time students are not entitled to Council Tax Support.

How much Council Tax Support can I get?

Maximum Council Tax Support depends on:

- Whether you are in the Pension Age scheme (attained the qualifying age for state pension credit) or are in the Working Age scheme;
- How much council tax you have to pay; and
- Who you live with.

How is maximum Council Tax Support calculated for the Pension Age Scheme

For the Pension Age Scheme the maximum Council Tax Support is set by the Government as up to 100% of the council tax you are liable to pay less any non dependant deductions (see non dependant deductions later in this document). If you are entitled to Pension Credit Guarantee the Council will grant maximum Council Tax Support

How is maximum Council Tax Support calculated for the Working Age Scheme

For the Working Age Scheme the maximum Council Tax Support is set at 85% or 90% of the council tax you are liable to pay (or 85% or 90% of a Band D charge, whichever is the lower), less any non dependant deductions (see non dependant deductions later in this document). If you are entitled to Income Support, income-based Jobseeker's Allowance or income related Employment and Support Allowance then you will receive the maximum Council Tax Support

Extended Payments

If your Income Support, income-based Jobseeker's Allowance or income-related Employment & Support Allowance or Incapacity Benefit, Severe Disablement Allowance or contributory Employment & Support Allowance stops because of work.

Extended Payments of Council Tax Support are available and the payment is an extra four weeks of support to help pay towards your Council Tax when certain other benefits stop because you're going back to work, working more hours or earning more money.

You do not have to claim an Extended Payment if you or your partner (and they remain a partner throughout the claim) have stopped getting one of the benefits mentioned below because one of you is expecting to do one of the following for five weeks or more:

- Return to work full time
- Work more hours
- Earn more money

In order to qualify you need to meet the following criteria:

you've been getting one of the following:

- Jobseeker's Allowance, Income Support, or income-related Employment & Support Allowance or a combination of these benefits continuously for at least 26 weeks

or

- Incapacity Benefit, Severe Disablement Allowance or contributory Employment & Support Allowance continuously for at least 26 weeks

and

- You expect the work, increased hours or earnings to last five weeks or more

and

- you've not been getting Income Support, income-based Jobseeker's Allowance or income-related Employment & Support Allowance with your Incapacity Benefit, Severe Disablement Allowance or contributory Employment & Support Allowance when it ceased.

Normally you'll get the same amount of Council Tax Support as you did before your income-based Jobseeker's Allowance, Income Support, income-related Employment & Support Allowance, Incapacity Benefit, Severe Disablement Allowance or contributory Employment & Support Allowance stopped.

It is paid by the Council directly to your Council Tax account. The Council will decide whether or not you're entitled to an Extended Payment. The Council will also consider whether you are entitled to in-work Council Tax Support. Once your extended payment period has ended, you can move onto in-work Council Tax Support (provided you are entitled to it) without having to make a new claim.

If you do not get Pension Credit Guarantee, Income Support, income-based Jobseeker's Allowance or income related Employment and Support Allowance

Even if you do not get Pension Credit Guarantee, Income Support, income-based JSA or income-related Employment & Support Allowance you may still get some help with paying your council tax. This is worked out by comparing the maximum Council Tax Support you could get with:

- your needs (called your living allowances or applicable amounts); and
- your income and capital resources

Capital

Savings and investments (capital) may have an effect on the assessment of your income. Capital will only affect your income if you have more than £6000 and are of working age or £10000 if you are of pension age. If you have more than £16,000, you will not normally be able to get Council Tax Support (unless you have attained the qualifying age for state pension credit) and receive the Pension Credit Guarantee, in which case there is no limit to the amount of capital you can have).

Absences from home

You should let the Council know if you are going to be temporarily absent from your home for a period of more than two weeks. There are some special situations in which you may continue to get Council Tax Support if you are not actually living in your home.

If you are temporarily absent you can normally get Council Tax Support for a maximum of 13 weeks as long as:

- you intend to return home; and
- in your absence you will not let or sub-let the part of your home where you normally live: and
- you will not be away for longer than 13 weeks.

In certain circumstances, you may be able to get Council Tax Support for up to 52 weeks, for example if you are in hospital, or are held in custody on remand, provided that:

- you intend to return home; and
- in your absence you will not let or sub-let the part of your home where you normally

- live; and
- you will not be away for longer than 52 weeks.

How to claim

Claims for Council Tax Support must be made in writing,. You can contact the Council for an application form.

All claims will need to be supported by evidence of your circumstances and this will need to be provided to the Council. If you are claiming Housing Benefit as well as Council Tax Support, the Council will provide you with a joint claim form

If you live with your partner only one of you can make the claim for Council Tax Support. You may choose who is to make the claim, or if you cannot agree who is to claim, the Council will nominate one of you to be the claimant.

Appointees

An appointee, for the purpose of Council Tax Support, is someone over 18 appointed by the Council, to manage the Council Tax Support claim of someone who is incapable of doing so themselves (mainly because of mental incapacity).

If you are already an appointee for other benefits and wish to be the appointee for Council Tax Support, you should write to be appointed by the Council. The role and responsibilities are the same. If you wish to become an appointee you should get in touch with the Council; they will explain the process and your responsibilities. The authority can end the appointment at any time. It is ended automatically if one of the people listed below is appointed. As an appointee you can resign at any time. An appointee cannot be made where there is already someone acting for the customer's financial affairs in any of the following capacities:

- a receiver appointed by the Court of Protection
- under Scottish law, a tutor, curator or other guardian, a continuing attorney or welfare attorney
- someone appointed to have the power of attorney.

Information and evidence

The Council may need more information or supporting evidence so that they can calculate your Council Tax Support. If all the information they need is not on the claim form, or they need to clarify something or want some more verification of your circumstances the Council will contact you. If you do not reply within one month a decision will be made on your claim based on the evidence you have provided. If you have not provided sufficient information your claim will be deemed as incomplete.

How long will it take to decide your claim for Council Tax Support

The Council will deal with your claim for Council Tax Support as soon as possible after receiving all the information from you that they need to work out your entitlement

Date of claim

The date of claim will be the date you first contacted the Council provided that the claim form is returned to the Council within one month of the claim form being issued.

If you change your address

If you move to a different Council area, you must make a new claim for Council Tax Support at your new council. If you move within the same Council area, you must still tell the Council.

