



## **South Cambridgeshire District Council's Draft scheme for Council Tax Support 2012/13**

This document is a draft Council Tax reduction scheme, set out under the proposed section 13A(1)(a) of the Local Government Finance Act.

This document does not make any proposals for discretionary reductions under section 13A(1)(c) of the Local Government Finance Act.

The Council's current policy is to award a reduction under this power only in cases of exceptional financial circumstances and this is not proposed to change.

**This scheme, referred to as Council Tax Support (CTS), is set out as a number of proposals that are dependent on:**

1. The outcome of a consultation on this scheme;
2. The passing of the Local Government Finance Bill and subsequent secondary legislation;
3. The bringing into force of the Welfare Reform Act 2012 and any secondary legislation.
4. Draft Council Tax Reduction Scheme (Prescribed Requirements) Regulations and subsequent legislation

The Council scheme will in these proposals include all the prescribed requirements as detailed in the above mention legislation including any draft legislation. In these proposals 'the new scheme' means the proposed Council Tax Support scheme (CTS) and 'the current scheme' means the existing Council Tax Benefit scheme (CTB).

### **Class of Persons**

1. This draft scheme sets out proposed rules for working age claimants. Regulations will prescribe a scheme for claimants of state pension credit age and will prescribe certain classes of persons who are not eligible to claim Council Tax Support.
2. It is proposed that eligibility for Council Tax Support be determined by reference to the income and capital of the claimant and any partner; and by the income capital and number of non-dependants in the household.
3. It is proposed that eligibility under the new scheme is defined by the terms of the existing Council Tax Benefit scheme as set out in the Social Security Contributions and Benefits Act 1992, the Social Security Administration Act 1992, the Council Tax Benefit Regulations 2006 and the Housing Benefit and Council Tax Benefit (Decisions and Appeals) Regulations 2001.
4. These regulations set out how Council Tax Support is claimed, how it is calculated and how it is paid. This draft scheme proposes that the principals and methods set out in those

regulations be used to determine Council Tax Support, except where amendments are set out in this draft scheme or by statute under the Local Government Finance Act and accompanying legislation.

### **Class of reduction**

5. It is proposed that Council Tax Support be calculated as a means tested discount, defined by the terms of the existing Council Tax Benefit scheme except as identified:
  - This draft scheme proposes that: the benefit calculated could be reduced at percentage between 0 and 100 and/or
  - A maximum figure is placed on the amount of council tax that can be considered eligible for Council Tax Support.

The eligible council tax can be limited by one or a combination of the following ways:

- a) A cap set as a proportion of the claimant's eligible Council Tax liability (determined in the manner set out in the Council Tax Benefit regulations 2006). This cap could be set at a percentage between 0 and 100 of the uncapped liability. The capped liability will be used.
  - b) A cap set at a maximum band equivalent. The maximum band would be defined within this scheme this may be defined as Band C, D or E or any other band the Local Authority defines. The claimant's liability for council tax would be capped at this band before any discount or apportionment for joint liability is taken into account.
  - c) A cap set as a reduction to the eligible council tax eligible Council tax would become the eligible liability minus any reductions set out in this scheme.
5. It is proposed to protect those considered vulnerable by the Authority by calculating Council Tax Support based on the default scheme as at 1 April 2013.
  6. The draft scheme proposed that those defined as vulnerable may be those who receive Disability Living Allowance Care or Mobility, Carers Allowance, or who receive the Support Component or Single Parent with children under 5 The scheme will define those who the Authority will consider vulnerable.
  7. Council Tax Benefit is means tested with a taper as per sub-section (5)(c)(ii) of section 131 of the Social Security Contributions and Benefits Act 1992. This taper is set as 2 6/7 per cent per day, which is equivalent to 20 per cent per week. This draft scheme proposes to set this rate at an equivalent weekly rate at 20 per cent.
  8. This draft scheme proposes to keep the current system of making deductions from the eligible Council Tax for each non-dependant person in the household.
  9. It proposes that the categories of non-dependant are set out as they are in the Council tax Benefit regulations at the date this scheme is created. It proposes that the income brackets may be altered in line with the general uprating arrangements in the scheme. It proposes that the amounts of deduction may be increased by an amount to be determined. It also proposes that a deduction may be made for those who currently receive a nil deduction of an amount up to the lowest deduction set out in the scheme.
  10. This draft scheme proposes that the earnings disregards applied to all claims with earned income may be amended. The level of this disregard may be reduced to nil or may be set at an amount higher or lower than the current level of disregard.

