

**Appendix 3
(Minute 73)**

Final Option for Local Council Tax Support

Impacts working age claimants and people with second homes

Final Option	
<p>From April 2013, increase non-dependant deductions from:</p> <p>£0.00 to £0.00*</p> <p>£3.30 to £6.00</p> <p>£6.55 to £9.00</p> <p>£8.25 to £15.00</p> <p>£9.90 to £20.00</p> <p>Increase council tax for certain properties in line with the Council Tax Technical Reforms for 2013 as follows:</p> <p>Remove the second homes discount completely (currently 10%).</p> <p>Remove Class A exemption (empty and undergoing major structural repairs).</p> <p>Remove the Class C exemption (unoccupied and unfurnished) completely.</p> <p>Take the savings from the abolition of Class L (mortgagees in possession).</p> <p>From April 2014, the maximum council tax support award will be capped to the top of band D, which is currently £28.80 per week.</p>	
2013 Reduction: £1.8 mil	2013 Contingency: NIL

*Under the current benefit rules, non-dependant deductions are based on the gross income of the non-dependant. However, where the non-dependant is in receipt of an out-of-work benefit, the deduction remains at zero in line with the current scheme.

For 2013/14, this option uses a combination of increased non-dependant deductions and reductions in property exemptions.

For 2014/15, the CTS scheme will use a combination of increased non-dependant deductions, reductions in property exemptions and capping weekly council tax support to a band D charge which is currently £28.80.

The non-dependant deductions above have been calculated using 2012/13 rates. The DWP will provide 2013/14 non-dependant deduction rates in December 2012 from which savings can be calculated.

Potentially 582 claimants residing in properties banded E, F, G and H could be affected by restricting benefit to Band D Claimants. Further analysis will continue to determine more exactly the numbers affected.

This option comprising elements of benefits and council tax to make the savings could affect 8,296 households of which 715 will be in receipt of benefit and 7,581 will be Council Tax Payers with second homes. These are forecasted figures, which will be monitored up until the implementation of the new scheme.

Proposals in the Local Government Finance Act 2012 are optimized above to attain the savings to offset the Government's 10% reduction in expenditure. The proposed scheme for 2013 also takes advantage of the Government's additional transitional funding which is outlined in paragraph five of the report.

Preferred Option Statistical Data

Description	Properties that may be affected by band	No. cases All CTB lost	Annual LA Saving/Customer Loss £	No. of household affected
a. Increase Non dependant deductions: £3.30 to £6.00 £6.55 to £9.00 £8.25 to £15.00 £9.90 to £20.00	715 cases affected	94	£185k	715
From 2014 b. Restriction to Actual Band D Liability 2012/13 £28.80	Working Age: Band A - 0 Band B - 0 Band C - 0 Band D - 0 Band E - 454 Band F - 87 Band G - 20 Band H - 1	None	Total £89k A £0.00 B £0.00 C £0.00 D £0.00 E £45k F £32k G £11k H £1k	582
Exemption Category	Current scheme	LGFA Enables	Potential Additional Income £	No. of properties affected
c. Second homes	Having apply a Discretionary discount of 10%.	Range of discretion between 0% and 50%. Having propose 0%.	47K	739
d. Exemption Class A – empty and undergoing major repairs/structural alterations	100% up to a maximum of 12 months	Discretionary discount between 0% and 100%. Having propose 0% over 12 months.	240k	468
e. Exemption Class C – unoccupied and unfurnished	100% up to a maximum of 6 months	Discretionary discount between 0% and 100%. Having propose 0%.	1.303k	6289
f. Mortgagees in possession Class L	100% no time limit	Abolition. Having propose 0% from a date to be confirmed by DCLG.	41k	85
Total			1.816k	8,296

London Borough of Havering Final Local Council Tax Support Scheme

Introduction

Council Tax Benefit will be abolished from 1 April 2013. In its place each local authority is required by Section 9 of the Local Government Finance Act 2012 to produce its own scheme to reduce the liability of working age applicants it considers to be in financial need.

This document contains Havering's final Council Tax Support Scheme which the Council is required to produce under the provisions of Schedule 4 of the act.

The Council has decided to adopt its own scheme which has due regard to the Department for Communities and Local Government's policy intentions and unequivocally protects pensioners.

The Local Council Tax Support scheme is to be 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.

The Council is required to design its own scheme to assist applicants who are below state pension credit age. If it fails to do this by 31 January 2013 it will be required to adopt the default scheme as set out in The Council Tax Reduction Schemes (Default Scheme) Regulations 2012.

It may also be amended if the expected cost of the new scheme changes before 31 January 2013 to such an extent that the scheme requires further amendment.

In this document 'the new scheme' means the proposed CTS scheme and 'the current scheme' means the existing Council Tax Benefit scheme (CTB).

The Regulations provide a detailed scheme for the calculation of CTS where an applicant is a pensioner which are incorporated within the Council's new scheme.

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

Havering's Local Council Tax Support Scheme

This document sets out the Council's Local Council Tax Support Scheme for eligible working age Council Tax payers to receive support.

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

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

The principles of the Local Council Tax Support Scheme are:

- Local authorities will be expected to manage the 10% reduction in subsidised expenditure.
- Regulations have been set to protect claimants of state pension credit age.
- Local authorities must consult on their schemes with precepting authorities and the public.
- The Council must adopt the final scheme before 31 January 2013 or the default scheme will apply.
- Local authorities should aim to protect vulnerable groups.
- In developing schemes, local authorities should 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
- Alternative 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 new scheme has adopted the existing scheme as defined in the Council Tax Benefit Regulations 2006 as they stand subject to the following amendments:

1. Increase weekly non-dependant deductions

That Paragraph 58 in Part 6 of the Council Tax Benefit Regulations 2006 shall be taken to read as follows:

“58.

(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 £183.00, the deduction to be made under this regulation shall be that specified in paragraph (1)(b);

(b) not less than £183.00 but less than £316.00, the deduction to be made under this regulation shall be £9.00;

(c) not less than £316.00 but less than £394.00, the deduction to be made under this regulation shall be £15.00.

2. From April 2014, Restrict the maximum council tax support award to the top of Council Tax band D

That Paragraph 57 in Part 6 of the Council Tax Benefit Regulations 2006 shall be taken to read as follows:

“57.

(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.

Applications for Council Tax Support

This part applies to both pensioners and working-age applicants

The following procedure is in accordance with the Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012, referred to as 'the Regulations' below and shall be implemented in accordance with those Regulations.

Entitlement to CTS is 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 defective if the applicant does not provide all of the information the Council requires.

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

The Council will provide applicants making their applications with an opportunity to correct any defects in their application.

Applications may be made by those persons set out in paragraph 6 of Schedule 8 of the Regulations.

The Government has indicated that they intend to introduce legislation to the effect that people entitled to Council Tax Benefit on 31 March 2013 will be deemed to have made an application under the new scheme.

Evidence and information

Any person who makes an application or any person to whom a reduction under the Council's scheme 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 Council Tax Benefit Regulations 2006 (subject to the amendments made to

paragraphs 57 and 58 and Schedule 2 referred to above), and in accordance with Schedules 7 and 8 of the Regulations.

The decision will be made within 14 days 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.