

## **London Borough of Havering**

### **Summary: Draft Council Tax Support Scheme 2019**

#### **Introduction**

Each local authority is required by Section 9 of the Local Government Finance Act 2012 (the Act) to produce a Council Tax Support Scheme. The Scheme must be designed to support low income, working age households pay their Council Tax.

This document summarises the proposed Council Tax Support Scheme 2019 (2019 scheme) which the Council has produced in accordance with Schedule 4 of the Act.

The proposed 2019 scheme has due regard to the Department for Communities and Local Government's policy intentions and unequivocally protects pensioners.

Havering's Council Tax Support Scheme has been interpreted and applied in accordance with the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 which set out what must be included in the scheme.

#### **Summary of Council Tax Support Scheme changes from April 2019**

The 2019 scheme will adopt the existing Council Tax Support Scheme as summarised in this document subject to the following amendments:

1. Set the maximum Council Tax Support to 75% of the Council Tax due for working age claimants who are not considered disabled (currently 85% for all working age claimants). This means that every working age household that is not considered disabled would have to pay a minimum charge of 25% towards their council tax bill.
2. Set the maximum Council Tax Support to 80% of the council tax due for working age claimants who are considered disabled (currently 85% for all working age claimants). This means that every working age household that is considered disabled would have to pay a minimum charge of 20% towards their Council Tax Bill

**Disabled claimants for the purposes of the scheme are defined as people who have a disability income that entitles them to one of the following premiums: disability, severe disability, enhanced disability, disabled child and/or carer when calculating their benefit.**

In this document 'the current scheme' means Havering's existing Council Tax Support scheme which was adopted in January 2013 and amended with effect from April 2014 and April 2015.

Unless expressly stated otherwise, the provisions outlined below relate solely to working age applicants under the current scheme.

This document summarises the Council's proposed Scheme for eligible working age Council Tax payers to receive council tax support.

The scheme applicable to pensioners is defined in The Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012, Part 3, and Schedules 1 to 6, which is adopted within this scheme.

The procedure for the application and calculation of the 2019 scheme is summarised below and is made in accordance with Schedules 7 and 8 of the Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012.

The principles embodying the 2019 Scheme include the following:

- Havering will be expected to manage significant reductions in subsidised expenditure.
- Regulations have been set to protect claimants of state pension credit age.
- Consultation on the scheme will take place with precepting authorities and the public.
- The Council will adopt the final scheme before 31 March 2019 or the default scheme will apply.
- The Council will aim to protect vulnerable groups.
- In developing schemes, Havering will consider incentivising claimants into work.

The Local Council Tax Support Scheme includes the following:

- Introduction and definitions
- Prescribed of persons
- Provisions relating to entitlement under the scheme
- Applicable amounts
- Maximum Council Tax Reduction
- Amount of reduction under the scheme
- Assessment of Income and Capital under the scheme
- Students
- Applications
- Extended reductions
- Period of entitlement and changes of circumstances
- Schedules