Backdating a claim

If you are of working age, your claim to Council Tax Support may be backdated in some circumstances. You must prove to the Council that there was continuous good cause for not having made an earlier claim. However, for working age customers the maximum time the council can go back is 6 months from the date your claim for backdating was actually made. You must show there was 'good cause' for not making an earlier claim throughout the whole of any period you want backdated up to the date your claim for backdating was made.

If you have reached the qualifying age for state pension credit your Council Tax Support may be paid for up to 3 months before the date you made your claim. You do not have to ask for this and you do not have to show “good cause” for not having claimed earlier.

Start of Council Tax Support

If you become liable for Council Tax for the first time, for example if you move to a new address or reach the age of 18 or stop being a registered student, you should claim either in advance (you may claim up to 13 weeks before you expect to become liable), or in the week that your liability starts. You then get support from the day you start being liable for Council Tax. If you claim later than this, your support starts on the Monday after the day you claim

If you are already paying the Council Tax and become entitled to support because you have less money or your applicable amount changes, you also start getting support on the Monday after you claim.

Start of Council Tax Support where a claimant’s partner moves in

If your partner moves into your home with you, you will be jointly and severally liable for the Council Tax. The Council will re-assess your support entitlement taking into account any income and capital your partner has.

End of Council Tax Support

If you stop being liable for Council Tax, for example if you move away from an address or become exempt or start being a registered student, your Council Tax Support stops on the day you stop being liable. If you no longer qualify for Council Tax Support because, for example, your income increases or your applicable amount changes, your Council Tax Support will be stopped from the end of that support week.

End of Pension Credit Guarantee, Income Support, income-based Jobseeker’s Allowance or income related Employment and Support Allowance entitlement

If you stop getting Pension Credit Guarantee, Income Support, income-based Jobseeker’s Allowance or income related Employment and Support Allowance, you must tell the Council and they will have to stop your Council Tax Support. At the same time they will ask you to explain your new circumstances, because you may still be able to get some help with your Council Tax.

People who live with you - non-dependants

People who normally share your accommodation but are not dependent on you for financial support are known as non-dependants.

Non-dependant deductions

Any non-dependants who normally share your accommodation could affect the amount of Council Tax Support you get whether or not you are also getting Income Support, income-based Jobseeker’s Allowance, income related Employment and Support Allowance or Pension Credit Guarantee

The following people do not count as non-dependants and do not form part of your household, whether they share accommodation or not:

- carers employed by a charity that charges for the service;
- joint tenants;
- subtenants;
- boarders;
- tenants of owner occupiers; and
- landlords and their partners.

Non-dependants are people like grown-up sons or daughters and elderly relatives. If you have non-dependants living with you, your Council Tax Support may be affected.

Non-dependant deductions from Council Tax Support

Deductions will be made from your Council Tax Support for non-dependants aged over 18 who normally live with you. There are four levels of deduction. If the non-dependant is working less than 16 hours a week, the lowest deduction will apply. If the non-dependant is doing paid work for 16 hours or more a week, the level of deduction will depend on the non-dependant's gross income.

A deduction will **not** be made from your Council Tax Support if:

You, or your partner

- are registered blind or treated as blind; or
- are receiving the care component of Disability Living Allowance or Attendance Allowance in respect of yourself or your partner;

OR

The non dependant

- has a normal home somewhere else; or
- is receiving Pension Credit Guarantee, Income Support or income-based Job Seekers Allowance or income-related Employment & Support Allowance; or
- is a prisoner; or
- is severely mentally impaired; or
- is a student nurse or apprentice or on Youth Training; or
- has been a patient in hospital for 52 weeks or more; or
- is a full-time student (even if they work full-time in the summer vacation).

A deduction may be delayed for 26 weeks if you or your partner are aged 65 or more and a non-dependant moves into your home, or the non-dependants' circumstances change to increase the deduction.

Working out the amount of Council Tax Support

The maximum amount of Council Tax Support depends on:

- Whether you are in the Pension Age scheme (attained the qualifying age for state pension credit) or are in the Working Age scheme;
- How much Council Tax you have to pay; and
- Who you live with.

How is maximum Council Tax Support calculated for the Pension Age Scheme

For the Pension Age Scheme the maximum Council Tax Support is set by the Government as up to 100% of the council tax you are liable to pay less any non dependant deductions. If you are entitled to Pension Credit Guarantee the Council will grant maximum Council Tax Support

How is maximum Council Tax Support calculated for the Working Age Scheme

For the Working Age Scheme the maximum Council Tax Support is up to 85% or 90% of the council tax you are liable to pay (or 85% or 90% of a Band D charge, whichever is the lower), less any non dependant deductions. If you are entitled to Income Support, income-based Jobseeker's Allowance or income related Employment and Support Allowance then you will receive the maximum Council Tax Support

What if I do not receive Pension Credit Guarantee, Income Support, income-based Jobseeker's Allowance or income related Employment and Support Allowance?

If you do not get Pension Credit Guarantee, income Support, income-based JSA or income related Employment and Support Allowance, the council has to work out if you can get Council Tax Support and if so, how much you can get.

To do this, the Council works out your maximum Council Tax Support, and then compares your needs – called the living allowances or applicable amount – with your resources (your income and capital).

For customers receiving the Savings Credit of Pension Credit, the Council will use a statement supplied by The Pension Service to assess your resources (income and capital).

Second Adult Rebate

Apart from Council Tax Support for yourself, you may also be able to get Council Tax Support if you share your home with one or more adults. This is separate from any Council Tax Support for yourself and is called Second Adult Rebate (SAR). Second Adult Rebate is intended to assist you with council tax if you share your home with someone who is on a low income. Second Adult Rebate may be awarded in the following circumstances:

- if you are treated as living on your own for benefit purposes, and share your home on a non-commercial basis with a person who is on a low income and who is not liable to pay the council tax;
- the second adult is aged 18 or over; and
- no other person is paying rent to you for living in your home.

In order to be classed as a second adult, they must not be:

- liable for the council tax;
- a joint owner or tenant with you;
- your married or unmarried partner;
- someone who is disregarded for the purposes of a discount; or
- living with more than one liable person.

You will need to make a claim for SAR unless you have already claimed Council Tax Support for yourself. The gross income of the second adult will be taken into account when assessing entitlement to SAR.

Gross income includes earnings from employment, as well as other income such as social security benefits and occupational pensions and actual income from the second adult's capital. Any Attendance Allowance or Disability Living Allowance paid to a second adult is completely disregarded. You may apply for SAR even if your own capital exceeds £16,000.

