Council Tax Support Scheme Policy 2014-15

SUMMARY (PROPOSED)

S13A and Schedule 1a of the Local Government Finance Act 1992
Introduction

This document summarises Fareham Borough Council’s Council Tax Support Scheme for 2014-15 which will replace the scheme currently in place for 2013-14 and if adopted will take effect from 1 April 2014.

This policy summarises how the scheme will operate for both pension credit age and working age applicants and in accordance with Section 13a of the Local Government Finance Act 1992 specifies the classes of claimant who are to be entitled to a reduction under the scheme.

Claimants of Pensionable Age

The scheme in respect of pension age claimants is defined by Central Government within the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 and the Local Government Finance Act 1992 (as amended). The Council has no discretion in relation to the calculation of Council Tax Support in respect of the pension age scheme and it is designed to provide broadly the same level of support provided within the previous (Council Tax Benefit) scheme.

Claimants of Working Age

All the features, except those set out in the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 that are applicable to working age claimants, are determined by Fareham Borough Council.
The Council Tax Support Scheme for Pensioners (claimants who have reached the age at which Pension Credit can be claimed)

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

**Class A**
To obtain support the claimant 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. must 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 support

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

**Class B**
To obtain support the claimant 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;
f. have made a valid application for support;

**Class C**
To obtain support the claimant 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. made a valid application for support;
e. 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.
What Council Tax Support will be payable to Pension Age claimants?
If a claimant matches the criteria in Class A, including that their income is less than their living allowances (applicable amounts) that claimant qualifies for 100% reduction on their council tax liability, (net of any council tax discounts, such as single claimant discount), adjusted down for any non-dependent deductions. This also applies if a claimant is in receipt of State Pension Credit (guarantee credit) from the Pensions Service.

If a claimant matches the criteria in Class B, it will mean the claimant’s income is greater than their applicable amount (living allowances). Twenty per cent 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-dependent deductions.

Council Tax Support for claimants 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 may be awarded at 100%, 25%, 15% or 7.5% of the council tax liability, depending on individual circumstances.

The calculation of claimant applicable amounts can be seen at Appendix A.
The calculation of claimant income and capital can be seen at Appendix B.
The Council Tax Support Scheme for Working Age claimants

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

**Class D**
To obtain support the claimant (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, and his partner, is a claimant 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 claimant 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 E**
To obtain support the claimant (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 claimant whose income is more than their living allowances (applicable amount);
f. have made a valid claim for support;

**What Council Tax Support will be payable to a working age claimant?**
If a claimant matches the criteria in Class D, including that their income is less than their living allowances (applicable amounts) that claimant qualifies for 80% reduction on the lower of either their council tax liability or the council tax liability of a Band C dwelling (less any non dependant's deductions). This also applies if a claimant is in receipt of income support, on an income-based jobseeker’s allowance or on an income-related employment and support allowance.

If a claimant matches the criteria in Class E, it will mean the claimant’s income is greater than their living allowances (applicable amount). Twenty per cent of the difference between the two will be subtracted from the maximum council tax liability allowed. The Council proposed that for 2014/15, the maximum council tax liability will
be 80% of the lower of either the claimant’s council tax liability or the council tax liability of a Band C dwelling (less any non dependant's deductions).

If a claimant or their partner receives a Severe Disability Premium or a Enhanced Disability Premium within either their Council Tax Support, Income Support, income-based Jobseekers Allowance or income–related Employment and Support Allowance or is in receipt a war disablement pension or a war widow's pension or war widower’s pension, their support will be based on a maximum council tax liability of 100% of council tax the claimant is liable to pay (less any non dependant's deductions).

The calculation of claimant applicable amounts can be seen at Appendix A

The calculation of claimant income and capital can be seen at Appendix B
General Information

How Council Tax Support is paid
Council Tax Support is normally credited to the council tax account which results in a reduced council tax bill for the claimant.

Who can claim
Anyone who is the person (or one of the persons) who is responsible for paying the Council Tax for the property they live in can make a claim for Council Tax Support.

People can only get support if they have a right to reside and are habitually resident in the United Kingdom (including those given refugee status, humanitarian protection or exceptional leave to remain in the country).

