

# Proposed Council Tax Support Scheme



## **Leicester City Council Proposed Council Tax Support scheme**

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## **Leicester City Council Draft Council Tax Support Scheme**

### **1. Introduction**

This document sets out the Council's legal position with regard to the new Council Tax support scheme we will introduce for working age households. It uses some technical language to explain our position. We are required to set out our legal position in this way. The Council does not propose to adopt the government's "default scheme" for working age households, and therefore the Council's proposed scheme is different to the default scheme.

The Government will prescribe a national scheme for pensioner households, which is understood to fully protect pensioners from the impact of transfer from Council Tax Benefit to Council Tax Support. The prescribed scheme for pensioners is not therefore included in this document.

### **2. Proposed scheme: Law and legal context**

The scheme explained here is proposed as the Council Tax Support (CTS) scheme for Leicester City Council, which proposes this scheme in its capacity as the Billing Authority for Leicester City under the proposed section 13(1) (a) of the Local Government Finance bill.

The proposed scheme does not refer to or therefore make any proposals for the discretionary reductions under section 13A (1) (c) of the Local Government Finance Bill.

It is proposed that the CTS scheme will apply from April 2013.

The CTS scheme is proposed subject to further government legislation and mandatory guidance. The scheme is proposed, and will be finalised, subject to the Council's duties for local welfare support under provisions including:

- The Welfare Reform Act 2012;
- The Localism Act 2011;
- The Equality Act 2010;
- The Local Government Finance Bill;
- Regulations laid under the appropriate provisions and governing the administration, design and implementation of CTS, including the proposed Council Tax Reduction Schemes (Prescribed Requirements) regulations;
- Other legislation in relation to Vulnerable Groups including but not limited to the Child Poverty Act 2010; and
- The Social Security Contributions and Benefits Act, 1992 and the Social Security Administration Act 1992.

In addition to the above requirements, the Council also takes account of current guidance and advice which has been published by the Department of Communities and Local Government, and which includes:

- Localising support for Council Tax Taking work incentives into account;
- Localising support for Council Tax Vulnerable People- key local authority duties;
- Localising support for Council Tax A statement of intent;
- Localising support for Council Tax Funding arrangements consultation;
- Localising support for Council Tax Draft Council Tax Reduction Scheme (Prescribed Requirements) Regulations;

- Localising support for Council Tax Draft Council Tax Reduction Scheme (Default Schemes) Regulations; and
- Data Protection Act 1998

Please refer to useful information section at **Appendix A**

### **3. Overall provisions: Universal Credit**

From October 2013, the national implementation of Universal Credit begins. The Council's approach to CTS may include provisions which are designed to deliver consistency with national schemes of welfare benefit including Universal Credit. The provisions which the Council may include within the CTS scheme in this regard include, but are not limited to:

- the basis under which entitlement to Universal Credit is treated as a valid claim for CTS in accordance with the Council's scheme;
- the treatment of Universal Credit as income within the Council's scheme;
- the operation of the Council's scheme with the Universal Credit systems, including but not limited to the provision of work incentives; and
- the means by which the Council sends and receives information in relation to successful claims for Universal Credit, and the basis on which that exchange of information is treated as valid for the purposes of the Council's scheme.

### **4. The CTS Scheme: Maximum entitlement**

The Council proposes that the CTS will be a means-tested discount calculated within the framework of means-testing provided by the Council Tax benefit system. Unless otherwise provided for by the Council's scheme, or by the provisions above including the Local Government Finance Act, the rules which apply under the Council Tax benefit calculation apply for the council's administration and calculation of CTS, including but not limited to:

- the eligible person;
- the time and manner of claim;
- the calculation and determination of income;
- the calculation and determination of capital;
- non-dependant deductions;
- extended payment of benefit;
- benefit periods;
- treatment of passported claims;
- the value and application of tapers;
- the value and application of premiums and allowances and disregards;
- changes in entitlement;
- change of circumstance;
- the calculation and recovery of overpayments;
- the management and administration of fraud and error;
- the management and administration of subsidy and reporting; and
- other matters under the calculation determination and payment and recovery of Council Tax benefit.

Subject to Government rules, the Council proposes that the CTS scheme will apply a maximum eligible amount of Council Tax. The Council proposes that the maximum amount of eligible Council Tax under the scheme will apply to all applicants for CTS. The maximum amount of Council Tax which may be awarded under the CTS will be limited in one or more of the following ways:

1. That the maximum amount of Council Tax which is eligible for CTS and which may be the maximum award under the Council's CTS scheme is restricted to the amount of Council Tax due for the year under the Council's determinations under the Local Government Finance Act 1992. The Council proposes that in this respect it be set at Band B of the Council's tax calculations; and
2. That the maximum amount of Council Tax which is eligible for CTS and which may be the maximum award under the Council's CTS scheme is set at a percentage of the total Council Tax due as calculated at (1) above. The Council proposes that in respect of the scheme proposed from 2013/14 that this amount be set at 80%.

## **5. The CTS scheme: other determinations**

The Council proposes that the CTS scheme may additionally make provisions in relation to the award of CTS in the following circumstances:

1. The amount of capital held: the scheme may make provision for those holding capital to be ineligible to receive CTS, and may determine that limit at a lower rate than the current limit of £16,000. The Council proposes that within the proposed scheme from 2013 that the limit for capital held is £6,000.
2. Second adult rebate: the scheme may make provision for the removal of second adult rebate. The Council proposes that within the proposed scheme from 2013 that provision for second adult rebate is removed.
3. Backdating: the scheme may make provision for the reduction in the maximum period of a backdating award or the removal of the backdating provision. The Council proposes that within the proposed scheme from 2013 that no backdating is provided; and
4. The Council proposes that in all cases, the scheme may make specification of the amount of minimum weekly award of CTS which will be payable. In the event that the calculation of award shows that the award will be less than or equal to an amount specified by the Council's scheme at an amount between £2 and £4 per week, that no award of CTS under the Council's scheme will be payable. The Council proposes that within the proposed scheme from 2013 that the minimum amount for awards is set at between £2 per week and £4 per week, and be set by reference to factors including but not limited to the overall costs of the scheme and scheme affordability.