SAR is awarded on the basis of your council tax liability, after any reductions that you may be entitled to are deducted. The amount of SAR that can be awarded is as follows;

Second Adult	Level of Support
(a) Where the second adult or all second adults are in receipt of income support, an income-related employment and support allowance or state pension credit or are persons on an income-based jobseeker's allowance;	25 % of the Council Tax due in respect of that day;
(b) where the gross income of the second adult or, where there is more than one second adult, their aggregate gross income disregarding any income of persons on income support, an income-related employment and support allowance, state pension credit or an income-based jobseeker's allowance—	is less than £180.00 per week; - 15% of the Council Tax due in respect of that day; is not less than £180.00 per week but less than £235.00 per week; - 7.5% of the Council Tax due in respect of that day;
(c) If the dwelling is occupied by a second adult/adults on state	100% of the Council Tax due in respect of that day.

pension-credit, income-related jobseeker's allowance, income-related employment and support allowance or income support, living with a full-time student(s).	
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Income less than applicable amount

In this case you get maximum Council Tax Support (depending on whether you are of Pension Age or Working Age this may vary in amount).

You will also get maximum Council Tax Support if your income is the same as your applicable amount.

Maximum support is your Council Tax liability (net of any council tax discounts, such as single person discount), adjusted down for any non-dependant deductions

Income greater than applicable amount

In this case you will get an amount less than your maximum Council Tax Support. The amount by which your Council Tax Support is reduced is based on the difference between your income and your needs.

A percentage of this difference – called a taper – is taken away from your maximum Council Tax Support

Maximum support is your Council Tax liability (net of any council tax discounts, such as single person discount), adjusted down for any non-dependant deductions

Calculating your needs

Your needs are known as your living allowance or applicable amount and this is an amount that is set each year. For the Pension Age scheme this is set and approved by Parliament. For the Working Age scheme this is set by the Council. Your applicable amount takes into account the size of your family, your age and extra needs you may have. It is made up of personal allowances and premiums. Premiums are included if you have a family, a disability, or a disabled child.

Living Allowances or Applicable Amounts

The living allowances or applicable amount represents the needs of you and your family if you have one. The applicable amount is made up of three parts:

- a personal allowance; and
- personal allowances for children in your family; and
- premiums.

Personal allowance

Your applicable amount always includes a personal allowance. Different amounts apply according to your age and whether you have a partner.

Personal allowances for children

If you are looking after children (other than foster children) then you get an allowance for each child included in your applicable amount. This allowance is included until child benefit ceases.

Premiums for your family

Once personal allowances and allowances for children have been worked out, premiums can be added – if they apply – to make up your applicable amount.

Your children

A family premium will be included if you have any dependent children in your household. No matter how many children you have, you can only get one family premium.

Premiums or components for disabilities

These premiums are included in your applicable amount for people in your family with disabilities. These premiums and components are:

- disabled child premium (for each disabled child in your household);
- disability premium (if you or your partner gets one of the benefits listed below or you have been off sick for more than 52 weeks);
- severe disability premium (if you are disabled and meet certain criteria);
- work related activity component; and
- support component.

Disabled child premium

The disabled child premium is a flat-rate premium, which may be awarded for each disabled child in your household and can be included with any other premiums. Your child is considered disabled if they are:

- registered blind
- or receiving Disability Living Allowance.

Disability premium

Disability premium will be included in your applicable amount if you and your partner are aged less than pension credit age and either of you:

- is registered blind; or
- gets one of the qualifying benefits listed below; or
- has been off sick for 52 weeks or more.

Qualifying benefits

You will get the disability premium if you or your partner get any of the following benefits:

- Disability Living Allowance ;or
- Working Tax Credit Disability Element; or
- Constant Attendance Allowance; or
- War pensioners' mobility supplement; or
- Severe Disablement Allowance; or
- Incapacity Benefit – long term rate or short-term higher rate paid at the long-term rate.

The disability premium cannot be awarded if the claimant is entitled to Employment and Support Allowance.

Severe disability premium

This premium cannot be included on its own. You must first qualify for the disability premium.

If you are single or a lone parent - The severe disability premium may be included in your applicable amount if you:

- receive the care component of Disability Living Allowance at the highest or middle rate, Attendance Allowance or Constant Attendance Allowance; and
- live alone (but if others live with you, see below); and
- no one receives Carer's Allowance for looking after you.

If you have a partner

You may get the severe disability premium if you both:

- receive the care component of Disability Living Allowance (DLA) at the highest or middle rate, Attendance Allowance (AA) or Constant Attendance Allowance; or
- your partner is blind and you receive the care component of DLA at the highest or

- middle rate, AA or Constant Attendance Allowance; and
- no one lives with you; and
- no one receives Carers Allowance for looking after either one or both of you.

For the purposes of severe disability premium your Council Tax Support is not affected if other people living with you are:

- Children; or
- aged 16-17; or
- a person who is registered blind; or
- receiving the care component of Disability Living Allowance (DLA) at the highest or middle rate, or Attendance Allowance (AA); or
- caring for you and are employed by a charity that makes a charge for this service

Enhanced Disability Premium

Enhanced Disability Premium is awarded where you, or a member of your family, who has not attained the qualifying age for state pension receives the highest rate of the care component of Disability Living Allowance (DLA) or where the claimant is in receipt of Employment and Support Allowance support component. This premium will remain in payment if the DLA is suspended during hospitalisation. This premium is awarded at three different rates:

- a rate for each dependent child/young person in your household who receives the highest rate of the care component of DLA;
- a rate for a single person who receives the highest rate of the care component of DLA;
- a rate for couples where at least one member of the couple receives the highest rate of the care component of DLA.

Work Related Activity Component

This is awarded where you or your partner receives main phase Employment and Support Allowance and also receives the component within that benefit

Support Component

This is awarded where you or your partner receives main phase Employment and Support Allowance and also receives a similar component within that benefit

Carer Premium

The Carer Premium is awarded if either you or your partner are looking after a disabled person and:

- receive Carer's Allowance; or
- made a claim for Carer's Allowance and would be entitled but for an overlapping benefit.

If both you and your partner satisfy the qualifying conditions two premiums can be awarded.

The carer premium continues for eight weeks after caring ceases.

Calculating your resources

Your resources are made up of your income and your capital. These are worked out as a weekly amount of income.

