

## **1. SUMMARY**

Council tax support (CTS) which is also known as the council tax reduction scheme is Westminster City Council's replacement support scheme for council tax benefit.

The Council has agreed a local scheme that uses the same basic calculation that was used to calculate council tax benefit and includes recent welfare reforms. This is the case for both pensioners and working age claimants.

## **2. INTRODUCTION**

Council tax benefit (CTB) was abolished from 1 April 2013. From this date local authorities are required to:

- adopt a national council tax support scheme (CTS) for people who have attained the qualifying age for state pension credit (pensioner cases);
- devise a local council tax support scheme (CTS) for working age people that aligns with the general principles of universal credit and encourages people to move into work.

CTS falls under the remit of the Ministry of Housing, Communities and Local Government (MHCLG) rather than the DWP (Department of Work and Pensions).

The Local Government Finance Act 1992 allows for a person's council tax liability to be reduced by the award of exemptions, discounts (including single person discounts) and band reductions under the Disability Reduction Scheme. The Local Government Finance Act 2012 adds a new requirement for billing authorities to implement a council tax support scheme that must include:

- classes of persons entitled to a reduction under the scheme;
- the amount of the reduction each class is entitled to;
- how to apply for a reduction;
- the procedure by which an appeal against entitlement to a reduction and the amount of a reduction can be made.

Although CTS is closely aligned to the CTB Scheme that preceded it, it is not a benefit. It is a reduction in the amount of Council Tax a person is liable to pay. However, unlike the other methods for reducing council tax liability, this reduction is mean-tested and is administered alongside housing benefit claims in the same way CTB was.

## **3. REGULATORY FRAMEWORK**

The Council Tax Benefit Regulations 2006 and Council Tax Benefit (State Pension Credit) Regulations 2006 have been revoked from 1 April 2013.

Existing CTB provisions contained within the Social Security Administration Act do not apply to decisions made in respect of CTS.

The Housing Benefit and Council Tax Benefit Decisions and Appeals Regulations (2001) do not apply to decisions made in respect of CTS.

#### **4. PEOPLE WHO HAVE REACHED STATE PENSION AGE**

MHCLG has issued the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012. These Regulations provide the overall framework for the local scheme and are used to decide how much council tax reduction someone who has reached state pension credit age is entitled to. In the case of a couple these regulations are used once one of them reaches state pension credit age. These Regulations do not apply to anyone who is receiving Income Support, JSA(IB), ESA(IR) or Universal Credit or whose partner is working age and receiving one of these benefits. Their reduction is calculated using the local working age scheme.

The regulations confirm that there are three classes of person to whom a reduction may apply and detail the amount of the reduction that applies and how the amount a person is entitled to is calculated. These classes are:

- Class 1 – a person whose income falls below their applicable amount is entitled to a 100% reduction less any appropriate non-dependant deductions
- Class 2 – a person whose income exceeds their applicable amount is entitled to their full liability less 20% of the difference between their income and their applicable amount and any appropriate non-dependant deductions
- Class 3 – a person who has at least one second adult living with them is entitled to a reduction of 25%, 15% or 7.5% of the council tax liability depending on the circumstances of the second adult.

These Prescribed Regulations broadly mirror previous CTB arrangements so the basic calculation used to establish the amount people who have reached state pension credit age are entitled to under CTS has only changed to incorporate recent welfare reforms.

Under Westminster's scheme War Pensions will be disregarded in full when calculating a person's entitlement for claimants who have reached state pension credit age.

The Ministry for Housing, Communities and Local Government makes changes to the Prescribed Regulations each year to incorporate wider welfare reforms. These changes may affect the amount of CTS people who have reached state pension credit age are entitled to.

#### **5. SUMMARY OF THE LOCAL SCHEME (WORKING AGE)**

The Council Tax Reduction Schemes (Default Scheme) Regulations 2012 form the basis of Westminster's local working age reduction scheme.

The amount of council tax support a working age person is entitled to is determined with reference to the local CTS scheme as set out in Westminster City Council's Council Tax Support Scheme. These regulations broadly mirror previous CTB arrangements so the basic calculation used to establish the amount people who are of working age receive under CTS has only changed to incorporate recent welfare reforms.