## **6. Vulnerable People**

The Council may, or may not determine households' particular needs within the CTS scheme and Vulnerable People maybe set by reference to factors including but not limited to the overall costs of the scheme and scheme affordability.

The Council proposes that the consideration of "Vulnerable People" within the proposed scheme from 2013 will be provided by continuing to disregard certain types of income within the calculation of awards, including but not limited to Child Benefit; Disability Living Allowance; and War Widows Pensions/disablement benefits; and separately by continuing the allowances within the calculation for Carers.

The Council's scheme will provide the rules by which people are to be considered within this paragraph, which may include their qualification for identified benefits; their situation; their qualification for compensation payments; or otherwise under the Council's CTS scheme.

## **7. Claims for Council Tax Support**

Claimants in receipt of Council tax Benefit immediately prior to 1<sup>st</sup> April 2013 shall be treated as having made an application for council tax support under the proposed scheme.

Where a claim has been made for Council Tax Benefit prior to 1<sup>st</sup> April 2013 and not yet decided, the claimant will be treated as having made a claim for Council Tax Support under the proposed scheme.

The Council proposes that a person may apply for Council Tax support in the following ways;

- In writing using the Council's application form
- On-line via the Council's website
- A relevant application via the Department for Work and Pensions for support

Any application made through these channels (detailed above) may be subject to additional validation, as required by the Council, to confirm entitlement and to calculate the amount of Council Tax Support due.

The Council proposes that it shall not determine entitlement where a claim is incomplete until all relevant information is provided. This information must be provided by the claimant within one month of any written request from the Council. This period may be extended if the Council determines the circumstances to be reasonable.

The Council proposes that a claim for support may be amended or withdrawn by the claimant, in writing, at any time prior to the council making a decision regarding entitlement.

## **8. Payment and overpayments**

The Council proposes that the treatment of payments and overpayments of Council Tax support shall reflect the current Council Tax Benefit regulations. A council tax payer's bill will be reduced by way of a credit or increased by way of a debit for the amount of Council Tax Support granted or withdrawn depending on the circumstances.

## **9. Appeals**

The Council proposes that a Claimant may appeal against the council decision regarding their eligibility for, or entitlement to support in the first instance by writing to the council to request that it be reconsidered. The Council will reconsider its decision and notify the claimant of its considerations and reasons for its decision.

The Council proposes that the claimant can request a subsequent and independent review of their appeal by the Valuation Tribunal for England or any other organisation as may be determined by statute.

The Council proposes that the Council Tax support scheme, as set by the Council, shall not be subject to appeal under the proposed scheme.

## **10. General Up-rating**

The Council proposes that any figures set out in the proposed council tax support scheme may be up-rated, to take effect 1<sup>st</sup> April every year. The amount of up-rating will be determined by the Council and will link as closely to other welfare benefit changes this may be linked to the consumer price index, retail price index of inflation set in the preceding September or by another rate determined with reference to provisions made for Housing Benefit and Universal Credit.

## **11. Appendices**

- a. Appendix A ~ Useful information

## Appendix A

This section sets out some useful links to websites where you can find more detailed information about both the regulatory framework and the guidance issued to local authorities.

- The Department for Local Government and Communities <http://www.communities.gov.uk/>
- The Welfare Reform Act 2012; <http://www.legislation.gov.uk/ukpga/2012/5/contents>
- The Localism Act 2011; <http://www.legislation.gov.uk/ukpga/2011/20/contents>
- The Equality Act 2010; <http://www.legislation.gov.uk/ukpga/2010/15/contents>
- The Local Government Finance Bill;  
[http://www.publications.parliament.uk/pa/bills/lbill/2012-2013/0039/lbill\\_2012-20130039\\_en\\_1.htm](http://www.publications.parliament.uk/pa/bills/lbill/2012-2013/0039/lbill_2012-20130039_en_1.htm)
- Regulations laid under the appropriate provisions and governing the administration, design and implementation of CTS, including the proposed Council Tax Reduction Schemes (Prescribed Requirements) regulations;  
<http://www.communities.gov.uk/publications/localgovernment/draftprescribedregsregs>
- Other legislation in relation to Vulnerable Groups including but not limited to the Child Poverty Act 2010;  
<http://www.legislation.gov.uk/ukpga/2010/9/contents> (Child Poverty Act 2010)  
<http://www.legislation.gov.uk/ukpga/1996/52/contents> (Housing Act 1996)  
<http://www.mod.uk/DefenceInternet/AboutDefence/CorporatePublications/PersonnelPublications/Welfare/ArmedForcesCovenant/TheArmedForcesCovenantDocuments.htm>  
(Armed Forces Covenant)

The Social Security Contributions and Benefits Act, 1992 and the Social Security Administration Act 1992. <http://www.legislation.gov.uk/ukpga/1992/4/contents/enacted>

<http://www.legislation.gov.uk/ukpga/1998/29/contents> (Data Protection Act 1998)

<http://www.legislation.gov.uk/uksi/2012/1483/contents/made> (Social Security (Information sharing in relation to Welfare Services etc) Regulations 2012)

<http://www.legislation.gov.uk/ukpga/2012/5/part/5/crossheading/informationsharing-involving-local-authorities-etc> (Welfare Reform Act 2012 sections 130-133)