Income

Income is all the money that you have coming in from earnings, social security benefits, maintenance payments and other sources. Depending on the type of income, it may be completely or partially ignored in the calculation of your Council Tax Support (the disregards),

or taken fully into account.

Normally, your resources and those of your partner are taken together when your income and capital are worked out.

Income from employment

This is income from work you do when you are employed by someone else. If you are a company director or any other officeholder in a company you are classed as an employee of that company.

Earnings from employment is money you are paid when you work for someone else. This includes the following types of payments:

- bonuses or commission (including tips);
- money you get instead of your normal pay (for example, a liquidator may give you money when your employer stops trading and you are owed some pay);
- money you get in place of notice to end your employment, or money you get to make up for losing your job;
- money you get for holidays you did not take (holiday pay) – but not holiday pay owed to you more than four weeks after you stopped work;
- money you get if you are kept on while doing no work (for example, a retainer paid to school cooks during school holidays);
- expenses you are given to cover your travel to and from work;
- expenses you are given to cover the costs of looking after someone in your family
- any expenses you are given that are not essential for you to carry out your work;
- money you get, under the Employment Protection (Consolidation) Act 1978, when you are not given work because of bad weather, or money you get because of unfair dismissal;
- money that an industrial tribunal orders your employer to give you if the period of notice or redundancy that is required by law has not been given;
- money you get from your former employer's redundancy funds if the business goes into liquidation;
- Statutory Sick Pay
- Statutory Maternity Pay or Statutory Paternity Pay
- Statutory Adoption Pay;
- Employer's sick pay or employer's maternity pay
- earnings from permitted work

Earnings from employment do not include:

- payment in kind (where no money is involved)
- expenses you are given that are essential for you to carry out work
- occupational pension

Net earnings

Once your gross earnings have been worked out, the Council will take away:

- your income tax payments (allowing for personal relief); and
- your National Insurance (NI) contributions; and
- half of any contributions you make to an occupational or personal pension scheme (any amounts paid to a pension scheme by your employer do not count).

This gives your net earnings, which are used to work out your Council Tax Support

Self-employed earnings

If you are self-employed, all the money you earn when you are not employed by someone else is known as your earnings from self-employment. You may have self-employed earnings

even if you are also working for someone else, or if you are a franchise holder.

When working out your earnings the Council will want to know how much you earn when you are self-employed, and you will be asked to provide evidence, if possible, of how much you earn.

There are three stages in working out your self-employed earnings. The first is calculating the gross profit of your business. In the second stage, deductions – which are called allowable expenses – are taken away from the gross profit to give the net profit of the business. In the third stage, tax, NI, and half of any contributions you make to an occupational or personal pension scheme are taken away from your net profit to give your net earnings.

Childminders

If you are a childminder only one third of your gross earnings from childminding will be taken into account when calculating your Council Tax Support.

Earnings and earnings disregards

After working out your net earnings, any amount that is not counted in the calculation of your Council Tax Support is known as a disregard.

The amount of your earnings that is not counted depends on which premium is included in your applicable amount.

When £5 is not counted - If you are single and you cannot get a greater disregard by any of the means explained below, up to £5 of your weekly earnings will not be counted (the £5 disregard).

When £10 is not counted - If you have a partner and you cannot get the £20 disregard by any of the means explained below, up to £10 of your joint weekly earnings will not be counted (the £10 disregard).

When £20 is not counted - £20 per week of your earnings will not be counted if your applicable amount includes:

- the disability premium; or
- the severe disability premium; or
- a component with Employment and Support Allowance; or
- the carer premium (where the carer is working).

If both you and your partner are carers, the total disregard cannot be more than £20. The carer premium and this earnings disregard can continue for a further eight weeks after caring ceases.

If you have a partner, your earnings are added together when your Council Tax Support is worked out.

If you cannot get the £20 disregard under the above categories, you may still be able to get it if you are:

- a part-time firefighter; or
- an auxiliary coastguard; or
- a part-time member of a crew launching or manning a lifeboat; or
- a member of the Territorial Army or the Reserve Forces.

When £25 is not counted - £25 per week of your earnings will not be counted if you are a lone parent (the £25 disregard)

Additional disregard

If you work on average 30 hours a week or more you will usually be able to get an extra earnings disregard. In certain circumstances you can also qualify for the higher earnings disregard if you work 16 hours or more e.g. if you are a lone parent or disabled. This is the same amount as the 30-hour element in your Working Tax Credit (WTC)

Childcare charges

In certain circumstances, average childcare charges of up to £175 (for one child) or up to £300 for 2 or more children per week per family can be offset against your earnings. This disregard, which is in addition to the other earnings disregards, is available to:

- lone parents who are working 16 hours or more per week;
- couples where both are working 16 hours or more per week;
- couples where one member is working 16 hours or more per week and, generally, the disability premium is included in the applicable amount on account of the other member's incapacity or the other member is in hospital or in prison.

It applies where formal childcare is provided by, for example, registered childminders or day nurseries for children until the first Monday in September following their 15th birthday (or the 16th birthday for children who are entitled to Disability Living Allowance or who are registered blind).

In certain circumstances, help with childcare costs can be given while you are on maternity leave or paternity or adoption leave or you are sick. The Council will be able to give you more details.

In some other cases explained here, different amounts of your earnings are not counted.

If you are in receipt of Pension Credit Guarantee, Income Support, income-based Jobseeker's Allowance or income related Employment and Support Allowance then any earnings you get will not be counted again in working out Council Tax Support.

Notional Earnings

The council may think that there are earnings which you could receive but are not. This is known as notional earnings because you do not actually receive those earnings. The Council may take these into account for Council Tax Support purposes

Other income

Other income is all the other money you have coming in apart from earnings from employment or self-employment. It is sometimes called unearned income.

State benefits

The following benefits are counted in full as income for Council Tax Support:

- Contribution-based Jobseeker's Allowance
- Contribution-based Employment and Support Allowance
- Universal Credit
- State Pension
- Incapacity Benefit
- Severe Disablement Allowance
- Carer's Allowance
- Industrial Injuries Disablement Benefit
- Industrial Death Benefit
- Working Tax Credit
- Child Tax Credit (ignored if you or your partner are pension age)
- Pension Credit Savings Credit
- Bereavement Benefits (ignored if you or your partner are pension age).

