

FAREHAM

BOROUGH COUNCIL

Report to Council

Date **11 December 2014**

Report of: **Director of Community**

Subject: **Local Council Tax Support Scheme 2015/16**

SUMMARY

This report sets out a recommended local Council Tax Support scheme for adoption by the Council. The scheme will operate from 1 April 2015.

RECOMMENDATIONS

That the Council approves:

- (a) the Council Tax Support scheme, as recommended by the Executive at the meeting of 1 December 2014; and
- (b) that delegated authority is given to the Director of Community to make any necessary minor amendments and to publish the final scheme prior to 1 April 2015.

PROPOSED COUNCIL TAX SUPPORT SCHEME 2015/16

1. At its meeting of 1 December 2014, the Executive considered (as part of the Draft Spending Plans 15/16) a draft local Council Tax Support scheme for the forthcoming financial year. The relevant part of the Executive report can be seen at [Appendix A](#) and Full Council are asked to consider and adopt the scheme which will be implemented from 1 April 2015.
2. The Executive supported a scheme that provides the same level of assistance and protections as in the previously agreed Council Tax Support Scheme (with some increases in the components of the calculation to allow for rises in the cost of living in line with the Government's annual increases to other welfare benefits).
3. The most vulnerable customers will continue to be protected from any changes in support. These customers are those who are in receipt of the Enhanced Disability Premium and Severe Disability Premium.
4. The Executive also supported the on-going protection for customers in receipt of War Pensions and War Widows Pensions by continuing with the existing scheme of disregarding the income from these pensions when calculating entitlement.
5. A key principle of the existing scheme of support is a measure whereby all adults in the household contribute towards the Council services they receive. The Executive agreed to retain this principle in the scheme for the forthcoming financial year.
6. The remaining working age customers will continue to receive support based on 80% of their Council Tax liability, also capped at a Band C liability for those living in properties in Bands D and above.
7. The local Hardship Fund arrangements as approved by the Executive at their meeting of 15 April 2013 will remain in place.
8. To support the Government's desire to incentivise work, the Executive agreed to retain the extended-payments provisions, treatment of child care costs and earned-income disregards that currently exist.
9. A detailed summary of the proposed scheme is set out in detail at [Appendix B](#).

RISK ASSESSMENT

10. The risk considerations are as set out in the Executive report "[Draft Spending Plans 2015/16](#)".

CONCLUSION

11. The decision requested in this report should enable the Council to contain the cost of the proposed scheme within the available resources and takes into account the feedback from the consultation exercise carried out. Additionally it will ensure that the Council fulfils its responsibility under the Local Government Finance Act 2012 in relation to local Council Tax Reduction Schemes.

Enquiries:

For further information on this report please contact Caroline Holmes. (Ext 4645)

Executive Briefing Paper – “2015/16 Draft Spending Plans” Appendix F

From 1 April 2013 the Government abolished Council Tax Benefit and all billing authorities had to develop their own schemes, called Local Council Tax Support Schemes, to replace it.

For 2013-14 Fareham Borough Council agreed, following public consultation, the following principles:

- Every Working Age claimant should pay something towards their Council Tax – maximum support was reduced from 100% to 91.5%
- The scheme should protect the most vulnerable claimants therefore providing the same level of assistance as the previous Council Tax Benefit Scheme
- Make work pay by increasing the amount of income that working age customers can earn before it affects their level of Council Tax Support
- Provide extra financial support to those suffering genuine hardship as a result of the changes
- Provide funding to Fareham Citizens Advice Bureau to employ a Budgeting Advisor for a period of 3 years to assist claimants affected by the changes

For 2014-15 the Council agreed, following public consultation, the following principles:

- Every Working Age claimant should continue to pay something towards their Council Tax – maximum support was reduced from 91.5% to 80%
- The amount of Council Tax Support to be capped to a Band C for those claimants living in larger properties
- All non-dependents (such as adult sons or daughters) should pay something towards the household's Council Tax bill
- Continue to incentivise work by keeping the amount of income that working age customers can earn before it affects their Council Tax Support at the levels agreed for 2013/14
- The scheme should continue to protect the most vulnerable claimants therefore providing the same level of assistance as the previous Council Tax Benefit Scheme
- Continue to provide extra financial support to those suffering genuine hardship as a result of the changes

For 2015-16 it is proposed to retain the principles agreed in the 2014-15 scheme. A public consultation exercise ran from 22 September 2014 to 19 October 2014 seeking views on these proposals. A total of 101 responses were received and the results indicate that the proposed scheme is supported by the majority of respondents. 82% of respondents agreed that the current scheme is fair and 91% agreed that those with severe disabilities or in receipt of war pensions should continue to receive full council tax support. An impact assessment has been carried out and it confirms that we continue to comply with requirements.