Most full-time students are not entitled to Council Tax Support unless they are vulnerable (such as disabled or lone parents) or part of a couple and one partner is not a student.

How claims for Council Tax Support are made
Claims for Council Tax Support can be made by telephone or electronically and must be supported by documentary evidence where requested.

Entitlement to Council Tax Support will be calculated as soon as possible after receipt of all the information and supporting evidence. The date of claim will be the date of first contact, typically by phone, provided that the claim form is received within one month of this date. In most circumstances, the support will start on the Monday after the date of claim. Support will end on the day the claimant stops being liable for Council Tax or if the claimant no longer qualifies due to a change in their circumstances, the support will be stopped from the beginning of the next support week.

Claims for Council Tax Support may be backdated in some circumstances if “continuous” good cause can be shown as to why the claimant did not make an earlier claim.

Changes to a claimant’s circumstances
A change to a claimant’s circumstances may affect the amount of Council Tax Support they receive; therefore all claimants have a duty to advise the Council of any changes immediately they occur. Examples of changes that could affect Council Tax Support are:

- Changes of address
- Change of job
- Cessation of other welfare benefits
- Increase or decrease in household income
- Change in household composition
Most of the changes will affect the amount of Council Tax Support from the following support week, but changes in the amount of council tax payable (such as a change of address) will affect the Council Tax Support from the day on which the change occurs.

**Appeals**

When the amount of Council Tax Support has been assessed, the claimant will be notified in writing advising them how the entitlement was calculated. If the claimant considers any of this is wrong or if they disagree with a decision, they can:

- Ask for a further written explanation - called a **statement of reasons**
- Ask the Council to look at the decision again - called an **internal review**
- Make an appeal - to an independent **Tribunal**

**Information and Information Sharing**

The Council will use the information collected from the claimant in order to process their claim for Council Tax Support. The Council may pass the information to other agencies or organisations such as the Department for Work and Pensions (DWP), Her Majesty’s Revenue and Customs (HMRC), as allowed by the law. The Council may check information provided by the claimant, or information about the claimant that has been provided by someone else, with other information held. Information may also be obtained or provided to certain third parties to:

- Make sure the information is accurate
- Prevent or detect crime, and
- Protect public funds

These third parties include government departments, local authorities and private sector companies, such as banks and organisations that lend money.

Information about claimants will not be supplied to anyone else, or used by the Council for other purposes, unless the law allows this.

**Fraud**

In order to protect the finances of the Council and also in the interests of all council tax payers, the Council 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
**Extended Payments**
Extended Payments of Council Tax Support are available and the payment is an extra four weeks of support to help pay towards Council Tax when certain other benefits stop because the claimant goes back to work, works more hours or earns more money. Normally the same amount of Council Tax Support will be awarded as was paid before the other benefits stopped. The Council will decide whether or not there is an entitlement to an Extended Payment and will also consider whether there is an entitlement to further Council Tax Support based on the claimant’s new circumstances.

**Savings and Investments (capital)**
If the claimant has more than £16,000 they will not be able to get Council Tax Support (unless they are aged 60 or over and receive the Pension Credit Guarantee, in which case there is no limit to the amount of capital the claimant can have). When calculating entitlement to Council Tax Support, capital below £6000 is ignored for those claimants of working age and £10000 for those of pensionable age.

**Absences from home**
Council Tax Support is normally only paid for the property the claimant actually lives in. However, there are some exceptions which allow some people to continue claiming during periods of temporary absence.

**Non-dependants**
Non-dependants are people like grown-up sons or daughters, friends and relatives. If the claimant has any non-dependants living with them, they may get less Council Tax Support because a deduction is made from the amount of Council Tax Support in payment. The deduction is based on the gross income of the non-dependant. A deduction will not be made if:

- the non-dependants' normal home is somewhere else; or
- the claimant, or their partner, is registered blind or treated as blind; or
- the claimant, or their partner, is receiving the care component of Disability Living Allowance or Attendance Allowance in respect of yourself or your partner.
Appendix A

Calculating applicable amounts
Applicable amounts (or living allowance) are 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. The applicable amount represents the needs of the claimant and their family if they have one. The applicable amount is made up of three parts:

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

Personal allowance
The applicable amount always includes a personal allowance which is calculated according to the claimant’s age and whether they have a partner.