Unearned income that is not counted

The following types of income are not counted by the Council when it works out your Council Tax Support:

- any income you get if you are getting the Guarantee Credit or Pension Credit, Income Support, income related Employment and Support Allowance (ESA) or income-based Jobseeker's Allowance (JSA);
- Disability Living Allowance (DLA);
- Attendance Allowance (AA) or Constant Attendance Allowance (CAA);
- Attendance allowances paid as part of a War Disablement Pension or Industrial Injuries Disablement Benefit;
- Child Benefit;
- Child Maintenance
- money you get which takes the place of DLA, AA, CAA, or Income Support;
- war pensioners' mobility supplement;
- any money you get from the Social Fund;
- Guardian's Allowance;
- money you get as a holder of the Victoria Cross, the George Cross, or any comparable award;
- any grants or allowances you get from your local education authority if you have a dependent child who continues in education after school leaving age;
- any training premium and any refunded travelling expenses or living away from home allowances when you are on a Department for Education and Employment Training Scheme training course or at an employment rehabilitation centre;
- any money such as interest or dividends from savings or investments;
- any expenses you get from an employer that you need to carry out your work;
- any expenses you get from a charity so that you can carry out unpaid work;
- any income in kind (where you are given something other than money);
- any income you have which has been held back outside this country, as long as it remains held back, and it is not within your control;
- any money you get for fostering a child;
- any money you get for looking after an elderly or disabled person temporarily (community boarding out schemes);
- any money you get from a local Social Services Department to help keep a child at home instead of putting them into care;
- any Council Tax Benefit you have received;
- special payments made with your War Widow's Pension if you have been designated as a pre-1973 war widow;
- any charitable or voluntary payments which are made regularly;
- payments made under the Employment Department's 'Access to Work' scheme for disabled people; or
- War Disablement Pension or a War Widow's/Widower's Pension, or any similar payment from another country

Some types of income may be counted as capital.

Unearned income that is counted in part

There are some types of unearned income that are only partly counted. The following are disregarded:

- the first £15 of Widowed Mother's Allowance or Widowed Parent's Allowance;
- the first £20 of any money from sub-tenants; or
- the first £20 then 50% of the excess of money you receive from each boarder is ignored. The balance is treated as income.

Notional income

The council may think that there is income, which you could get, but you are not claiming it. This is known as notional income because you do not actually receive that income. The Council may take this into account for Council Tax Support purposes

Parental contributions to students

If you are making a parental contribution to a student then part of your income is not counted to take account of this.

Capital

Your capital includes savings and investments held by yourself in any form (for example, bank and building society accounts, investment trusts, and shares) from any source (for example, inheritance, redundancy payments, and irregular payments from a charitable or voluntary source). It will normally also include the net sale value of land and housing that you do not occupy, after deducting 10% for expenses of sale.

If you have a partner, capital belonging to your partner is treated as yours for the purposes of Council Tax Support

Capital outside the United Kingdom

If you have capital – in the form of liquid or fixed assets – outside this country, the council will need to know how soon it can be transferred and how much it is worth. If the capital cannot be brought into this country, enquiries will be made about how easily it can be sold, and whether a willing buyer can be found.

Capital for Working Age

The first £6,000 of capital is not counted. Capital over £6,000 up to £16,000 will be taken into account at £1 a week for each £250 (or part of £250) of capital over £6,000

Capital for Pension Age

The first £10,000 of capital is not counted. Capital over £10,000 up to £16,000 will be taken into account at £1 a week for each £500 (or part of £500) of capital over £10,000.

For customers who receive the Guarantee Credit of Pension Credit there is no upper limit on the capital you can have.

If you have capital over £16,000, you may still be entitled to Second Adult Rebate, as your income and savings are not taken into account. However, the actual income received from the second adult's capital will be taken into account.

Personal possessions

Personal possessions – for example, a car, furniture and fittings in your house, and family belongings – are usually not included in the calculation of capital. However, this may not be the case where the Council has good reason to believe that something has been bought to reduce your capital in order to gain or increase entitlement to benefit. If the council decides that you deliberately got rid of capital just so that you can get Council Tax Support, it may assume that you have notional capital to the value of the capital you disposed of.

If you own your home

The value of your property (including the house, garage and outbuildings) is not counted unless any part of the property could reasonably be sold off separately. Mortgages will not be counted as capital. Additional borrowing for home improvements or if repaying debts is not counted provided the money is spent. Home income plans where money is raised against the property and held by the claimant, or partner, will be counted as capital.

Property you own but do not occupy

The value of this property is counted as capital but you may be able to get Council Tax Support even if the value of the property means that your savings are more than £16,000.

This is because the value of the property may be ignored when your savings are worked out, in certain circumstances.

If the property is occupied by an elderly or disabled relative as their home, its value is not taken into account for as long as it is so occupied.

If you have recently acquired the property and you intend to occupy it as your home, its value may not be counted for 26 weeks, or for a longer period if reasonable, from the date you acquired it.

If you are trying to sell the property, its value may not be counted for the first 26 weeks after you start doing this. It may not be counted for longer than this if you are finding it difficult to sell the property.

If you are carrying out essential repairs or alterations so that you can live in the property, its value may not be counted for a period of 26 weeks from the date you first arranged for repairs to be carried out. It may not be counted for longer than this if you are finding it difficult to finish the work.

If you are taking legal action so that you can live in the property, its value may not be counted for the first 26 weeks after you start doing this. It may not be counted for longer than this if legal action is continuing and you cannot live in the property.

If you have left the property after the breakdown of a relationship, and it is occupied by your former partner, its value may not be counted for the first 26 weeks after you left. If the property is occupied by your former partner and they are a lone parent, the property will not be counted for as long as it continues to be so occupied.

Deposits on your accommodation

Sums that have to be deposited with a housing association as a condition of your tenancy are not counted.

Reserved capital

If capital from the sale of a house is kept for a house purchase, it is not counted for up to 26 weeks, or longer if:

- major repairs or adaptations are needed for you to occupy your home; or
- the completion of the purchase of your new home is unavoidably delayed.

Compensation received for a burglary or for damage to or loss of a house is also not counted for 26 weeks, as long as it is to be used for repair or replacement

Valuation of property

Property will be valued at the price it would be expected to fetch on the open market, less any outstanding mortgage or legal charges on the property. 10% of the current market value will also be deducted to take into account the cost of the sale.

If you have property outside Great Britain and there is no restriction on transferring money to this country, your property will be valued at its local sale value. If there is a restriction, its notional value will be the value of a sale to someone in the UK. In both cases, any outstanding legal charges on the property or mortgages will be deducted, together with 10% of the total to cover the cost of the sale.

