



Draft Council Tax Support Scheme

Working in partnership, to create a Borough which enables the communities of Dacorum to thrive and prosper

Affordable Housing ♦ Regeneration ♦ Building Community Capacity ♦ Safe and Clean Environment ♦ Dacorum Delivers

Published: September 2012

CONTENTS

PAGE NO

1.	Introduction.....	3
2.	Outline of Draft Scheme.....	4
3.	Vulnerable groups	6
4.	Who can apply	7
5.	How to make a claim and supporting evidence.....	7
6.	Date of claim	8
7.	Notification of entitlement.....	8
8.	Change of circumstances	8
9.	Overpayments.....	8
10.	Appeals	9
11.	Support reviews.....	9
12.	Fraud	9
	Glossary of Terms	10
	Appendix – non-dependant deductions.....	12

1. Introduction

- 1.1 From 1 April 2013, the Government is abolishing the national Council Tax Benefit scheme and requires each council to introduce its own local Council Tax Support system to replace it. The amount of money the Government will give councils to fund a local scheme will be at least 10% less than the grant given for Council Tax Benefit. This means Dacorum Borough Council will have approximately £1m less to help low income households with their Council Tax.
- 1.2 Although the Council is required to design a local scheme the Government has placed a number of restrictions on what we can do. The Council also has to consider how a local scheme would impact on the most vulnerable in society and should specifically consider its statutory duties under the following:
- The Equality Act 2010
 - The Child Poverty Act 2010
 - The Housing Act 1996
 - The Armed Forces Covenant 2011
- 1.3 The Government has not yet decided what rules we will not be allowed to change, but has published draft regulations. Our draft scheme is based on the information contained in these draft regulations, and may need to change if they are altered before they become law.
- 1.4 We have spent considerable time looking at various options and the effects each one would have on residents in Dacorum. We believe we have identified a scheme that fairly distributes the funds available whilst protecting the most vulnerable of our society and are now consulting on our draft proposals. We need to have an agreed scheme in place by 31 January 2013.
- 1.5 We are seeking your views on our proposed scheme in order to make sure that it best meets the needs and views of the community of Dacorum.
- 1.6 People of pensionable age will be protected from the effects of the local scheme and will have any reduction in their Council Tax assessed by a national framework of rules. They should therefore receive the same amount of reduction as they would have under Council Tax Benefit. However, most working age households will not be protected as these will be assessed under the local scheme rules and will therefore need to pay something towards their Council Tax.
- 1.7 Dacorum Borough Council's draft scheme is based on the following principles:
- Everyone of working age should pay something towards their Council Tax (unless they qualify for some protection – see section 3 for more information about this)
 - The scheme should provide some protection for the vulnerable in society
 - The scheme should incentivise and support people moving into work, and help those in low paid work

2. Outline of draft scheme

2.1 Those people entitled to a reduction in their Council Tax under Dacorum Borough Council's Council Tax Support scheme will be as follows:

2.2 People of pensionable age

The Government has committed to protect pensioners from the impact of the changes to Council Tax Benefit. Therefore support for people of pensionable age will be provided through a means tested reduction which will largely be the same as existing arrangements (assuming no other changes in their circumstances). The details for this scheme are currently set out in the Government's 'Draft Council Tax Reduction Schemes (Prescribed Requirements) Regulations'. These draft regulations are currently being debated by Parliament and we expect them to become law towards the end of 2012.

2.3 Pensioners who are currently claiming Council Tax Benefit will be automatically transferred to the new local Council Tax Support scheme and will not need to make a new application.

2.4 War Widow(er)'s Pension and War Disablement Pension

The current national Council Tax Benefit rules count most payments as income, except for the first £10 received each week. However, Dacorum Borough Council has always disregarded the remainder of this money under its discretionary powers. In our local Council Tax Support scheme, we propose to continue to disregard all of these payments in the assessment of a customer's income.

2.5 People of working age

Support for people of working age will follow the same rules as set out in the current regulations for Council Tax Benefit except for the draft provisions as set out below, and any government requirements specifically for local Council Tax support schemes (set out in the 'Draft Council Tax Reduction Schemes (Prescribed Requirements) Regulations'). The draft regulations are currently being debated by Parliament and we expect them to become law towards the end of 2012. All requirements prescribed by the Government will be incorporated into the Council's local scheme.

2.6 Working age customers who are currently claiming Council Tax Benefit will be automatically re-assessed under the new local Council Tax Support scheme rules and will not need to make a new application.