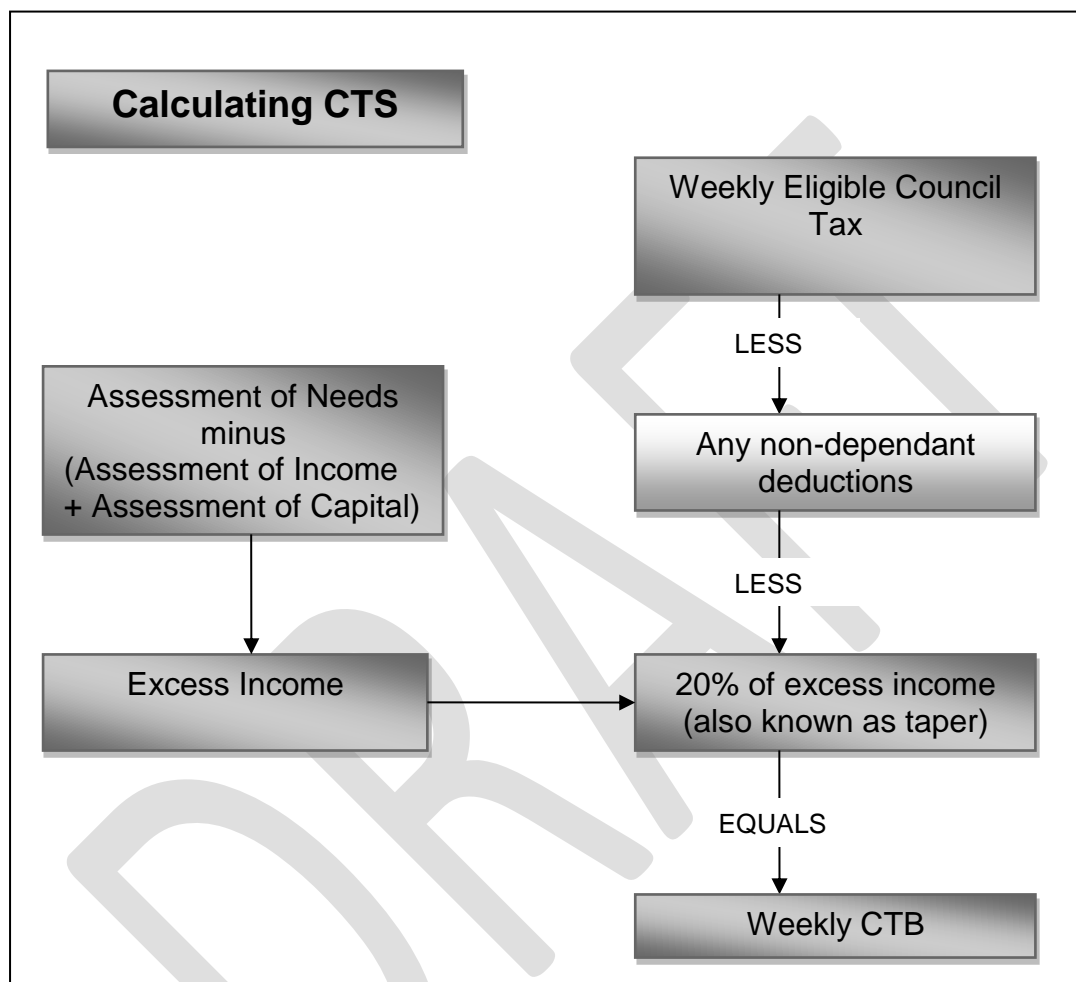
## **The Council Tax Support Calculation**

The starting point for all calculations of Council Tax Support is the claimant's 'maximum benefit'. This is the claimant's weekly eligible Council Tax less any non-dependant deductions that apply.

Income and capital are compared to the claimant's applicable amount. Any income over the applicable amount is known as the Excess Income.

The claimant qualifies for maximum support less 20% of any excess income figure. The 20% reduction to the maximum benefit is known as a taper.

Claimants in receipt of Job Seeker's Allowance and Income Support have already been assessed by the Department for Work and Pensions (DWP) as having income lower than their applicable amount and so will receive maximum council tax support less any non-dependant deductions.



#### Non-dependant deductions

A non-dependant deduction is an amount of council tax that is due from the CTS claimant because there is another adult (non-dependant), who is not the claimant's partner, living in the household who receives an income. This reduces the amount of CTS a claimant will receive which is described in paragraph 58 of the draft 2017 scheme as follows:

- (1) Subject to the following provisions of this regulation, the non-dependant deductions in respect of a day referred to in regulation 57 (maximum council tax benefit) shall be—
  - (a) in respect of a non-dependant aged 18 or over in remunerative work, £20.00 x 1/7;
  - (b) in respect of a non-dependant aged 18 or over to whom sub-paragraph (a) does not apply, £6.00 x 1/7.

(2) In the case of a non-dependant aged 18 or over to whom paragraph (1)(a) applies, where it is shown to the appropriate authority that his normal gross weekly income is—

- (a) Less than £202.85, the deduction to be made under this regulation shall be that specified in paragraph (1)(b);
- (b) Not less than £202.85 but less than £351.65, the deduction to be made under this regulation shall be £9.00;
- (c) Not less than £351.65 but less than £436.90, the deduction to be made under this regulation shall be £15.00.

From April 2014 onwards, the eligible weekly council tax used to calculate council tax support shall be no higher than the weekly Council Tax Band D value for a property in Havering.