National Savings Certificates

National Savings Certificates of the current issue are valued at purchase price. Certificates of a previous issue are valued as if they were purchased on the last day of that issue.

Life assurance policies

The surrender value of life assurance policies is not taken into account when assessing Council Tax Support.

Arrears of benefits

Any arrears of Disability Living Allowance, Attendance Allowance, Pension Credit, Income Support, income-based Jobseeker's Allowance, Working Tax Credit and Child Tax Credit that you get are not counted for up to 52 weeks.

Lump sum payment of deferred State Pension

The gross amount of lump sum, or an interim payment made on account of a final lump sum, paid at the end of the period of deferring State Pension will be disregarded as capital for the life of the recipient.

Compensation payments

For Council Tax Support purposes, compensation payments will normally be counted in full as capital. Capital will not be counted if it is held in trust or by the 'Court of Protection' as a result of a personal injury payment – for example, a criminal injury payment or a vaccine damage payment. For persons of Pension Age compensation payments made as a result of personal injury are ignored whether or not placed in a trust.

Business assets

Business assets of a self-employed earner are not counted while engaged in that business. Nor are they counted in certain other circumstances, but any shares owned will be treated as capital.

Notional Capital

The council may think that there is capital which you could get but which you do not have. This is known as notional capital because you do not actually possess that capital.

- Capital you have disposed of - You will be treated as having notional capital if you have disposed of capital in order to get Council Tax Support or to get more Council Tax Support.
- Capital you could have got - If you have the right to money held in a private trust, then that is actually your capital, and will be taken fully into account.

If the Council has decided to treat you as possessing notional capital they will reduce the amount of this capital on a regular basis by a set calculation. This calculation reduces your notional capital by the amount of support you have lost as a result of deprivation.

How Council Tax Support is paid

If you are liable to pay the Council Tax, the Council will normally send you a Council Tax bill from which your Council Tax Support has already been deducted. You will then have to pay only the reduced amount. This means that you will not actually receive any money, but your Council Tax bills will be reduced.

How you will be notified about your Council Tax Support

The Council will reach a decision on your entitlement to Council Tax Support as soon as possible after your claim and all supporting evidence is received.

How can I appeal?

If you disagree with the decision you will need to write to the Council stating the reasons. You have one calendar month from the date of notification or the original decision to do this. If the Council agrees with your appeal then the Council Tax Support will be amended and you will receive another Council Tax bill showing the revised amount.

If the Council does not agree with your appeal you may appeal to the Valuation Tribunal. You have one calendar month from the date of notification. The Valuation Tribunal is an independent tribunal who will hear your case (either in person or in writing). If the Valuation Tribunal agrees with you they will instruct the Council to amend your Council Tax Support accordingly.

Throughout the appeal you will still be required to make payment of your Council Tax liability

as determined by the Council.

Changes of circumstances

You must notify your Council immediately if there is a change in anything that might affect your right to or the amount of Council Tax Support.

This will include:

- where you live; or
- who you live with; or
- your income, savings and investments; or if you stop getting Pension Credit, Income Support, income-based Jobseeker's Allowance or Employment and Support Allowance; or
- if you get a job; or
- if you or your partner go into hospital; or
- if there is any other change in your circumstances which you might reasonably be expected to know might affect your right to Council Tax Support

The changes can be notified in writing, by telephone or electronically.

Most of these changes will affect your Council Tax Support in the following support week, but changes in the amount of council tax payable will affect your Council Tax Support from the day on which the change occurs.

Students

Council Tax Support is not normally available for students. The exceptions are:

- vulnerable students, such as disabled students and lone parents;
- part-time students; and
- couples where one partner is not a student.

Students who are liable to pay the council tax may claim second adult rebate (SAR).

Loan and grant income

The grant money you get is generally paid to cover the period you are studying. If it does not cover this period your council, or Student Awards Agency for Scotland, will tell you the period it does cover.

If you are eligible for a loan or have been awarded a grant the Council will assume that these amounts are paid, whether they are actually paid or not.

The money you receive in your loan is generally used as your income for the period between the beginning of September and the end of June and is divided by the number of weeks in that period to give a weekly amount.

If you receive a dependants grant this will be taken into account over the same period as your loan unless you also receive, or only receive, a grant towards your personal maintenance.

Because much of your loan is meant for essential educational items, some of the grant is ignored when working out your income for Council Tax Support. The following elements of your loan or grant are not counted:

- tuition and examination fees;
- any disability allowance in your grant;
- the cost of term-time residential study away from your college;
- the Two Homes Grant – given when you have to maintain another home away from college;
- an allowance for books and equipment; and

- travel expenses.

Students and partners

Your grant may have been reduced to allow for your partner's income because your partner can make a contribution to your expenses. An amount – equal to that contribution – is then ignored when the council works out your joint income for Council Tax Support. If a student is required to contribute to his own grant income, an equivalent amount is disregarded from the income used to assess that contribution.

Other income

Will be treated in the same way as grant income if it is intended for expenditure that is needed on the course. If the income is not intended for expenditure on the course, it is treated under the normal rules for income.

Loans from the Student Loans Company

The maximum loan available to you will be taken into account regardless of whether you have borrowed up to your limit or not. The loan will generally be divided by the number of weeks between the beginning of September and the end of June to arrive at a weekly figure for assessment purposes. Up to £10 a week of the loan may be disregarded.

Access funds

These are discretionary payments made by educational establishments to students who are facing financial hardship.

The amount of the payment to be taken into account will depend on how it is to be paid and what the payment is for. Some payments from the funds can be disregarded in full.

Information and information sharing

The Council will use information provided by the Department of Work and Pension and Her Majesty's Revenues and Customs for the purposes of council tax support, council tax liability, billing, administration and enforcement

The Council may receive and obtain information and evidence relating to claims for Council Tax Support, the council may receive or obtain the information or evidence from–

- persons making claims for council tax support;
- other persons in connection with such claims;
- other local authorities; or
- central government departments including the DWP and HMRC

The Council may verify relevant information supplied to, or obtained for Council Tax Support purposes.

