

# **COUNCIL TAX SUPPORT**

## **Council Tax Reduction Scheme 2014**



This Scheme was made by Newcastle City Council on 9 January 2013 and shall have effect from 1 April 2013

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## **PREFACE**

This document sets out Newcastle City Council's Council Tax Reduction Scheme and shall have effect from 1 April 2013.

The scheme will replace Council Tax Benefit, which will be abolished on 31 March 2013 by s.33 Welfare Reform Act 2012.

The scheme complies with the requirements of the s.13A and Schedule 1A of the Local Government Finance Act 1992 (inserted by s.10 Local Government Finance Act 2012).

This document should be read in conjunction with the Local Government Finance Act 1992 (as amended by Local Government Finance Act 2012), the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012 and Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (England) (Amendment) Regulations 2012.

# INTRODUCTION

## New Legislation

On 1st April 2013, Council Tax Benefit, the current method of helping people on low incomes meet their council tax obligations, will be abolished by government and replaced by a new scheme of council tax support defined by each local authority. These schemes will be called Council Tax Reduction Schemes ['CTR Schemes'].

Under s.13A and Schedule 1A of the Local Government Finance Act 1992 (inserted by s.10 Local Government Finance Act 2012), each local authority is required to make a CTR Scheme specifying the reductions which are to apply to the amounts of council tax payable by persons in their area who are considered by the authority to be in financial need.

The Secretary of State has introduced regulations to ensure that all CTR Schemes include certain requirements prescribed by government. These regulations are called the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 and can be accessed at: [http://www.legislation.gov.uk/ukxi/2012/2885/pdfs/ukxi\\_20122885\\_en.pdf](http://www.legislation.gov.uk/ukxi/2012/2885/pdfs/ukxi_20122885_en.pdf)

The Secretary of State has prescribed a default scheme that will apply if a local authority fails to make a local scheme by 31 January 2013 ['the Default Scheme']. The Default Scheme is set out in the Council Tax Reductions Schemes (Default Scheme) (England) Regulations 2012, a copy of which appears at Appendix 1 of this document. These can also be accessed at:

[http://www.legislation.gov.uk/ukxi/2012/2886/pdfs/ukxi\\_20122886\\_en.pdf](http://www.legislation.gov.uk/ukxi/2012/2886/pdfs/ukxi_20122886_en.pdf)

The Regulations and Default Scheme have been amended by Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (England) (Amendment) Regulations 2012, a copy of which appears at Appendix 2 of this document. These can also be accessed at:

[http://www.legislation.gov.uk/ukxi/2012/3085/pdfs/ukxi\\_20123085\\_en.pdf](http://www.legislation.gov.uk/ukxi/2012/3085/pdfs/ukxi_20123085_en.pdf)

## Less Funding for Council Tax Support

Government have changed the way in which council tax support is funded, with the result that local authorities will receive less funding to administer the new schemes. This means that local authorities will have to find ways to make up the shortfall and/or reduce the level of support to be given under the new CTR Schemes. In 2013/14 Newcastle City Council will receive a cut in funding for council tax support of approximately £2.8 million. The Council has considered a wide range of options to make up this shortfall and believes that the fairest proposal (for both claimants and tax payers) is to:

- Increase revenue received from council tax by changing the exemptions and discounts which apply to second homes and empty properties; and
- Reduce benefit expenditure through the new CTR Scheme.

Regulations place a number of constraints on what the Council can and can't do in their CTR Schemes and after consulting with partners and residents, and modelling the likely effects on residents of various options, a preferred scheme for Newcastle has been identified.

Government have announced that transitional grant funding will be made available in 2013 to those authorities whose CTR Scheme's for 2013/14 meet certain criteria. This funding will take the form of a one-off payment and will provide additional funding for scheme in the first year only (i.e. 2013/14). If this Council successfully applies for transitional funding, it will mean that it will be able to offer more support to claimant's under the CTR in the first year than originally anticipated and the Council has revised its scheme to reflect the possibility that such funding may be secured.

## **Newcastle City Council's Council Tax Reduction Scheme**

The CTR Scheme for Newcastle adopts the provisions of the Default Scheme subject to a number of modifications set out in the Schedule of Amendments at Section A of this document.

Explanatory notes giving a detailed overview of how the Scheme will work are set out in Sections B to F of this document; however a summary of the scheme is given below.

### **Pensioners**

Government have protected pensioners from these reforms by prescribing in regulations a framework of rules and eligibility for pensioners which replicate current Council Tax Benefit, and which must be included in all CTR Schemes. This means that the Council is precluded from setting their own criteria or reduction amounts in relation to pensioners. Accordingly the level of council tax support received by pensioners should not be reduced by the introduction of the new CTR Scheme.