2.7 We propose that the amount of help working age people will be entitled to will be means tested in a similar way to Council Tax Benefit in that a customer's income will be compared against an 'applicable amount'.

2.8 Dacorum Borough Council's draft local scheme is based around the three principles as set out in section 1.7 above and proposes the following features:

2.8.1 Restrictions applied to Council Tax liability

All working age customers (except those who are disabled, those with disabled children and families with children under five years of age), will have their entitlement to Council Tax support based on 75% of their Council Tax charge if they live in a property in Council Tax Band A, B, C or D. If they live in a property in Council Tax Band E, F, G or H their entitlement will be no higher than if their property was in Council Tax Band D. The actual amount someone has to pay will depend on the makeup of their household, their income and savings and any other discounts that may apply but this means that all non-vulnerable customers will have to pay at least 25% of their Council Tax bill.

Those working age customers who are disabled, have a disabled child or a child under five years of age will have their entitlement to Council Tax support based on 100% of their Council Tax charge.

More information about vulnerable groups can be found in section 3 later in this document.

2.8.2 Joint liability

If a customer is jointly liable for the Council Tax charge with one or more people (excluding their partner), the Council will divide the liability equally between all liable persons.

The working age customer's Council Tax Support would then be based on a percentage (dependent on their circumstances) of their share of the Council Tax charge.

2.8.3 Applicable amounts

Under the current Council Tax Benefit rules, applicable amounts are increased each April by the Consumer Price Index (CPI) rate for the previous September. We intend to apply the same principle for Council Tax Support and will consider increasing these in subsequent years.

2.8.4 Non-dependants (other people who live in the household)

Where a working age person has other people living in their home but are not dependent on them (such as children who have left school, parents, other relatives or friends), a deduction will be made from any Council Tax support award. The deduction will be set at a level which is twice the amount that would be deducted if the customer was of pensionable age. However, a deduction will not be made where the customer (or their partner) are:

- registered blind, or
- in receipt of the care component of Disability Living Allowance

We will consider how Personal Independence Payments (due to be introduced during 2013) will apply to non-dependant deductions in the Council Tax Support scheme.

Note – the appendix at the end of this document shows current levels of non-dependant deductions, and the likely rates under the proposed Council Tax Support scheme.

2.8.5 Abolition of Second Adult Rebate

Currently some people are not entitled to Council Tax Benefit due to their high income or savings, but they get a reduction in their Council Tax of up to 25% because they share their home with someone who is not their partner and who has a low income. This is called Second Adult Rebate. We are proposing to abolish Second Adult Rebate under the local scheme.

2.8.6 Extended payments

Under the current Council Tax Benefit rules, customers who move into work which is expected to last five weeks or more having been in receipt of Income Support, Jobseekers Allowance, Employment and Support Allowance, Incapacity Benefit or Severe Disablement Allowance, may (depending on certain other rules) have a further four weeks benefit awarded at the same rate which applied before starting work. This is intended to help the customer with their transition into work. We propose to keep the extended payment rules in the Council Tax Support scheme.

2.8.7 Universal Credit

From October 2013 the Government plans to begin a phased process of merging payments of Income Support, income-based Jobseekers Allowance, income-related Employment and Support Allowance, Child Tax Credit, Working Tax Credit and Housing Benefit into a single payment called 'Universal Credit'. The exact details of how Universal Credit will operate are still emerging and therefore Dacorum Borough Council will consider how this will be dealt with in the Council Tax Support scheme as more information is known.

2.9 Discretionary Council Tax Support fund

We are considering the possibility of having a limited fund of money to provide additional support to customers in exceptional circumstances who may need help to pay their Council Tax. We have not yet decided final details of this fund but the final scheme will give further information if one is included and the process for applying.

3. Vulnerable groups

- 3.1 Most working age customers will have their entitlement to Council Tax support based on 75% of their Council Tax charge (up to a maximum of 75% of the Council Tax charge for a property in Council Tax band D). However, one of the key principles of Dacorum Borough Council's local Council Tax Support scheme is to provide support for the most vulnerable members of our society.
- 3.2 We propose that if a working age customer falls within one of the following groups, their entitlement to Council Tax Support will be based on 100% of their Council Tax charge no matter what Council Tax band their property is in.

Group 1 - Family member is disabled

- If the customer or their partner meets the qualifying conditions for a disability premium.
- If a child in the customer's family meets the qualifying conditions for a disabled child premium.