Counter Fraud and Compliance

In order to protect the finances of the Council and also in the interests of all Council Taxpayers, the authority will undertake such actions as allowed by law to;

- Prevent and detect fraudulent claims and actions in respect of Council Tax Support;
- Carry out investigations fairly, professionally and in accordance with the law; and
- Ensure that sanctions are applied in appropriate cases

Fair Processing

The Council is under a duty to protect the public funds it administers, and to this end may use the information you provide for the prevention and detection of fraud. We may also share this information with other bodies responsible for auditing or administering public funds for these purposes. Without identifying you we may use this information to help us plan and improve our services.

Winchester City Council

Vulnerability & Work Incentives Policy

DRAFT

How the Council's policy for Council Tax Support addresses the issues of;

- **Child poverty**
- **The chronically sick and disabled**
- **The Armed Forces Covenant; and**
- **Work Incentives**

DRAFT

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Child Poverty

1.0 Child Poverty

1.1 The Child Poverty Act 2010 requires the Secretary of State to meet four targets to eradicate child poverty by 2020. It requires a strategy every three years (the first being in Spring 2011) to meet these targets and report annually on progress. The Act conveys the following duties on local authorities and their partners:

- Co-operate to tackle child poverty in their area
- Prepare and publish a local child poverty needs assessment
- Prepare a joint local child poverty strategy
- Take child poverty into account when preparing or revising their Sustainable Communities Strategy

1.2 The Government published its first Child Poverty strategy in April 2011 (*A New Approach to Child Poverty: Tackling the Causes of Disadvantage and Transforming Families' Lives*). At the heart of this strategy is strengthening families, encouraging responsibility, promoting work, guaranteeing fairness and providing support to the most vulnerable.

1.3 Under the Act and from 2011 each local strategic partnership is required to have a Child Poverty Strategy to meet these targets and report on annual progress.

1.4 The definition used within this policy is as follows;

- Households with children in which income is less than 60% of the national median;

1.5 The Council is mindful of the proportion of dependent children within its area who live in households whose income is below 60% of the national median.

How the Council's policy addresses the issues of child poverty

1.6 The Council in creating its policy has looked to maintain the key elements of the previous Council Tax Benefit regime and as such provides the following;

- a. Where the claimant or partner is in receipt of Income Support, Income Based Job Seekers Allowance or Income Related Employment and Support Allowance (passport benefits) – Council Tax Support will be paid at the maximum determined by the Council;
- b. Where the claimant or partner is not in receipt of the benefits specified in (a) above but is on a low income, their income will be compared with the specified applicable amounts (living allowances). The applicable amounts (living allowances) will continue to contain the following elements;
 - i. Dependents Additions – an allowance for each child is used within the calculation;
 - ii. Disabled Child Premiums – where a child is deemed to be disabled under the policy an additional premium is granted for each child within the calculation;

- iii. Enhanced Disability Premium (where the child is entitled to Disability Living Allowance Care Component at the highest rate); and
 - iv. Family premium – where any claimant has at least one child, a family premium is awarded.
- c. Where the claimant or partner is not entitled to ‘passport benefits’ and the income of the family is calculated in assessing entitlement to support, the following incomes are disregarded;
- i. Child Benefit;
 - ii. Child maintenance; and
 - iii. Other income payable to children
- 1.7 In all cases including those families in receipt of ‘passport benefits’, the approach taken provides support where income is low. Where the families are not in receipt of passport benefits, families with children will in the main, receive relatively more support than those claimants with no children
- 1.8 All claimants are encouraged to undertake work and where they are able to achieve this, the policy allows for disregards to be made against earnings which will allow for child care charges to be disregarded (to the maximum specified within the policy)

DRAFT

Chronically Sick and Disabled

2.0 Chronically Sick and Disabled

2.1 The definition of chronically sick and disabled is set out in the following legislation:

- Disabled Persons (Services, Consultations and Representation) Act 1986
- Chronically Sick and Disabled Persons Act 1970
- Equality Act 2010

How the Council's policy addresses the issues of disability

2.2 As with child poverty, the Council has sought to maintain the key elements of the previous Council Tax Benefit scheme and as such provides protection in the overall calculation of the support. For claimants who receive a 'passport' benefit they will receive the maximum support offered by the Council.

2.3 Where the claimant or partner is not in receipt of a 'passport benefit', their calculation of benefit will include all of the premiums that existed under Council Tax Benefit including the following;

- a. Disability Premium - awarded when the claimant or partner is disabled;
- b. Severe Disability Premium – awarded when both claimant and partner are both severely disabled in accordance with the scheme;
- c. Enhanced Disability Premium – awarded when either the claimant or partner are in receipt of Disability Living Allowance Care Component at the Highest Rate or where the claimant receives the support component;
- d. Work related activity component – where a similar component is awarded within a claimant or partner's Employment and Support Allowance; and
- e. Support component – where a similar component is awarded within a claimant or partner's Employment and Support Allowance.

2.4 In calculating the income of a claim for support where a claimant or their partner is not in receipt of a 'passport benefit', incomes related to disability such as Disability Living Allowance or Personal Independence Payments (from April 2013) will be disregarded in full.

2.5 In all situations, where a claimant or their partner is classified as disabled under the scheme, then no non-dependant deductions will be made where the claimant or partner is blind or where they are in receipt of the care component of the Disability Living Allowance

DRAFT

The Armed Forces Covenant

3.0 The Armed Forces Covenant

- 3.1 The Armed Forces covenant, published in May 2011, exists to redress the disadvantages that the Armed Forces community faces in comparison to other citizens, and to recognise sacrifices made. In some cases this will require special consideration, especially for those who have given the most such as those who are injured, disabled and bereaved as a result of service.
- 3.2 The covenant sets out an obligation the whole nation and State has towards those who have served their country in this way.

How the Council's policy meets the Armed Forces Covenant

- 3.3 The Council has decided to maintain the existing disregard of 100% of all monies received in respect of war widows and war disablement pensions. This continues to be in excess of the existing central government requirement for a standard disregard of £10 per week and will assist all claimants and families who receive such payments. It maintains the current protection

DRAFT

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Work Incentives

4.0 Work Incentives

- 4.1 A key part of any welfare benefit scheme is to incentivise claimants to return to work or to increase the number of hours they work, wherever possible. The Council Tax Benefit scheme, which is in place until 31 March 2013, does this in a number of ways and these have been replicated within the Council's Council Tax Support scheme, which is effective from 1 April 2013.
- 4.2 The Council is keen to encourage all households of working age to enter and remain in work and is aware that the transition between out of work benefits and receiving earnings is a particularly difficult time.
- 4.3 The work incentives built into the Council Tax Support scheme are as follows;
- a. Before taking earnings into account, only the net earnings are used in the calculation and depending on circumstances disregards of £5, £10, £20 and £25 are made from the net amount. The level of disregard will depend on the claimants circumstances and these are defined within the Council's policy;
 - b. Where the claimant or their partner is able to undertake work for a longer period of time, then an additional earnings disregard may be applied;
 - c. Where the claimant has to incur childcare charges in order to allow them to go to work, the Council will disregard from any earnings up to the limit specified within the policy. It should be noted that this only applies where the full criteria are met as specified within the Council's policy;
 - d. Extended payments of support are also available where certain conditions are met and where the claimant has been continuously in receipt of certain unemployed benefits for a period of 26 weeks or more. These are outlined within the Council's policy.
- 4.4 The Council is keen to encourage claimants back to work where this is possible and feels that the policy supports this.