### **Working Age**

Save for a number of prescribed requirements dealing with procedural matters, local authorities have been given freedom to set their own criteria for claimants of working age. Broadly speaking, the Council has adopted the provisions of the Default Scheme with some modifications, the most notable of which can be summarised as follows:

- Save in relation to protected groups (see next bullet point), entitlement to a council tax reduction under the Scheme is capped at 80% of council tax liability (if transitional funding is secured, the cap will be increased to 91.5% in the first year of the Scheme). This means that most working age claimant's will have to pay at least 20% of their council tax (if transitional funding is secured, the amount which most working age claimant's will have to pay toward their council tax in the first year of the Scheme will be reduced to 8.5%). This proposed change supports the Council's fairness policy that everyone pays something towards their council tax.
- Persons who receive either a Severe Disability Premium or Enhanced Disability Premium under the scheme are not subject to the cap referred to above and may be

awarded reductions of up to a 100% of their council tax liability. This recognises the additional difficulties these groups of people face as a result of their disabilities.

- There is no Alternative Maximum Reduction (previously known as Second Adult Rebate). Under Council Tax Benefit, those of working age whose income was too high to entitle them to benefit could in certain circumstances apply for up to a 25% rebate if they had other adults living with them who were on a low income.
- A new weekly non-dependant deduction of £2.90 per week has been introduced for non-dependants on Income Support, income based Jobseekers Allowance and income related Employment and Support Allowance. These people are currently excluded from making any contribution towards council tax and the proposed change supports the Council's fairness policy that everyone pays something towards their council tax. However, in order to protect those most vulnerable, a non-dependant deduction will not be applied to those claimants who are registered blind, receive the care component of Disability Living Allowance, the daily living component of Personal Independence Payment or an Armed Forces Independence Payment. (If transitional funding is secured, this new non-dependant deduction will not be imposed in the first year of the Scheme).
- The amount of earnings that is not taken into account when calculating the income of claimants (and partners) will in most cases be increased by £2.50 per week. This supports the Council's priority to make Newcastle a working city and to provide incentives for people who are either moving into work or increasing their working hours.
- War pensions will not be taken into account when calculating a claimant's income.
- A Council Tax Reduction will not be awarded where the reduction would be for less than £1 per week.

In the event that there is inconsistency between this CTR Scheme and the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (or any subsequent re-enactment thereof), the Regulations will prevail.

For any area that is not covered in the CTR Scheme or in legislation governing council tax reductions or council tax generally, the Scheme will replicate the rules which currently govern Council Tax Benefit (i.e. as found in Council Tax Benefit Regulations 2006 and Housing Benefit and Council Tax Benefit (Decisions and Appeals) Regulations 2001).

The CTR Scheme does not and cannot make any changes to the scheme of discounts and exemptions available in council tax. Such changes will be detailed elsewhere.

### **Annual review of scheme and annual uprating**

The CTR Scheme set out in this document applies from 1 April 2013. Different proposals may be set for subsequent years but should this happen there will be further consultation. If the Council does not publish a revised CTR Scheme for subsequent years, the 2013 Scheme will continue to apply to subsequent years. However the figures set out in the

scheme in respect of applicable amounts, income/capital disregards and non-dependant deductions may still be uprated to allow for inflation. Any such uprating will take effect on 1<sup>st</sup> April each year.

In relation to the uprating of applicable amounts, income/capital disregards and non-dependant deductions that have been taken from the Default Scheme, these will usually be increased in line with changes made by government to the Default Scheme. However if in future years the government does not publish uprated figures as part of the Default Scheme, or in relation to any amounts in the CTR Scheme which were not taken from the Default Scheme, the Council reserve the right to uprate these annually by reference to the consumer price index, retail price index, rates used for housing benefit and universal credit or by some other method decided by the Council. The ability to uprate these amounts will be subject to any restrictions imposed by the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations.

Applicants who are affected by uprating will be notified of the following year adjustments in March of the preceding financial year and in advance of implementation.

## SECTION A

### THE COUNCIL TAX REDUCTION SCHEME FOR NEWCASTLE

This section defines the Council Tax Reduction Scheme for Newcastle ('the CTR Scheme').

The CTR Scheme adopts and incorporates all of the provisions of the Default Scheme subject to a number of modifications listed in the Schedule of Amendments below.