The proposed scheme for 2015-16 will provide the same level of assistance & protections as in the previously agreed Council Tax Support Scheme (with some increases in the components of the calculation to allow for rises in the cost of living in line with the Government's annual increases to other welfare benefits). This will enable the Council to contain the cost within available resources.

Members are invited to consider this proposal and recommend to Full Council an unchanged Local Council Tax Support Scheme for 2015-16.

FAREHAM

BOROUGH COUNCIL

Council Tax Support Scheme Policy Summary 2015/16

(S13A and Schedule 1a of the Local Government Finance Act 1992)

Forward

This document summarises Fareham Borough Council's Council Tax Support Scheme for the financial year 1 April 2015 to 31 March 2016.

The Scheme

Pensioners

It is a legislative requirement that those of Pension Age continue to receive support by way of a Council Tax Support Scheme on the same terms as would have applied under the old Council Tax Benefit scheme. This scheme therefore continues to adopt the provisions as previously set out in the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 as amended and Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amended) Regulations 2013.

The legislation sets out the definition of pensioner for the purposes of the scheme. Those not defined as pensioners are by default defined as working age.

Any figures set out in this part of the scheme will be subject to an annual review by the government and that they will be set each year by order of the Secretary of State.

The extent of provision of those of Pension Age is a matter for Central Government with one exception. Local Authorities are free to extend the provisions set out in Section 1 Schedule 5 Paragraph 1 to the extent that they disregard any of those War Pensions in full. Fareham Borough Council has always disregarded those war pensions in full under the old Council Tax Benefit scheme and will continue to do so under the Council Tax Support scheme.

Working Age

All the features set out in section 2 of this scheme are features that are determined by Fareham Borough Council.

There is a legal requirement that Fareham Borough Council establishes a Council Tax Support Scheme for those of working age and adheres to the requirements set out in the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 as amended and the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amended) Regulations 2013 that apply to those of working age.

The Council Tax Support Scheme for Pensioners (persons who have reached the age at which Pension Credit can be claimed)

The Government has created three classes and the Council will decide which class each applicant is in. The class will determine the level of Council Tax Support that can be provided:

Class A

To obtain support the person must:

- a. have attained the qualifying age for state pension credit;
- b. not be somebody with a partner of working age in receipt of income support, income-based jobseeker's allowance or income-based employment and support allowance;
- c. be liable to pay council tax in respect of a dwelling in which they are resident;
- d. not have capital savings above £16,000;
- e. must have their assessed income less than or equal to the set living allowances (applicable amounts) set by Central Government; and
- f. have made a valid application for support

The class also includes persons who have successfully claimed Pension Credit Guarantee.

Class B

To obtain support the person must:

- a. have attained the qualifying age for state pension credit;
- b. not be somebody with a partner of working age in receipt of income support, income-based jobseeker's allowance or income-based employment and support allowance;
- c. be liable to pay council tax in respect of a dwelling in which they are resident;
- d. not have capital savings above £16,000;
- e. have made a valid application for support; and
- f. have assessed income above the set living allowances (applicable amounts) set by Central Government

Class C

To obtain support the person must:

- a. have attained the qualifying age for state pension credit;
- b. not be somebody with a partner of working age in receipt of income support, income-based jobseeker's allowance or income-based employment and support allowance;
- c. be liable to pay council tax in respect of a dwelling in which they are resident;
- d. made a valid application for support;
- e. be somebody who has at least one second adult living with them who is not his/ her partner, not somebody who pays rent, and who is on a prescribed low wage and/or prescribed benefit, as set out by Central Government.

The Council Tax Support Scheme for Working Age persons

The Council has decided that there will be two classes and will decide which class each applicant is in. The class will determine the level of Council Tax Support that can be provided:

Class D

To obtain support the individual (or their partner) must:

- a. have not attained the qualifying age for state pension credit; or
- b. have attained the qualifying age for state pension credit if they, and his partner, is a person on income support, on an income-based jobseeker's allowance or on an income-related employment and support allowance.
- c. be liable to pay council tax in respect of a dwelling in which he is solely or mainly resident;
- d. not have capital savings above £16,000;
- e. be a person whose *income* is **less** than their living allowances (*applicable amount*) or the claimant or partner is in receipt of Income Support, Jobseekers allowance (income based) or Employment and Support Allowance (income related); and
- f. have made a valid claim for support.

Class E

To obtain support the individual (or their partner) must:

- a. have not attained the qualifying age for state pension credit;
- b. be liable to pay Council Tax in respect of a dwelling in which they are solely or mainly resident;
- c. be somebody in respect of whom a maximum council tax support amount can be calculated;
- d. not have capital savings above £16,000;
- e. be a person whose *income* is **more** than their living allowances (*applicable amount*);
- f. have made a valid claim for support;

What Council Tax Support will be payable to a working age person?