1. INTRODUCTION

Changes to Council Tax Benefit

Council Tax Benefit helps people with low or no income to pay their Council Tax. It will be abolished from 1 April 2013 and will be replaced by a local Scheme.

The Government has stated that pensioner claimants must be protected from the effects of any changes which means that under the new scheme support for pensioners will remain at the same level as now. The proposed changes will therefore not affect you if you, or your partner, are classed as pensioners. Please go to <http://www.winchester.gov.uk/council-tax/council-tax-benefit-consultation/> to see 'Who is a Pensioner'.

Council Tax Changes

From April 2013 the Council will have the option to reduce discounts and exemptions on some empty properties.

Funding

Currently, the Council receives 100% funding from the Government for the amount of Council Tax Benefit it pays out. Under the new system it will be given a specific sum to fund local Council Tax Support payments. This sum will be around 12% less than the amount that is currently received.

This shortage in funding means we have to make some difficult decisions about who gets financial support and how much. If Support remains at the current level Council Tax would need to rise by 1.3% for all Council Tax payers. If changes are made to council tax liabilities on empty properties the income could reduce the funding shortfall.

Due to the level of reduction in funding it is possible that everyone, except those classed as pensioners, who currently receive Council Tax Benefit may now have to pay something towards their Council Tax bill.

Our draft scheme is based on the current Council Tax Benefit scheme with a

number of possible variations for working age claimants. Premiums and personal allowances will be held at 2012/13 levels.

Consultation

This survey forms part of a wider consultation process.

Options for Change	Number affected
Abolishing the current 10% Council Tax discount for second homes (a second home is a property that is furnished and no ones main home)	500
Abolishing the current 6 month Council Tax exemption for vacant properties and replace it with a 100% discount for a period of up to three months for properties that remain vacant	130
Abolishing the current 50% Council Tax discount that applies after the above exemption / discount period for vacant properties	400
Making working age customers responsible for a percentage of their Council Tax liability (10% or 15%)	2,800
Capping the level of benefit to a Band D property for those working age claimants living in properties with a Council Tax band of E, F, G & H	175

(A vacant property is a property that no one lives in and is substantially unfurnished.)

2. COUNCIL TAX CHANGES

To help fund the changes the Council can raise some extra council tax from the following measures.

1. Please tell us how strongly you support or oppose the following options.

	Strongly Support	Support	Neither	Oppose	Strongly Oppose
Abolish the current 10% discount for second homes.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Abolish the current 6 month exemption for vacant properties and replace with a 100% discount for 3 months.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Abolish the current 6 month exemption for vacant properties and replace with a 100% discount for 2 months.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Abolish the current 6 month exemption for vacant properties and replace with a 100% discount for 1 month.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Abolish the current 50% discount that is awarded at the end of the above exemption/discount period when a property remains vacant	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. COUNCIL TAX BENEFIT CHANGES (FOR WORKING AGE CLAIMANTS)

The changes to the Council Tax Benefit system (for working age claimants) means that extra money has to be found to fund those changes. These questions seek your opinion about the broad direction of where some of that funding could be found.

1. Should all households of working age claimants be expected to pay some Council Tax towards the provision of local services regardless of their income or circumstances?

- Strongly Support
 Support
 Neither
 Oppose
 Strongly Oppose

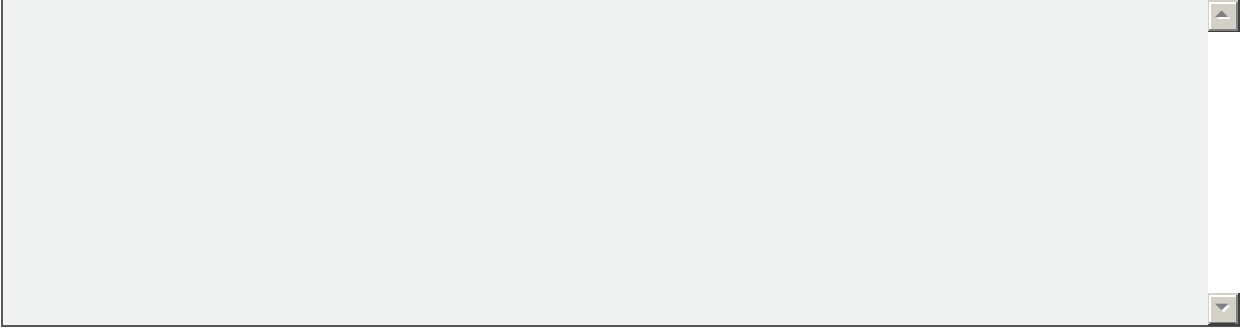
2. Should Council Tax be increased for all Council Tax payers so that there is no reduction in support for working age Council Tax Benefit claimants?

- Strongly Support
 Support
 Neither
 Oppose
 Strongly Oppose

3. Please tell us how strongly you support or oppose the following options.

	Strongly Support	Support	Neither	Oppose	Strongly Oppose
Working age claimants to become responsible for the first 10% of the Council Tax liability.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Working age claimants to become responsible for the first 15% of the Council Tax liability.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Working age claimants in higher banded homes (E,F,G & H) should have the benefit capped as if they were living in a band D home.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Working age claimants to become responsible for the first 10% of the Council Tax liability with benefit capped at Band D	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Working age claimants to become responsible for the first 15% of the Council Tax liability with benefit capped at Band D	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. Are there any other comments you would like to make about the proposed changes to the Council Tax Benefit and Council Tax system?



Thank you for taking the time to complete this survey.

Please return the survey to Winchester City Council in the pre paid envelope provided.