The Default Scheme is set out in the Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012, as amended by the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (England) (Amendment) Regulations 2012. Copies of these regulations are appended to this document at Appendix 1 and Appendix 2. The Schedule of Amendments contained in this section must be read in conjunction with those Regulations.

#### 1.0 Schedule of Amendments to the Default Scheme

The Default Scheme will apply subject to the following Schedule of Amendments:-

##### PART 2: Interpretation

**Paragraph 3:** At the end of sub-paragraph 3(1)(b), for "classes D to F" substitute "classes D to G"

##### PART 4: Classes of person entitled to a reduction under this scheme

**Paragraph 12:** In sub-paragraph 12(1), for "paragraphs 13 to 18" substitute "paragraphs 13 to 18A"

**Paragraph 16:** For paragraph 16 (including heading) substitute:

***"Class D: persons who are not pensioners, are not within a protected group and whose income does not exceed the applicable amount***

**16.** On any day class D consists of any person who is not a pensioner-

- (a) who is for that day liable to pay council tax in respect of a dwelling of which he is a resident;
- (b) who, subject to paragraph 19 (periods of absence from a dwelling), is not absent from the dwelling throughout the day;
- (c) in respect of whom a maximum council tax reduction can be calculated;
- (d) who does not fall within a class of person not entitled to a reduction under this scheme;

- (e) *who is not in receipt of a severe disability premium or enhanced disability premium;*
- (f) *whose income (if any) for the relevant week does not exceed his applicable amount, and*
- (g) *who has made an application.”*

**Paragraph 17:** For paragraph 17 (including heading) substitute:

***“Class E: persons who are not pensioners, who are not within a protected group and whose income is greater than the applicable amount***

***17. On any day class E consists of any person who is not a pensioner-***

- (a) *who is for that day liable to pay council tax in respect of a dwelling of which he is a resident;*
- (b) *who, subject to paragraph 19 (periods of absence from a dwelling), is not absent from the dwelling throughout the day;*
- (c) *in respect of whom a maximum council tax reduction can be calculated;*
- (d) *who does not fall within a class of person not entitled to a reduction under this scheme;*
- (e) *who is not in receipt of severe disability premium or enhanced disability premium;*
- (f) *whose income for the relevant week is greater than his applicable amount;*
- (g) *in respect of whom amount A exceeds amount B where-*
  - (i) *amount A is the maximum council tax reduction in his case; and*
  - (ii) *amount B is 2 6/7 per cent of the difference between his income for the relevant week and his applicable amount, and*
- (h) *who has made an application.”*

**Paragraph 18:** For paragraph 18 (including heading) substitute:

***“Class F: persons who are not pensioners, who receive a severe disability premium or enhanced disability premium, and whose income does not exceed the applicable amount***

***18. On any day class F consists of any person who is not a pensioner-***

- (a) *who is for that day liable to pay council tax in respect of a dwelling of which he is a resident;*
- (b) *who, subject to paragraph 19 (periods of absence from a dwelling), is not absent from the dwelling throughout the day;*
- (c) *in respect of whom a maximum council tax reduction can be calculated;*
- (d) *who does not fall within a class of person not entitled to a reduction under this scheme;*
- (e) *who is in receipt of a severe disability premium or enhanced disability premium;*
- (f) *whose income (if any) for the relevant week does not exceed his applicable amount, and*
- (g) *who has made an application.”*

**After paragraph 18:** insert new paragraph numbered 18A as follows:

**“Class G: persons who are not pensioners, who receive a severe disability premium or enhanced disability premium, and whose income is greater than the applicable amount**

**18A.** On any day class G consists of any person who is not a pensioner-

- (a) who is for that day liable to pay council tax in respect of a dwelling of which he is a resident;
- (b) who, subject to paragraph 19 (periods of absence from a dwelling), is not absent from the dwelling throughout the day;
- (c) in respect of whom a maximum council tax reduction can be calculated;
- (d) who does not fall within a class of person not entitled to a reduction under this scheme;
- (e) who is in receipt of a severe disability premium or enhanced disability premium;
- (f) whose income for the relevant week is greater than his applicable amount;
- (g) in respect of whom amount A exceeds amount B where-
  - (i) amount A is the maximum council tax reduction in his case; and
  - (ii) amount B is 2 6/7 per cent of the difference between his income for the relevant week and his applicable amount, and
- (h) who has made an application.”