If a person matches the criteria in Class D, including that their *income* is less than their living allowances (*applicable amounts*) that person qualifies for 80% reduction on their council tax liability, (less any non dependant deductions). This 80% maximum support will also be capped to a Band C property. This also applies if a person is in receipt of income support, on an income-based jobseeker's allowance or on an income-related employment and support allowance.

If a person matches the criteria in Class E, it will mean the person's *income* is greater than their living allowances (*applicable amount*). Twenty per cent of the difference between the two will be subtracted from the maximum council tax liability allowed. The Council has decided that for 2014/15, the maximum council tax liability will be 80% of council tax the person is liable to pay (less any non dependant deductions) and this 80%

support will also be capped to a Band C property.

Will any working age persons be protected?

Yes, if a claimant or their partner receives a Severe Disability Premium or an Enhanced Disability Premium within either their Council Tax Support, Income Support, income-based Jobseekers Allowance or income-related Employment and Support Allowance or is in receipt of a war disablement pension, a war widow's pension or war widower's pension, or Armed Forces Independence Payment their support will be based on a maximum council tax liability of 100% of council tax the person is liable to pay (less any non dependant deductions). There is no restriction on the amount of support given if the property's council tax band is above a Band C.

How Council Tax Support works

Who can claim?

If you have to pay Council Tax, you may be able to get Council Tax Support (CTS).

You can only get support if you have a right to reside and are habitually resident in the United Kingdom (UK). If you have entered the UK within the 2 years before your claim for benefit, we will ask you about this.

People given refugee status, humanitarian protection or exceptional leave to remain in the UK will continue to be eligible for support.

Council Tax Support is not normally available for students. The exceptions are:

- vulnerable students, such as disabled students and lone parents;
- part-time students; and
- couples where one partner is not a student.

How to claim

Claims for Council Tax Support can be made in person at the Civic Officer or by telephone.

All claims will need to be supported by evidence of your circumstances and this will need to be provided to us. If you are claiming Housing Benefit as well as Council Tax Support, we will provide you with a joint claim form

If you are married and your husband or wife normally lives with you, or if you live with someone as though you are a married couple, or are civil partners, only one of you can make the claim for Council Tax Support. You may choose who is to make the claim, or if you cannot agree who is to claim, the Council will nominate one of you to be the claimant.

How long does it take to decide a claim for Council Tax Support?

We will deal with a claim for Council Tax Support as soon as possible after receiving all the information that we need to work out the entitlement.

Start of Council Tax Support

If you become liable for the Council Tax for the first time, for example if you move to a new address or reach the age of 18 or stop being a registered student, you should claim either in advance (you may claim up to 13 weeks before you expect to become liable), or in the week that your liability starts. You then get support from the day you start being liable for Council Tax. If you claim later than this, your support starts on the Monday after the day you claim.

If you are already paying the Council Tax and become entitled to support because you have less money or your applicable amount changes, you also start getting support on the Monday after you claim.

We may be able to pay Council Tax Support from an earlier date if there has been a good reason why you delayed making your claim. The maximum time we can go back is 6 months from the date your claim for backdating was actually made. You must show there was 'good cause' for not making an earlier claim throughout the whole of any period you want backdated up to the date your claim for backdating was made.

End of Council Tax Support

If you stop being liable for Council Tax, for example if you move away from an address or become exempt,

your Council Tax Support stops on the day you stop being liable. If you no longer qualify for Council Tax Support because, for example, your income increases, your Council Tax Support will be stopped from the beginning of the next week.

How much Council Tax Support can be awarded?

Maximum Council Tax Support depends on:

- Whether you are in the Pension Age scheme (attained the qualifying age for state pension credit) or are in the Working Age scheme;
- How much council tax you have to pay; and
- Who you live with.

What Council Tax Support will be payable to Pension Age persons?

If a person matches the criteria in Class A they will qualify for 100% reduction on their council tax liability, (net of any council tax discounts, such as single person discount), adjusted down for any non-dependant deductions. This also applies if a person is in receipt of State Pension Credit (guarantee credit element) from the Department for Work and Pensions (Pensions Service)

If a person matches the criteria in Class B then twenty per cent of the difference between their income and living allowance (see 'calculating your needs' below) will be subtracted from the individual's council tax liability (net of any council tax discounts, such as single person discount), adjusted down for any non-dependant deductions

Council Tax Support for person in Class C may be awarded in respect of a second adult sharing the household who would normally be expected to contribute towards the council tax bill, but who cannot afford to do so, based on their low income or on prescribed benefits. This reduction will be awarded at 100%, 25%, 15% or 7.5% of the council tax liability, depending on individual circumstances

What Council Tax Support will be payable to a working age person?