Group 2 - Family member is under five years old

Group 3 - Family member receives War Widow(er)'s Pension or War Disablement Pension

4. Who can apply

- 4.1 Eligibility for Council Tax Support will broadly follow the same rules as set out in the current regulations for Council Tax Benefit. Claimants must be at least 18 years old, liable to pay Council Tax and the property must be their main or sole residence. Current arrangements allowing a person to act on behalf of another (for example, where a person has been granted power of attorney) will continue.
- 4.2 The Government will decide most of the rules about who will not be able to get Council Tax Support. We do not propose to add extra groups who will not be entitled to get Council Tax Support.
- 4.3 Those not eligible to claim will include those: not liable to pay Council Tax; with capital of £16,000 or more; most students; and people from abroad who have no recourse to public funds.

5. How to make a claim and supporting evidence

- 5.1 A customer will have to apply in order to receive Council Tax Support. However anyone who is receiving Council Tax Benefit on 31 March 2013 will automatically have their Council Tax Support worked out without needing to complete another application.
- 5.2 Applications for Council Tax Support should be made by returning a form to the Civic Centre in Hemel Hempstead. We also intend to have an electronic form available from the council's website or via public access computers at the Customer Service Centres in Hemel Hempstead and Berkhamsted. It is likely the application form will also collect information regarding housing costs for those wishing to apply for Housing Benefit.
- 5.3 Some customers may complete an application form for Housing Benefit via Jobcentre Plus and the Pension Service and these will also be acceptable to claim Council Tax Support.
- 5.4 Customers applying for Council Tax Support will be required to verify their identity, national insurance number, income, and capital. If there are other people in the customer's household, the customer may also be required to verify their income. The Council may be able to use other sources to confirm some details but customers may be required to provide documentation to support their application.

6. Date of claim

- 6.1 The start date of Council Tax Support for people of working age will be based on the date that we receive the application form at the Council offices. We propose that Council Tax Support will start from up to one month before the date the form is received, in order to give people time to complete and return their form after they find that they need the help.
- 6.2 Under the current Council Tax Benefit rules, a customer can be awarded benefit for up to six months before they make their claim, if they can prove that they have good reasons for the delay in claiming. We do not propose to include this backdating rule in our Council Tax Support scheme.
- 6.3 The date of claim for pension age customers will be the same as it is with Council Tax Benefit, and will be worked out under the national rules (currently set out in the Draft Council Tax Reduction Schemes (Prescribed Requirements) Regulations).

7. Notification of entitlement

- 7.1 All customers will be notified in writing on the outcome of their application. The notification will also explain their appeal rights if they are unhappy with the decision made.
- 7.2 Where a customer is entitled to Council Tax Support a new bill showing the amount of the reduction awarded and the revised amount to pay will be issued.

8. Change of circumstances

- 8.1 Once an application for Council Tax Support has been made customers will have a duty to notify Dacorum Borough Council of changes in their circumstances.
- 8.2 At the moment the Government is planning on telling councils what date changes will be effective from, and this will normally be the Monday after the day the change occurred.
- 8.3 Changes of circumstance should be notified as soon as possible in order to prevent overpayments and ensure the correct amount of Council Tax Support is being paid.

9. Overpayments

- 9.1 Council Tax Support will be paid in the form of a reduction against the Council Tax account and calculated up to the end of March in each financial year. However, where a customer's circumstances change in the year, or the customer notifies the Council of a change which occurred in the past, an overpayment of Council Tax Support may be created.
- 9.2 Where overpayments do occur these will be posted to the Council Tax account and a new bill will be issued. Overpayments will always be recoverable from the customer.

10. Appeals

- 10.1 Customers will have the right to appeal against decisions made and must do so in writing within one month of notification.
- 10.2 The Council will review the original decision and notify the customer of the outcome. If the customer is still not satisfied with the outcome they may appeal to the independent Valuation Tribunal for England.

11. Support reviews

- 11.1 From time to time the Council may need to check the details of an award of Council Tax Support to see if any of the details held on our records have changed. If we need to do this, and subject to a customer's circumstances we may send a form or visit the customer in their home.

12. Fraud

- 12.1 Anyone that makes a false claim for Council Tax Support or fails to tell us about changes in their circumstances when they occur, will not only have to repay any support incorrectly claimed but may also be liable to prosecution or a fine.