## **PART 5 : Classes of person excluded from this scheme**

**Paragraph 24:** At the end of paragraph 24, delete the words “(except to the extent that a student may be entitled to an alternative maximum council tax reduction by virtue of paragraph 18)”

## **PART 7: Maximum council tax reduction for the purposes of calculating eligibility for a reduction under this scheme and amount of reduction**

**Paragraph 29:** At the beginning of sub-paragraph 29(1), insert the words, “Unless paragraph 29A applies then,”

At the end of sub-paragraph 29(1), for “paragraph 30 (non-dependant deductions: pensioners and person who are not pensioners)”, substitute “paragraph 30 or 30A (non-dependant deductions).”

**After paragraph 29:** insert new paragraph numbered 29A as follows:

**“Capped maximum council tax reduction amount for persons falling into class D or class E (persons who are not pensioners and who do not fall within a protected group)**

**29A.** – (1) This paragraph applies in relation to persons who satisfy the conditions for class D or class E as set out in paragraphs 16 and 17 of this scheme.

(2) Subject to sub-paragraphs (3), (4) and (5), a person to whom this paragraph applies will have their maximum council tax reduction calculated in accordance with paragraph 29 except that in the first sentence of paragraph 29(1) the words “100 per cent” shall be substituted with “80 per cent.”

(3) Sub-paragraph (4) will apply-

- a) *only if the authority receives additional funding under the transitional grant scheme outlined in the Department for Local Government and Communities publication dated October 2012 Ref: ISBN 9781409836650; and*
- b) *only in relation to council tax reductions in respect of the period 1 April 2013 to 31 March 2014 or any part thereof.*

*(4) Where this sub-paragraph applies, a person's maximum council tax reduction amount in respect of a day is to be calculated in accordance with paragraph 29 except that in the first sentence of paragraph 29(1) the words "100 per cent" shall be substituted with "91.5 per cent".*

**Heading to paragraph 30:** there shall be deleted from the heading to paragraph 30 the words *"and persons who are not pensioners"*

**Paragraph 30:** At the beginning of sub-paragraph 30(1) insert the words *"Unless paragraph 30A applies then,"*

In paragraph 30(1), for *"paragraph 29"* substitute *"paragraph 29 or 29A"*.

**After paragraph 30:** insert new paragraph numbered 30A as follows:

***"Non-dependant deductions: persons who are not pensioners"***

**30A – (1)** *This paragraph applies to persons who are not pensioners.*

**(2)** *Subject to sub-paragraph (3), the non-dependant deductions in respect of a day referred to in paragraphs 29 or 29A are as stated in paragraph 30.*

**(3)** *In the case of a non-dependant who is on income support, income-based jobseeker's allowance or income-related employment and support allowance the non-dependant deduction in respect of a day is £2.90 x 1/7."*

**(4)** *The non-dependant deduction referred to in sub-paragraph (3) will not be applied in respect of the period 1 April 2013 to 31 March 2014 or any part thereof if the authority receives additional funding under the transitional grant scheme outlined in the Department for Local Government and Communities publication dated October 2012 Ref: ISBN 9781409836650.*

**PART 8: Alternative maximum council tax reduction for the purposes of calculating eligibility under his scheme and amount of reduction**

**Heading to paragraph 31:** There shall be deleted from the heading to paragraph 31 the words *"and persons who are not pensioners"*

**Paragraph 31:** In sub-paragraph 31(1) delete the words *"or 18 (alternative maximum council tax reduction: persons who are not pensioners)"*

**PART 9: Amount of reduction under this scheme**

**Paragraph 32:** For paragraph 32 (including heading) substitute:

***"Amount of reduction under this scheme: classes A to G"***

**32. – (1)** *Subject to paragraph 32A, where a person is entitled to a reduction under this scheme in respect of a day, the amount of the reduction to which he is entitled is as follows.*

- (2) *Where the person is within class A (paragraph 13), class D (paragraph 16) or class F (paragraph 18) that amount is the amount which is the maximum council tax reduction in respect of the day in the applicant's case.*
- (3) *Where the person is within class B (paragraph 14), class E (paragraph 17) or class G (paragraph 18A), that amount is the amount found by deducting amount B from amount A, where "amount A" and "amount B" have the meanings given in paragraph 14(f), 17(g) and 18A(g) as the case may be.*
- (4) *Where the person is within class C (paragraph 15), that amount is the amount which is the alternative maximum council tax reduction in respect of the day in the applicant's case.*
- (5) *Sub-paragraph (6) applies where both-*
  - (a) sub-paragraph (2) or sub-paragraph (3); and*
  - (b) sub-paragraph (4),**apply to a person.*
- (6) *The amount of the reduction to which the person is entitled is which ever is the greater of-*
  - (a) the amount of the reduction given by sub-paragraph (2) or(3), as the case may be, and*
  - (b) the amount of the reductions given by sub-paragraph (4)."*