Unless the person falls into one of the protected groups, the maximum Council Tax Support that can be paid for working age persons is 80% of the council tax the person is liable to pay (less any non-dependant deductions). This 80% support is capped so that it does not exceed the equivalent for a Band C property.

If a person matches the criteria in Class D they will qualify for maximum Council Tax Support (less any non-dependant deductions).

If a person matches the criteria in Class E, then twenty per cent of the difference between their income and living allowance (see 'calculating your needs' below) will be subtracted from the maximum Council Tax Support.

Calculating your needs (living allowance or applicable amount)

Your needs are known as your living allowance or applicable amount and this is an amount that is set each year. For the Pension Age scheme this is set and approved by Parliament. For the Working Age scheme this is set by the Council. Your applicable amount takes into account the size of your family, your age and extra needs you may have. It is made up of personal allowances and premiums. Premiums are included if you have a family, or disability, or a disabled child.

Calculating your income

Your overall income is made up of all the money you and your partner (if you have one) have coming in from earnings, social security benefits, maintenance payments, pensions and other sources. Depending on the type of income, it may be completely or partially ignored in the calculation of your Council Tax Support or taken

fully into account.

Calculating your capital

Your capital includes savings and investments held by yourself and your partner (if you have one) in any form (for example, bank and building society accounts, investment trusts, and shares) from any source (for example, inheritance, redundancy payments, and irregular payments from a charitable or voluntary source). It will normally also include the net sale value of land and housing that you do not occupy, after deducting 10% for expenses of sale.

Capital for Pension Age

The first £10,000 of capital is not counted. Capital over £10,000 up to £16,000 will be taken into account at £1 a week for each £500 (or part of £500) of capital over £10,000. Actual interest payments or dividends are not counted as income but as capital.

For customers who receive the Guarantee Credit of Pension Credit there is no upper limit on the capital you can have.

If you have capital over £16,000, you may still be entitled to Second Adult Rebate, as your income and savings are not taken into account. However, the actual income received from the second adult's capital will be taken into account.

Capital for Working Age

The first £6,000 of capital is not counted. Capital over £6,000 up to £16,000 will be taken into account at £1 a week for each £250 (or part of £250) of capital over £6,000

Non-dependants

Non-dependants are people like grown-up sons or daughters and elderly relatives. If you have non-dependants living with you, your Council Tax Support may be reduced. There are four levels of reduction that may apply. If the non-dependant is not working or working less than 16 hours a week, the lowest deduction will apply. If the non-dependant is doing paid work for 16 hours or more a week, the level of deduction will depend on the non-dependant's gross income.

The following people do not count as non-dependants, whether they share accommodation or not:

- carers employed by a charity that charges for the service;
- joint tenants;
- subtenants;
- boarders;
- tenants of owner occupiers; and
- landlords and their partners.

A deduction will not be made from your Council Tax Support if:

- the non-dependants' normal home is somewhere else; or
- you, or your partner, are registered blind or treated as blind; or
- you, or your partner, are receiving the care component of Disability Living Allowance or Attendance Allowance in respect of yourself or your partner; or
- you, or your partner, are receiving the daily living component of Personal Independence Payment
- you, or your partner are receiving an Armed Forces Independence Payment

How Council Tax Support is paid

If you are liable to pay the Council Tax, we will normally send you a Council Tax bill from which your Council Tax Support has already been deducted. You will then have to pay only the reduced amount. This means that you will not actually receive any money, but your Council Tax bills will be reduced.

If you disagree with the amount of Council Tax Support you have been awarded you will need to write to us stating the reasons. We have two months to reply to you. If we agree with your appeal then the Council Tax Support will be amended and you will receive another Council Tax bill showing the revised amount.

If we do not agree with your appeal or you do not receive a response within two months, you may appeal to the Valuation Tribunal. This is an independent tribunal who will hear your case (either in person or in writing). If the Valuation Tribunal agrees with you they will instruct us to amend your Council Tax Support accordingly.

Changes of circumstances

You must notify us immediately if there is a change in anything that might affect your right to or the amount of Council Tax Support you receive.

This will include:

- where you live; or
- who you live with; or
- your income, savings and investments; or if you stop getting Pension Credit, Income Support, income-based Jobseeker's Allowance or Employment and Support Allowance; or
- you have a change in your Income Support or Employment and Support Allowance which means you no longer receive the Severe or Enhanced Disability Premium amounts as part of your income; or
- if you get a job; or
- if you or your partner go into hospital; or
- if there is any other change in your circumstances which might affect your right to Council Tax Support

Counter Fraud and Compliance

In order to protect the finances of the Council and also in the interests of all council taxpayers, we will undertake such actions as allowed by law to;

- a. Prevent and detect fraudulent claims and actions in respect of Council Tax Support;
- b. Carry out investigations fairly, professionally and in accordance with the law; and
- c. Ensure that sanctions are applied in appropriate cases