The regulations confirm that there are three classes of person to whom a reduction may apply and detail the amount of the reduction that applies and how the amount a person is entitled to is calculated. These classes are:

- Class 1 – a person whose income falls below their applicable amount is entitled to a 100% reduction less any appropriate non-dependant deductions
- Class 2 – a person whose income exceeds their applicable amount is entitled to their full liability less 20% of the difference between their income and their applicable amount and any appropriate non-dependant deductions
- Class 3 – a person who has at least one second adult living with them is entitled to a reduction of 25%, 15% or 7.5% of the council tax liability depending on the circumstances of the second adult.

War Pensions will also be disregarded in full when calculating a person's entitlement for working-age claimants.

### **5.1 Additional Protected Groups**

There are no additional protected groups as part of Westminster's local scheme and the same CTS arrangements apply to all working-age claimants.

## **6. CTS APPLICATION AND REDUCTION PROCESSES**

### **6.1 Claims**

A person must apply for a council tax reduction. They may do this using:

- Westminster's electronic application form
- Westminster's joint housing benefit and council tax support application form;
- Westminster's shortened CTS only application form for claimants in receipt of passported benefits.

It is not possible to apply for council tax support via the Jobcentre Plus but they will ask if the person is interested in applying for a reduction. If the answer is yes, the Council will receive information about the person from the Jobcentre Plus but the local authority will invite the person to apply for a reduction using the forms listed above.

The first day of entitlement to the reduction is decided in the same way that the first day of entitlement to CTB was decided. The date of claims rules that applied to CTB also apply to CTS.

The reduction is applied by transferring the amount to the claimant's council tax account triggering the production of a new council tax bill and payment profile.

### **6.2 Changes**

As the Decision Making and Appeals regulations do not apply there are some different effective date rules for HB and CTS. Unlike HB/CTB there are no time-limits on how far back an advantageous change in circumstances can be applied, providing sufficient proof of circumstances over the period can be supplied. In these circumstances changes will take effect from the date of the change irrespective of when the Council is notified. However, it is also a legal requirement for the taxpayer to notify the Council of any change within 21 days (or as soon as practicable) of the date the change occurs. Where the Council believes

there has been a deliberate attempt to commit a fraud by failing to notify a change it may result in a fine or prosecution.

There is no provision to suspend or terminate CTS awards and decisions are made on the available information and can be changed when new information is received. Changes to CTS awards are transferred to the council tax account and the increased or decreased amount then falls to be collected. The taxpayer has 1 calendar month to respond to information requests if the Council writes to ask for information or evidence to assist with the calculation of their CTS award.

If an award of CTS is reduced the council tax liability increases and the taxpayer is sent a revised bill so that collection of the increased liability can commence. There are no overpayments of an award of CTS that are deemed non-recoverable (as there were in CTB). Any changes that occur prior to 1 April 2013 that are notified after this date will be subject to the CTB rules before and the CTS rules after 1 April.

## **7. CTS CALCULATION (WORKING AGE)**

The amount of CTS is calculated as follows:

**\*Annual CT liability is the amount after appropriate discounts have been applied.**

**Annual liability ÷ 365**

Daily CT liability\*

Minus non-dependant deductions

In receipt of IS/JSA(IB)/ESA(IR) or in low paid work

Minus 20% of the excess income

(applicable amount – income)

Equals daily CTS x 365 = annual reduction

The number of days between 1 April and 31 March is 366 in leap years and so 366 will replace 365 in any such year.

The total income, capital, applicable amounts and non-dependant deductions are calculated using the same rules that applied for CTB except for where they have been updated to take account of recent welfare reforms. Details of the current year's non-dependant deductions and applicable amounts used when calculating CTR for working age claimant can be found in Appendix A.

There are separate rules where a person can be entitled to alternative maximum council tax reduction, which is also known as second adult rebate, which is based on the income of second adults living in the property.

## **8. DISPUTES**

The appeals process for CTS differs from the Housing Benefit appeals route.