**After paragraph 32:** After paragraph 32 insert new paragraph numbered 32A as follows:

- "32A-** (1) *This paragraph applies to persons who are-*
  - (a) not pensioners; and*
  - (b) who would (save for this paragraph) be entitled to a reduction under this scheme equating to less than £1 per week.*
- (2) *In the case of a person to whom this paragraph applies, the person's entitlement to a reduction under this scheme is reduced to nil."*

## **PART 10: Income and capital for the purposes of calculating eligibility for a reduction under this scheme and amount of reduction**

**Paragraph 52:** In sub-paragraph 52(6), for "classes D to F" substitute "classes D to G".

## **PART 12: Extended Reductions**

**Paragraph 95:** In sub-paragraphs 95(1) and (4), for "classes D to F" substitute "classes D to G".

**Paragraph 97:** In sub-paragraphs 97(1)(a), (b) and (c), for "classes D to F" substitute "classes D to G".

**Heading to paragraph 99:** In the heading to paragraph 99, for "classes D to F" substitute "classes D to G".

**Paragraph 100:** In sub-paragraphs 100(1) and (2), for "classes D to F" substitute "classes D to G".

**Paragraph 102:** In sub-paragraphs 102(1)(a), (b) and (c), for "classes D to F" substitute "classes D to G".

**Heading to paragraph 104:** In the heading to paragraph 104, for “classes D to F” substitute “classes D to G”.

### **PART 13: When entitlement begins and changes of circumstances**

**Paragraph 107:** For sub-paragraph 107(1) substitute:

*“107. – (1) Except in cases where paragraph 60 (disregard of changes in tax, contributions, etc) applies and subject to the following provisions of this paragraph and (in the case of applicants who are not pensioners) paragraph 107A (treatment of certain changes in circumstances where there has been delay in reporting the change) and (in the case of applicants who are pensioners) paragraph 108 (change of circumstances where state pension credit in payment), a change of circumstance which affects entitlement to, or the amount of, a reduction under this scheme (“change of circumstances”), takes effect from the first day of the reduction week following the date on which the change actually occurs.”*

In sub-paragraph 107(10)(b)(ii), for “paragraph 30” substitute “paragraph 30 or 30A”.

**After paragraph 107:** After paragraph 107 insert new paragraph numbered 107A as follows:

#### ***“Treatment of certain changes in circumstances where there has been delay in reporting the change***

**107A - (1) This paragraph applies where-**

- (a) the applicant is not a pensioner; and
  - (b) the change of circumstances is a change which the applicant is required to notify the authority under paragraph 115 (duty to notify changes of circumstances);
  - (c) the change of circumstances was notified to the authority more than 21 days after the day on which the change occurred; and
  - (d) the change of circumstances results in an increase in the amount of reduction he receives under this scheme.
- (2) Where this paragraph applies the change of circumstances will take effect from the date on which the change was notified to the authority.
- (3) The authority has discretion to disapply sub-paragraph (2) upon receiving an application made under sub-paragraph (4).
- (4) The applicant may apply to the authority requesting that sub-paragraph (2) be disapplied in their case. Any such application must-:
- (a) be made in writing;
  - (b) include particulars of the change of circumstances;
  - (c) include the reason for failure to notify the changes in circumstances on an earlier date; and
  - (d) must be made within 13 months of the date on which the change of circumstances occurred.
- (5) An application made under sub-paragraph (4) shall not be granted unless the authority is satisfied that:
- (a) it is reasonable to grant the application; and

*(b) special circumstances are relevant and as a result of those special circumstances it was not practicable for the applicant to notify the change of circumstances within 21 days of the change occurring.”*

## **PART 14: Applications**

**After paragraph 113:** After paragraph 113 insert new paragraph numbered 113A as follows:

### ***“Termination of entitlement to a reduction for failure to comply with information requirements***

**113A** – (1) *This paragraph applies where-*

- (a) the applicant is not a pensioner;*
- (b) a decision has been made to award a reduction to the applicant under this scheme;*
- (c) after the decision to award the reduction was made, it appears to the authority that -*
  - i) an issue has arisen as to whether the conditions for entitlement under the scheme are or were fulfilled; or*
  - ii) an issue has arisen as to whether a decision as to such award should be revised or superseded; and*
- (d) the applicant has failed to comply with information requirements set out in paragraph 113(4) (the requirement to provide information, documents, evidence within 1 month of a request or such longer period as the authority may consider reasonable).*

