



Introduction

This document sets out the council's legal position with regard to the new council tax support scheme which we will introduce. It uses some technical language to explain our position. We are required to set out our legal position in this way.

Proposed schemes: Law and Legal Context

The scheme explained here is proposed as the Council's Council Tax Support (CTS) scheme for Charnwood Borough Council, which proposes this scheme in its capacity as the Billing authority for Charnwood. It is proposed that the CTS scheme will apply from April 2013.

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 Equalities 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; and
- Other legislation in relation to Vulnerable Groups including but not limited to the Child Poverty Act 2010.

This means that when we set up the new council tax support scheme, we will not only take into account the Law which must be followed, but also the other duties we have, in order to provide welfare support to people. These duties are set out in law.

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 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 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.

This means that when we set up the new council tax support scheme, we may look at the other benefits which are received by people who want to claim council tax support. It is likely that many of the people looking for council tax support will be receiving a new benefit called Universal Credit. We will look at how receiving Universal Credit might affect your entitlement to council tax support.

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 applied under the council tax benefit calculation will 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; 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.

This means that, when we introduce the council tax support scheme, we will assess people's income in a similar manner to the way in which we currently assess people for council tax benefit.

Subject to government rules, the council proposes that the CTS scheme may apply a maximum eligible amount of Council Tax at between 75 to 90% of total council tax due and/or which may be fixed at Band D. The council proposes that the maximum amount of eligible council tax under the scheme will apply to all applicants for CTS, unless under the council's scheme the applicant receives an award from the proposed discretionary fund for Vulnerable Groups, or under government rules, the applicant is otherwise and receives protection from the impact of the scheme. The Council understands that central government intends to fully protect pensioners from the impact of local council tax support schemes.

This means that, under the new scheme, nearly everyone of working age will have to pay something towards their council tax- even if they currently have all of their council tax paid by council tax benefit. The only exception to this will be those who receive an award from the proposed discretionary fund.

The maximum amount of council tax support which may be awarded under the CTS may 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 to be set between 75-90% of the total council tax due;
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 may be restricted to the amount of council tax due for the year under the council's determinations under the Local Government Finance Act 1992 and set at Band D of the council's tax calculations.

This means that the council is considering options for the new council tax support scheme that include:

- Only paying up to between 75 to 90% of the council tax bill for most people who currently get council tax benefit (apart from pensioners, who are exempt from the changes)
- Restricting the amount of council tax support anyone can get to the same level you would get for a band D property

The CTS Scheme: Other Determinations

The Council proposes that the CTS scheme may additionally make provisions 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;
2. The application of the taper: the scheme may make provision for the application of a different taper, above the current taper which is applicable for income above the minimum amount, and which is currently applied at 20%;
3. The amount payable in respect of non-dependant deductions: the scheme may make provision for the application of different non-dependant deductions, applicable for other adults living at the property;
4. Second Adult Rebate: the scheme may make provision for the removal of Second Adult Rebate.
5. Child benefit disregard: the scheme may make provision for the limitation of the child benefit disregard to the first child only.

6. The treatment of maintenance for children: the scheme may make provision for the application of a different disregard rate for income for the maintenance of children which is currently fully disregarded.

This means the council is considering further options for the new council tax support scheme that include:

- Possibly asking people with savings of less than £16,000 to contribute more towards their council tax, if they make a claim for council tax support
- Possibly asking people to pay more towards their council tax if they are on a low income but earn above the minimum rate the government says they need to live on
- Possibly asking other adults living in a property to pay more towards the council tax bill.
- Possibly asking people with larger families to contribute more towards their council tax, if they make a claim for council tax support
- Possibly asking people to contribute more towards their council tax if they received child maintenance, if they make a claim for council tax support.

Vulnerable People

The Council proposes that the scheme will operate a discretionary fund to provide additional support for the most vulnerable in society. The discretionary fund policy will determine who may be either fully, or partially protected from the costs of the Council's CTS scheme. The Council's determination of "Vulnerable People" may include people with disabilities; people with responsibilities as carers for disabled or elderly people; people with responsibility for young children; people facing the risk of homelessness; or people for whom the council has a duty under the Armed Forces Covenant.

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.

This means that some people will be protected from paying more towards their council tax bill because the council can make a discretionary award to them from the discretionary fund. This might include people with disabilities, carers, people at risk of homelessness and people the council has a legal duty to protect.

Approach To Modelling and Costings

The Council's scheme design summarised within this paper is underpinned by detailed costing, research, analysis and modelling which remains ongoing while the determination of the rules to be followed by the Government is completed. The Council has calculated that the scheme described may be capable of delivering the savings required in 2013/14 based on the indicative funding figures provided by central government.

There are two key variables which the Council will model within the final scheme design, and following consultation:

- the variables within the model of CTS which will be applied by the Council and outlined above; and
- the cost to the discretionary fund scheme of protecting "Vulnerable People".

The Council is proposing to use a percentage of between 1% - 3% of the current council tax benefit expenditure to set the level of funding for the discretionary fund. The indicative level of funding is itemised in the following table:

Council tax benefit expenditure due to full subsidy	Amount £	Discretionary fund 1%	Discretionary fund 2%	Discretionary fund 3%
Charnwood Borough Council	9,297,088	92,970	185,940	278,910

This means that the council has calculated how it could introduce a council tax support scheme that will make the necessary savings. However the exact details of the scheme are not yet clear, and will depend on the results of the consultation, results from the analysis of the equality impact assessment and decisions over which rules are adopted to assess whether people need council tax support. Whether the scheme will make the savings also depends on the level of funding for the discretionary fund.