Section 16 of the Local Government Finance Act 1992 covers all Council Tax disputes including CTS grievances. There is no time limit for submitting an appeal, i.e. no 'calendar month from the date notified' or '13 month absolute time limit' that applies to HB appeals. The local scheme itself and the measures the Council has decided to adopt in designing it cannot be appealed under section 16, but all decisions regarding how an individual's CTS entitlement has been worked out and the subsequent amount of Council Tax payable are.

Grievances must be lodged with the Council in the first instance in the same way they were for CTB and the Council then has 2 months to respond. If no response is issued within 2 months or the reply does not resolve the grievance the tax payer then has a further 2 months to submit a further appeal to the Valuation Tribunal which is a separate organisation from the Tribunal Service.

If the appellant appeals against a decision that affects both HB and CTS then two different submissions will be necessary – one for HB to the Tribunal Service and one for CTS to the Valuation Tribunal. The Council will receive an automated acknowledgment from the Valuation Tribunal once the appeal is lodged. The appeal is not made via the Council as with HB/CTB. Only when the appeal is listed for hearing will the council be required to submit further documentation to the Valuation Tribunal.

## Appendix A

### CTR working age scheme non-dependant deductions 2022/2023

These tables set out the deductions taken in respect of non-dependants unless the claimant's or their partner's circumstances mean that no deductions apply.

<b>Aged 18 and over and:</b> <ul style="list-style-type: none"> <li>• Working for at least 16 hours per week, or</li> <li>• Receiving universal credit (UC) and working for at least 16 hours per week</li> </ul> <b>Weekly income amounts</b>	<b>Deduction rate</b>
gross income £484.00+	£12.85
£389.00 - £483.99	£10.70
£224.00 - £389.99	£8.55
gross income <£220.00	£4.20
In remunerative work and in receipt of Pension Credit	Nil

<b>Not working for at least 16 hours per week</b>	<b>Deduction rate</b>
In receipt of universal credit with no earned income	nil
In receipt of income support	nil
In receipt of an income-based jobseekers allowance	nil
In receipt of an income-related employment and support allowance – any phase	nil
Aged less than 18 (whatever the income)	nil
In receipt of Pension Credit	nil
Full-time students	nil
Everyone that does not fall into one of the categories listed above i.e. people working for less than 16 hours per week, people receiving other state benefits	£4.20

## APPLICABLE AMOUNTS 2022/2023

### Personal Allowances

<b>Working Age</b>		
<b>Single</b>	Aged under 25	<b>£61.05</b>
	Aged 25 up to pensionable age	<b>£77.00</b>
	Aged under 25 receiving ESA main phase	<b>£77.00</b>
<b>Lone Parent</b>	Aged 18 up to pensionable age	<b>£77.00</b>
<b>Couple</b>	One or both aged 18 up to pensionable age	<b>£121.05</b>
<b>Polygamous Partner</b>	For each partner	<b>£44.05</b>
<b>Dependants Allowance</b>	Child aged under 16	<b>£70.80</b>
	Young person aged 16 up to 19	<b>£70.80</b>
<b>Family premium</b>	Normal rate	<b>£17.85</b>
	Lone parent rate – protected cases only	<b>£22.20</b>
<b>Disability Premium</b>	Single/Lone parent aged below pensionable age	<b>£36.20</b>
	Couple both aged under below pensionable age	<b>£51.60</b>
<b>Enhanced Disability Premium</b>	Single/Lone parent aged below pensionable age	<b>£17.75</b>
	Couple both aged below pensionable age	<b>£25.35</b>
	Child	<b>£27.44</b>
<b>Severe Disability Premium</b>	Single/Lone parent	<b>£69.40</b>
	Couple where one qualifies	<b>£69.40</b>
	Couple where both qualify	<b>£138.80</b>
<b>Disabled Child Premium</b>	Each disabled child	<b>£68.04</b>
<b>Carer premium</b>	Claimant or partner each	<b>£38.85</b>
<b>Employment &amp; Support Allowance</b>	Work related activity component	<b>£30.60</b>
	Support component	<b>£40.60</b>

The Family Premium is not used the calculation of reductions where a new claim is made on or after 1<sup>st</sup> April 2018.