*(2) Where this paragraph applies and more than 1 month has passed since the end of the period by which the information referred to in sub-paragraph (1)(d) was required to be provided, the applicant shall cease to be entitled to a reduction under the scheme from the date on which the period for providing the information ended, or such earlier date on which it appears to the authority that the conditions of entitlement under the scheme were not fulfilled.”*

**Paragraph 115:** Delete sub-paragraph 115(6)(b).

## **PART 15: Decisions**

**After paragraph 116:** After paragraph 116 insert new paragraph numbered 116A as follows:

**“116A** – (1) *This paragraph applies where paragraph 116 does not apply because the application is defective or further information is required;*

*(2) If the applicant has failed to correct the defect or provide the further information requested within 1 month (or such longer period as the authority considers reasonable) of the date the authority last drew attention to the defect or requested the information, then the authority may at its own discretion make a decision based on the information provided at that time.”*

#### **SCHEDULE 4 : Amount of alternative maximum council tax reduction**

**Heading to Schedule 4:** There shall be deleted from the heading to Schedule 4 the words “*and persons who are not pensioners*”

**Paragraph 1:** In sub-paragraph 1(1) of Schedule 4 delete the words “*and persons who are not pensioners*”  
In sub-paragraph 1(1)(a) of Schedule 4 delete the words “*or 18(2) (class F)(as the case may be)*”

#### **SCHEDULE 7 : Sums disregarded in the calculation of earnings: person who are not pensioners**

**Paragraph 5:** In paragraph 5 of Schedule 7, for “£25” substitute “£27.50”

**Paragraph 8:** In paragraph 8 of Schedule 7, for “£10” substitute “£12.50”

**Paragraph 11:** In paragraph 11 of Schedule 7, for “£5” substitute “£7.50”

#### **SCHEDULE 8: Sums disregarded in the calculation of income other than earnings: persons who are not pensioners**

**Paragraph 20:** In paragraph 20 of Schedule 8, delete sub-paragraphs (a) and (b).

**After paragraph 20:** After paragraph 20 of Schedule 8, insert new paragraph numbered 20A as follows:

**“20A. – Any war pension”**

## **SECTION B**

### **Explanatory Notes**

#### **PERSONS EXCLUDED FROM THE SCHEME**

The classes of person excluded from the CTR Scheme are as set out in Part 5 of the Default Scheme, subject to minor amendments listed in Section A of this document.

These explanatory notes give an overview of those provisions. The notes are for guidance only and do not constitute an authoritative statement of the law.

##### **2.0 Classes of persons excluded from the CTR Scheme**

The following groups of people are not entitled to apply for a reduction under the Scheme. These exclusions replicate those which currently apply to Council Tax Benefit.

###### **2.1 Persons treated as not being in Great Britain**

Persons who are not habitually resident in the United Kingdom, Channel Islands, Isle of Man or Republic of Ireland are not be able to apply for CTR unless they fall within one of the narrow exceptions defined in paragraphs 21(5) or (6) of the Default Scheme.

###### **2.2 Persons subject to immigration control**

Foreign nationals subject to immigration control within the meaning of s.115 Immigration and Asylum Act 1999 and non-economically active EEA nationals who are not exercising EU treaty rights, are not be able to apply for CTR.

However persons who have recognised refugee status; have been granted humanitarian protection; have been granted limited leave to enter or remain in the UK outside of the immigration rules; or are deemed not to be a person subject to immigration control and who were removed from another country to the UK by compulsion of the law; will be able to apply for CTR so long as their status has not been revoked.

###### **2.3 Students**

Full time students (as defined in the Default Scheme) and students that are treated as not being in Great Britain will not be able to apply for CTR. (Note: Full-time students are generally exempt from council tax liability and therefore no need to claim CTR. Where a student is liable to pay council tax (eg. part time students), provision is made for them within the scheme for working age claimants).

#### **2.4 Persons whose capital exceeds £16,000**

Persons who have capital exceeding £16,000 are not be able to apply for CTR. Regulations state what should and not be treated as capital but, generally speaking, this will include savings and income generating assets.

## **SECTION C**

### **Explanatory Notes**

#### **SCHEME FOR PENSION AGE CLAIMANTS**

The CTR Scheme for Newcastle adopts all provisions in the Default Scheme relating to pensioners. These largely replicate the provisions which apply to the calculation of Council Tax Benefit.

A copy of the Council Tax Reduction Scheme (Default Scheme) (England) Regulations 2012 can be found at Appendix 1 of this document. These explanatory notes give an overview of those provisions. The notes are for guidance only and do not constitute an authoritative statement of the law.