Personal allowances for children
If the claimant has responsibility for children (other than foster children) then an allowance for each child is included in the applicable amount according to his or her age. This allowance is included until that child leaves school or reaches their 20th birthday. A different rule applies if the child has left school and started work before the Child Benefit stops.

Premiums
Once the personal allowances and allowances for children have been worked out, premiums may be added to make up the total applicable amount.

Premium for children
A family premium will be included if there are any dependent children in the household.

Premiums or components for disabilities
These premiums are included in the applicable amount for people in the household with disabilities.

- disabled child premium (for each disabled child in the household);
- disability premium (if the claimant or partner gets one of the ‘qualifying benefits’ listed below or have been off sick for more than 52 weeks);
- severe disability premium (for certain circumstances only, see below);
- 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 the household and can be included with any other premiums. A child is considered disabled if they are:
• registered blind, or
• receiving Disability Living Allowance.

**Disability premium**
A disability premium will be included in the applicable amount if the claimant and partner are aged less than pension credit age and:

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

The 'qualifying benefits' are:

• 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.

**Severe disability premium**
This premium cannot be included on its own. The claimant must first qualify for the disability premium.

*Single or lone parent* - The severe disability premium may be included in the applicable amount if the claimant:

• receives the care component of Disability Living Allowance at the highest or middle rate, Attendance Allowance or Constant Attendance Allowance; and
• lives alone; and
• no one receives Carer’s Allowance for looking after them.

*Couple* – the severe disability premium may be included in the applicable amount if the claimant and partner both:

• receive the care component of Disability Living Allowance (DLA) at the highest or middle rate, Attendance Allowance (AA) or Constant Attendance Allowance; or
• the partner is blind and the claimant receives the care component of DLA at the highest or middle rate, AA or Constant Attendance Allowance; and
• no one else lives with them; and
• no one receives Carers Allowance for looking after either one or both of them.
**Enhanced Disability Premium**
Enhanced Disability Premium is awarded where the claimant, or a member of his family, who is aged under 60 receives the highest rate of Disabled 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. They are:

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

**Work Related Activity Component**
This is awarded where the claimant or partner receives main phase Employment and Support Allowance and receives a similar component within that benefit.

**Support Component**
This is awarded where the claimant or partner receives main phase Employment and Support Allowance and receives a similar component within that benefit.

**Carer Premium**
The carer premium is awarded for either or both the claimant and partner, therefore it can be included twice, where the claimant and/or partner:

- receives, or has an underlying entitlement to Carer’s Allowance; or
- was entitled, or ceased to have underlying entitlement, to Carer’s Allowance within the last eight weeks (the carer premium is awarded to the end of the eight week period)
Appendix B

Calculating income and capital
The claimant’s income, outgoings and capital are assessed to establish entitlement to Council Tax Support. Income received by any partner is deemed to belong to the claimant for Council Tax Support purposes.

Income
Income is all the money that the claimant and partner 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 Council Tax Support, or taken fully into account.

Income from employment
The net earnings (gross earnings less income tax, national insurance and half of any pension contributions) that the claimant or partner are paid when they work for someone else will be used to work out entitlement to Council Tax Support.

Self-employed earnings
There are three stages in working out the net self-employed earnings for Council Tax Support purposes. The first is calculating the gross profit of the 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 pension contributions are taken away from the net profit to give the net earnings. The calculation for childminders is different as the net earnings are calculated by deducting tax, national insurance and half of any pension contributions from one third of the gross profit.

Earnings disregards
After working out the net earnings, any amount that is not counted in the calculation of Council Tax Support is known as a disregard. The amount to be disregarded depends on which premium is included in the applicable amount.

If the claimant is single and you cannot get a greater disregard by any of the means explained below, up to £10 of their weekly earnings will not be counted.

If the claimant has a partner and they cannot get the £25 disregard by any of the means explained below, up to £15 of their joint weekly earnings will not be counted.