Paragraph 57 of the draft CTS scheme 2017 provides that:

- (1) Subject to paragraphs (2) to (5), the amount of a person's maximum council tax benefit in respect of a day for which he is liable to pay council tax, shall be 100 per cent of the amount A/B where—
  - (a) A is the amount set by the appropriate authority as the council tax for the relevant financial year in respect of the dwelling in which he is a resident and for which he is liable, subject to any discount which may be appropriate to that dwelling under the 1992 Act; and
  - (b) B is the number of days in that financial year, less any deductions in respect of non-dependants which fall to be made under regulation 58 (non-dependant deductions).
- (2) In calculating a person's maximum council tax benefit any reduction in the amount that person is liable to pay in respect of council tax, which is made in consequence of any enactment in, or made under, the 1992 Act, shall be taken into account.
- (3) The level of any Council Tax Support awarded shall be restricted to the level of band D
- (4) Subject to paragraph (5), where a claimant is jointly and severally liable for council tax in respect of a dwelling in which he is resident with one or more other persons but excepting any person so residing with the claimant who is a student to whom regulation 45(2) (students who are excluded from entitlement to council tax benefit) applies, in determining the maximum council tax benefit in his case in accordance with paragraph (1), the amount A shall be divided by the number of persons who are jointly and severally liable for that tax.
- (5) Where a claimant is jointly and severally liable for council tax in respect of a dwelling with only his partner, paragraph (4) shall not apply in his case.

From April 2019 onwards, Maximum Council Tax Support for working age claimants without disabilities will reduce by 25% (currently 15%). For working age claimants classified as disabled for the purposes of the 2019 scheme, the maximum council tax support will reduce by 20% (currently 15%).

This means that working age households (not disabled) have to pay a minimum charge of 25% of their Council Tax Bill and working age disabled households have to pay a minimum charge of 20% of their Council Tax bill.

Paragraph 29A of the draft CTS scheme 2019 provides that:

(1) Subject to sub-paragraphs (2) to (4), for persons in classes D to E in this scheme a person's maximum council tax reduction amount in respect of a day is 75 per cent for working age (not disabled) & 80% for working age (disabled) of the amount A/B where—

(a) A is the amount set by the authority as the council tax for the relevant financial year in respect of the dwelling in which he is a resident and for which he is liable, subject to any discount which may be appropriate to that dwelling under the 1992 Act; and

(b) B is the number of days in that financial year, less any deductions in respect of non-dependants which fall to be made under paragraph 30A (non-dependant deductions: persons who are not pensioners) and any award restricted to the level of Band D

From April 2015 onwards, the amount of savings and investments people are allowed to have and still be entitled to claim CTS was reduced from £16,000 to £6,000.

The CTS scheme 2013/14 and 2014/15 did not accept claims from applicants who have savings and investments of more than £16,000. These individual were not entitled to any CTS.

From April 2015, applicants who have more than £6,000 in savings or investments are not be eligible to claim and will therefore have no entitlement to CTS.

Paragraph 23 of the draft CTS scheme states that:

(1) The class of person described in this paragraph consists of -

(a) Persons in class A and B whose capital exceeds £16,000

(b) Persons in class D and E whose capital exceeds £6,000.

From April 2015 onwards, Second Adult Rebate was abolished.

Second Adult Rebate supports working age council tax payers whose income is too high in their own right for Council Tax Support but who have other adults living in the household whose income is low.

## **Applications for Council Tax Support**

***This part applies to both pension-age and working-age applicants***

The following procedure has been set in accordance with the Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012, referred to as 'the Regulations' below.

Entitlement to CTS is legally dependent on an application being made in the following way:

An application may be made:

- (a) In writing
- (b) By means of an electronic communication or
- (c) By telephone following publication by the Council of a number for this purpose.

The form provided by the Council for this purpose must be properly completed, and the Council may require the applicant to complete the form in the proper manner, and may further require that further information and evidence is provided by the applicant.

An application will be made defective if the applicant does not provide all of the information the Council requires.

Applications made by telephone will only be accepted if the applicant provides a written statement of their circumstances in the format required by the Council.

The Council will allow a certain length of time for applicants to correct any defects in their application.