#### **3.0 Meaning of Pensioner**

A person is a Pensioner if:

- they have attained the qualifying age for State Pension Credit; and
- they are not, or if they have a partner their partner is not, a person on Income Support, income-based Jobseekers Allowance, income-related Employment and Support Allowance or Universal Credit.

This means that if a person has attained the qualifying age for State Pension Credit but they or their partner are on one of the welfare benefits listed above, they are not classed as a Pensioner for the purpose of the CTR Scheme and you should therefore refer to that part of the CTR Scheme which relates to persons who are not pensioners (referred to in these explanatory notes as Working Age claimants - see Section D).

#### **4.0 Classes of Pensioner who are entitled to CTR**

There are three classes of Pensioner entitled to CTR. For each class there is a number of qualifying criteria.

In all cases individuals must:

- meet the definition of a Pensioner;
- not be of a prescribed class exempted from support;
- be liable to pay council tax in respect of the dwelling in which they are resident;
- be somebody in respect of whom a maximum council tax reduction amount can be calculated
- not be absent from the dwelling, unless falls within a period of temporary absence as defined in the Default Scheme, and

- have made an application for a reduction under the scheme (or be deemed to have made an application under transitional provisions - see Section F, 18.2).

The three classes are as follows.

#### **4.1 Class A: Pensioners whose income does not exceed the applicable amount**

To qualify for Class A, the Pensioner must:

- not have capital above £16,000\*;
- be a person whose income\* for the relevant week does not exceed their applicable amount.

\* Where a person is in receipt of the guarantee credit element of State Pension Credit, that person's income and capital be counted as zero.

#### **4.2 Class B: Pensioner whose income is greater than the applicable amount**

To qualify for Class B, the Pensioner must:

- not have capital above £16,000;
- be a person whose income for the relevant week is greater than their applicable amount;
- be a person in respect of whom Amount A exceeds Amount B, where Amount A is the maximum council tax reduction in respect of the day in the applicant's case and Amount B is a prescribed percentage ( $2\frac{6}{7}$  per cent) of the difference between their income for the relevant week and their applicable amount.

#### **4.3 Class C: Pensioner living with another adult who attracts an Alternative Maximum Council Tax Reduction**

To qualify for Class C, a Pensioner must:

- be somebody who has at least one second adult living with them who is not their partner, not does pay them rent, and who is on a prescribed low wage and/or prescribed benefit.

### **5.0 Amount of reduction by class**

#### **5.1 Class A Reduction**

If a person fulfils the criteria in Class A, they will be entitled to a 100% reduction on their council tax liability subject to any non-dependent deductions that may apply (for details of non-dependant deductions see paragraph 6.0 below).

An individual in receipt of the guarantee credit component of State Pension Credit will have their income and capital counted as zero. This means that their income will automatically be less than their applicable amount and they will qualify for 100% reduction of their council tax liability (subject to any non-dependant deductions that may apply).

Where a person has been awarded only the savings credit element of State Pension Credit, Regulations define the way in which that person's income and capital is to be calculated for the purposes of CTR.

## **5.2 Class B Reduction**

If a person fulfils the criteria in Class B, the amount of the reduction to which they are entitled per day is found by deducting Amount B from Amount A, where Amount A is the maximum council tax reduction in respect of the day in their case and Amount B is  $2\frac{6}{7}$  per cent of the difference between their income for the relevant week and their applicable amount.

In other words, a person in Class B would be expected to make some payment towards their council tax liability and would not receive the maximum reduction. The amount which they would have to pay per day (before applying any non-dependant deductions) would be  $2\frac{6}{7}$  per cent of the difference between their weekly income and applicable amount. On a weekly basis, this would equate to 20% of the difference between their weekly income and applicable amount.

## **5.3 Class C Reduction**

The Class C reduction is referred to as the 'Alternative Maximum Council Tax Reduction' and will, in effect, replace the Second Adult Rebate applied to Council Tax Benefit.

If a person fulfils the criteria in Class C, it will mean that they are jointly liable for council tax with a second adult who is not their partner, does not pay rent, and who would normally be expected to contribute towards the council tax bill but who cannot afford to do so based on their low income.

The Alternative Maximum Council Tax Reduction will be awarded at 25%, 15% or 7.5% of the Council Tax liability depending upon the individuals' circumstances. The Alternative Maximum Council Tax reduction is calculated in relation to the income and circumstances of the second adult; the applicant's income and capital are not taken into account.

The table below shows the possible reductions for this class.