If the claimant or partner is a part-time fire-fighter, an auxiliary coastguard, a part-time member of a crew launching or manning a lifeboat, or a member of the Territorial Army or Reserve Forces, up to £25 of their weekly earnings will not be counted.
If the applicable amount includes the disability premium, the severe disability premium or a component with Employment and Support Allowance or the carer premium (where the carer is working), up to £25 of their weekly earnings will not be counted.

If the claimant is a lone parent, up to £30 of their weekly earnings will not be counted.

**Additional earnings disregard**

If the claimant or partner works on average 30 hours a week or more (or in certain circumstances 16 hours a week or more), an additional earnings disregard can be awarded.

**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 the claimant or partner are of pension age)
- Savings Credit element of Pension Credit
- Bereavement Benefits (ignored if the claimant or partner are of pension age).

**Income that is not counted**

The following types of income are not taken into account when working out Council Tax Support:

- Guarantee Credit of Pension Credit, Income Support, income related Employment and Support Allowance or income-based Jobseeker’s Allowance;
- Disability Living Allowance;
- Attendance Allowance or Constant Attendance Allowance;
- Child Benefit;
- Child Maintenance
- war pensioners’ mobility supplement;
- Guardian’s Allowance;
- money received as a holder of the Victoria Cross, the George Cross, or any comparable award;
- any grants or allowances from a local education authority for a child who continues in education after school leaving age;
- any training premium and any refunded travelling expenses or living away from
home allowances when 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 from an employer in order to carry out work;
• any expenses from a charity in order to carry out unpaid work;
• any income in kind;
• any income you have which has been held back outside this country;
• any money for fostering a child;
• special payments made with a War Widow’s Pension (pre-1973 war widows);
• 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.

**Income that is counted in part**
The following are the types of income that are only partly counted.

• 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 received from a boarder is ignored. The balance is treated as income.

**Notional income**
There may be income which the claimant or partner could get but have not claimed it. If this is the case, then notional income may be taken into account for Council Tax Support purposes.

**Student loan and grant income**
Maintenance Loans and Maintenance Grants are paid to full time students to help with their living costs. The maximum loan available to the claimant will be taken into account for Council Tax Support purposes regardless of how much has been borrowed. Because much of a loan and grant is meant for essential educational items, some of the grant is ignored when working out Council Tax Support. The following elements of a loan or grant are not counted:

• up to £10 per week of the loan;
• tuition and examination fees;
• any disability allowance;
• the cost of term-time residential study away from college;
• any Two Homes Grant;
• an allowance for books and equipment; and
• travel expenses.
Outgoings
Only certain outgoings are taken into account for Council Tax Support purposes:

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 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, or, in certain circumstances, the higher pensioner 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).

Parental contributions to students
If a parental contribution to a student is being made then that part of the claimant’s income is not counted to take account of this.

Occupational or personal pension contributions
50% of the value of the contributions is deducted from the gross employed earnings for Council Tax Support purposes.

Capital
Capital includes savings and investments held by the claimant 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). Actual interest payments or dividends are not counted as income but as capital. Any capital belonging to a partner is treated as belonging to the claimant for the purposes of Council Tax Support.

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

Capital for Pension Age claimants
The first £10,000 of capital is not counted. Capital over £10,000 up to £16,000 is taken into account at £1 a week for each £500 (or part of £500) of capital over
£6,000. For claimants who receive the Guarantee Credit of Pension Credit there is no upper capital limit.

**Property owned but not occupied by the claimant**

Unless the property is occupied by an elderly or disabled relative as their home, the value of land and housing will normally be counted as capital. There are also certain circumstances where the value may not be counted for up to 26 weeks (property the claimant intends to occupy as their home, property up for sale, property undergoing essential repairs so that the claimant can occupy it, property subject to legal proceedings to enable the claimant to occupy it, property left after the breakdown of a relationship and the former partner occupies it). The 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. Ten per cent of the current market value will also be deducted to take into account 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.

**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 Pension Age claimants 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**

There may be capital which the claimant or partner could get but which they do not have. If this is the case, then notional capital may be taken into account for Council Tax Support purposes.