The Regulations provide for which classes of people are eligible to make application for Council Tax Support.

### **Evidence and information**

Any person who makes an application or any person to whom a reduction under the CTS scheme 2019 has been awarded shall furnish such certificates, documents, information and evidence in connection with the application or award, or question arising out of it as may reasonably be required by the Council in order to determine the person's entitlement. Where the Council requests information it shall inform the applicant or person of their duty to notify the Council of any change of circumstances and shall indicate the kind of changes of circumstances which are to be notified.

Matters related to the electronic communication of information, proof of delivery and content of information will be determined in accordance with Part 4 of Schedule 7 of the Regulations.

Where the person is a pensioner paragraph 7(4) (5) (6) and (7) of Schedule 8 of the Regulations apply which specify matters relevant to evidence and information related to pensioners.

### **Amendment and withdrawal of applications**

Any person who has made an application may amend it at any time before a decision had been made by serving a notice in writing to the Council in accordance with paragraph 8 of Schedule 8 of the Regulations.

## **Decisions by the Council**

The Council will make a decision in respect of any application for a reduction under this scheme in accordance with the criteria set out within the CTS scheme 2019 rules.

The decision will be made within 14 days or as soon as reasonably practicable of the Council receiving at its designated office the properly completed application or the information requested to complete it or the evidence required. The date upon which the Council is deemed to have received the properly completed application shall be determined in accordance with paragraphs 6 of Schedule 1, paragraph 7 and Part 1 of Schedule 7 of the Regulations being satisfied, or as soon as reasonably practicable thereafter.

The Council will notify the applicant or any person affected by its decision under the scheme in writing forthwith, or as soon as reasonably practicable.

Any person affected to whom the Council sends or delivers a notification of a decision to may, within one month of the notification of the decision, request in writing from the Council a statement setting out the reasons for its decision on any matter set out in the notice.

Following receipt of a request for a written statement the Council will provide this within 14 days or as soon as reasonably practicable thereafter.

Where an award or payment of reduction is made the time and manner of granting the reduction under the scheme will be in accordance with Part 5 of Schedule 8 of the Regulations.

## **Change of circumstances**

For persons who are not pensioners the date on which changes of circumstances are to take effect will be determined in accordance with paragraph 4 of Part 2 of Schedule 8 of the Regulations.

## **Procedure for making an appeal**

Any applicant who is not in agreement with the decision of the Council taken under this scheme may service a notice in writing on the Council setting out their reasons and grounds upon which they believe the Council has made the wrong decision.

Following receipt of an appeal in writing the Council will:

- (1) Consider the appeal
- (2) Notify the applicant in writing of the following:
  - (i) Any decision not to uphold the appeal and the reasons for that; or
  - (ii) That steps are being taken to proceed with the appeal and set out what steps.

Where an applicant remains dissatisfied following receipt of any written notice sent by the Council in response to their appeal, they may within two months of the service of that notice, appeal to the valuation tribunal.

### **Applications for further discretionary reductions**

Under Section 13A(1)(c) of the Local Government Finance Act 1992 and The Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012, the Authority will consider applications for a further reduction in Council Tax.

There will be financial implications in that the cost of any reduction will be a direct cost to the Council. The cost of any discretionary reduction will, therefore, have to be met by the rest of the council taxpayers.

Applications must be made in writing or by prescribed electronic communications.

The Council will, in making decisions for further discretionary reductions, have due regard to its duties under The Child Poverty Act 2010, The Housing Act 1996, and The Equality Act 2010.

The Council will review all relevant matters when deciding whether to award a reduction including, but not limited to:

- The circumstances of any other person with whom the applicant is jointly and severally liable for Council Tax.
- The overall financial situation of the applicant and the applicant's family.
- The effect the council believes making an award will have on the applicant and any members of the applicant's family.
- Protecting the public purse and maintaining financial budgets.

A person who applies for a discretionary reduction may request that the Council review its decision. Any such request must be made in writing and be received within one month of the date the notification of the decision.

If practicable, another more senior officer, will reconsider the decision in light of all available evidence and, if appropriate amend it. Any change may lead to either a reduction or an increase in any award.

A further right of review will be available against the decision as reviewed which will be considered by a manager but only against the legality of the decision and not the actual outcome.