11. The scheme proposes that any amount of unearned income that is disregarded in the current scheme may be included as unearned income in the calculation of council tax support.
12. This draft scheme proposes that the maximum amount of capital that a claimant may hold before becoming ineligible for Council Tax Support may be set at any amount between £3,000 and £16,000.
13. It is also proposed that the limit at which capital is disregarded in the calculation of capital tariff income may be set at a rate between £3,000 and £16,000.
14. Consideration will be given as to how to determine income from benefits established under the Welfare Reform Act 2012, such as Universal Credit and Personal Independence Payments, when regulations have been issued setting out the method of calculation for these benefits.
15. It is proposed that the treatment of income and capital set out in schedules 3, 4 and 5 of the CTB regulations (2006) may be revised at any point.
16. It is proposed to introduce notional earnings for those with established self-employment (a period to be defined); and levels of earnings are below the National Minimum Wage or another rate as which would be defined within the scheme by the Local Authority..
17. It is proposed that the maximum period to which a claim can be backdated may be amended to such period other than six months this could also be defined as nil. This period will be defined in the scheme.
18. It is proposed that any entitlement to Council Tax Support below a level set out in the scheme, not greater than £3 per week, shall be treated as an entitlement of nil for the purpose of determining the amount of Council Tax Support awarded.
19. This draft scheme proposes that an Alternative Council Tax Benefit (Second Adult Rebate) is not determined in any claim for Council Tax Support. It may not be claimed directly and it will not be awarded through a 'better buy' calculation.

### **Applications**

20. An application will be required for all new claims from the 1 April 2013. An appropriate means of application will be decided by the Authority and may be revised as required.
21. Statutory regulations are intended to define how claimants currently in receipt of Council Tax Benefit will transition onto the new scheme. This statutory method will be used in the new scheme.
22. A review process may be implemented by the Local Authority for new and existing awards. Awards may be reviewed in a time period to be determined by the Authority and failure of the claimant to fulfil any request during a review of their award may result in the termination of that award.

### **General administration of the scheme**

23. Apart from where statutorily required, advice of any award granted, removed or revised will be by an adjustment to the council tax bill and the bill itself will be the formal notification. The Authority may reserve the right to include additional notifications. Consideration will be given as to how further notifications of an award or non-award of council tax support will be made under the new scheme.
24. Any overpayment will be rectified by the amount being reclaimed by an adjustment to the Council Tax bill.

### **Appeals process**

25. Consideration will be given as to how a claimant may appeal a decision made by the Local Authority under the new scheme and to what decisions are appealable under the new scheme. Regulations are intended to define the body to which an appeal can be made.

### **Uprating**

26. This draft scheme proposes that any figures set out in the scheme may be uprated, to take effect on 1st April each year following the commencement of the scheme, by the consumer price index, retail price index rate of inflation set out in the preceding September, or by Credit or as decided by the Authority.
27. This draft scheme will have parameters set out for 1 year, starting 1 April 2013 until 31<sup>st</sup> March 2014 but the Authority may consider a different period which will be defined.

### **Other Matters**

28. It is proposed that this scheme may be amended to take into account any circumstances subsequently identified, whether through government statute, public consultation or any other means

### **Fraud and Error**

29. Department of Communities and Local Government has confirmed its intention that regulations will be in place for information sharing and powers to tackle fraud these regulations will have the necessary powers, offences and penalties, to allow Local Authorities to investigate and tackle potential fraudulent Council Tax Support claims. These will be similar to existing rules in relation to Council Tax Benefit which will end in April 2013. These regulations will form part of the proposed new scheme.