DRAFT

GLOSSARY OF TERMS

Pensionable age

When we talk about pensionable age customers we mean someone who:

- Has reached the qualifying age for state pension credit, and
- They, or any partner, do not receive Income Support, income-based Jobseekers Allowance or income-related Employment and Support Allowance.

This age is gradually being increased: on 1 April 2013 it will be about 61½ years old, rising to 62 by March 2014.

Working age

When we talk about working age customers we mean someone who:

- Has not yet reached the qualifying age for state pension credit, or
- Has reached the qualifying age for state pension credit but they, or any partner, receive Income Support, income-based Jobseekers Allowance or income-related Employment and Support Allowance.

Partner

When we talk about a customer's partner we mean a person they are married to or a person they live with as if they were married to them, or a civil partner or a person they live with as if they were civil partners.

Family

When we talk about a customer's family we mean that person, their partner, and dependent children living with them who are under the age of 20. Children who are not included within this definition of family are: those over 16 for whom Child Benefit is not received; those for whom custody is shared but spend the majority of their time with the other parent; those for whom custody is equally shared, but the other parent receives Child Benefit.

Regulations for Council Tax Benefit

The current rules for Council Tax Benefit administration are set out in the following legislation:

- The Council Tax Benefit Regulations 2006
- The Housing Benefit and Council Tax Benefit (Decisions and Appeals) Regulations 2001
- Social Security Administration Act 1992
- Social Security Contributions and Benefit Act 1992
- Local Government Finance Act 1992

Applicable amounts

An 'applicable amount' is a weekly figure used to calculate the basic living needs of a customer based on their household size and accounting for any disabilities or special circumstances. The elements and amounts of the applicable amount are decided by the Government and are made up of:

- personal allowances (for the claimant, partner and any children)
- premiums (based on certain qualifying conditions)

The applicable amount is used in a means tested calculation and compared to a customer's assessed income figure in order to work out how much benefit they may be entitled to.

Qualifying rules for disabled child premium

The disabled child premium is added to a customer's applicable amount where a disabled child in the family is:

- registered blind; or
- receiving Disability Living Allowance.

Qualifying rules for disability premium

The disability premium is added to a customer's applicable amount when the customer or partner is:

- registered blind; or
- receiving Disability Living Allowance; or
- receiving a disability or severe disability element within the calculation of their Working Tax Credit; or
- receiving mobility supplement, long-term Incapacity Benefit or Severe Disablement Allowance; or
- incapable of work for more than 52 weeks (or more than 28 weeks if terminally ill).

As well as meeting one of these conditions, the customer must not have 'limited capability for work'. This means that they cannot be receiving Employment and Support Allowance with either a work-related activity component or a support component.

Appendix – non-dependant deductions

Non-dependant deductions			
	Current weekly deduction from Council Tax Benefit	Likely weekly deduction from Council Tax Support for pensioners (10% increase assumed)	Proposed weekly deduction from Council Tax Support for working age
Aged 18+ and working 16+ hours, with gross income:			
Less than £183.00	£3.30	£3.60	£7.20
£183.00-£315.99	£6.55	£7.20	£14.40
£316.00-£393.99	£8.25	£9.10	£18.20
£394.00 or more	£9.90	£10.90	£21.80
18+ and not working 16+ hours	£3.30	£3.60	£7.20
Receiving state Pension Credit, Income Support, income-based Jobseekers Allowance or income-related Employment and Support Allowance	NIL	NIL	NIL
Receiving contribution-based Jobseekers Allowance or contribution-based Employment and Support Allowance	£3.30	£3.60	£7.20
Deductions are not made for the following:			
<input type="checkbox"/> People who normally live elsewhere. <input type="checkbox"/> Those in youth training or work based learning for adults. <input type="checkbox"/> 16 and 17 year olds. <input type="checkbox"/> Those in hospital for 52 weeks or more. <input type="checkbox"/> Full time students and people in prison.			
If a non-dependant is disregarded for the purposes of a Council Tax discount, there is no deduction.			

Notes:

1. The Government is likely to increase the rates of deduction for pensioners. For this scheme we have assumed that they will increase by 10%.
2. The proposed rates of deduction for working age have been calculated as twice the amounts of the assumed deductions for pensioners for illustrative purposes. The final level of deduction will be based on the actual non-dependant deduction rates for pensioners as at 1 April 2013.
3. Where a customer has a non-dependant who is living with a partner, the income of the non-dependant and partner are combined, and only one deduction is taken.