<b>Second adult</b>	<b>Alternative maximum council tax reduction (net of discounts) due in respect of a day</b>
a) Where the second adult or all second adults are in receipt of Income Support, income-related Employment and Support Allowance, State Pension Credit or income-based Jobseeker's Allowance.	a) 25%
b) Where the gross income of the second adult or, where there is more than one second adult, their aggregate gross income (disregarding any Income Support, income-related Employment and Support Allowance, State Pension Credit or an income-based Jobseekers allowance) is:  (i) less than £183.00 per week;  (ii) not less than £183.00 but less than £239.00 per week.	b)(i) 15%  b)(ii) 7.5%
c) Where the dwelling would be wholly occupied by one or more full-time students but for the presence of one or more second adults who are in receipt of Income Support, State Pension Credit, income-related Employment and Support Allowance, income-based Jobseekers Allowance.	c) 100%

#### 5.4 Persons who meets the criteria for more than one class

If it appears to the Council that the applicant qualifies for both a means-tested council tax reduction (ie. under Class A or B) as well as an Alternative Maximum Council Tax Reduction (under Class C), a comparison of the available reductions will be made and the applicant will be awarded the greater of the two.

#### 6.0 Non- dependent Deductions

The maximum council tax reduction to which a person is entitled may be subject to a downwards adjustment to take into account non-dependent adults that normally reside in the dwelling who would be expected to contribute to council tax. This adjustment is known as a non-dependant deduction.

The table overleaf lists the non-dependant deductions required to be made under the scheme.

<b>Non-dependant</b>	<b>Weekly deduction</b>
Under 18	No deduction
Full-time students (even during summer vacations)	No deduction
Aged 18 or over and receiving Income Support or income-based Jobseeker's Allowance or income-related Employment and Support Allowance	No deduction
In receipt of State Pension Credit (whether or not in remunerative work)	No deduction
Aged 18 or over <u>and not</u> receiving Income Support, income-based Jobseekers Allowance, income-related Employment and Support Allowance or Pension Credit, <u>and not</u> in remunerative work <u>and not</u> f/t student;	£3.65
Aged 18 or over and working 16 hours or more each week with a -	
- gross income £401.00 per week or more	£10.95
- gross income £322.00 - £400.99 per week	£9.15
- gross income £186.00 - £321.99 per week	£7.25
- gross income less than £186. per week	£3.65

No deduction will be made in respect of any non-dependant occupying the claimant's dwelling where the claimant or their partner are registered blind or are in receipt of an Attendance Allowance, the care component of Disability Living Allowance, the daily living component of Personal Independence Payment or an Armed Forces Independence Payment.

## **7.0 Determination of Class and Award**

The Council will assess a claim using the rules, means tests and calculations prescribed by regulations to determine whether a Pensioner meets the criteria for a class and to calculate the amount of any reduction entitlement. These are similar to the rules, tests and calculations currently applied under Council Tax Benefit.

### **7.1 Means Test for Class A and Class B**

The means test is basically a comparison of the income of a claimant (minus any income which the Regulations say must be disregarded) and the applicable amount.

## 7.2 Applicable Amount

The applicable amount is, in effect, a deemed living allowance.

The applicable amount will vary depending on the individual circumstances of the claimant. A person's applicable amount is made up of up to four elements. These are:

- A personal allowance in respect of the applicant;
- An amount in respect of any child or young person who is part of his/her family;
- A family premium element (where the applicant is part of a family of which at least one member is a child or young person); and
- Any other premium amount set out in Regulations which are applicable to the applicant.

The amount allowed for each element is set by government in regulations.

## 7.3 Calculation of Income and Capital

Regulations prescribe how income and capital for Pensioners is to be calculated and will be aligned with provisions currently applying to claims for Council Tax Benefit.

The income and capital of a claimant's partner (or in the case of a polygamous marriage, partners) will be treated as income and capital of the claimant.

Income or capital of any child or young person living with the claimant will not be treated as income or capital of the claimant.

The income or capital of a non-dependent will be treated as if it were the income or capital of the claimant in a case where it appears to the Council that the two have entered into arrangements to take advantage of the system, except where the claimant is on the guarantee credit element of State Pension Credit.

Individuals will be treated as possessing capital of which they have deprived themselves for the purposes of securing council tax reductions.

## 7.4 Income and capital – rules for those in receipt of State Pension Credit

There will be special treatment of income and capital for Pensioners in receipt of State Pension Credit as follows:

- For those in receipt of the guarantee credit element of State Pension Credit, the whole of their income and capital will be disregarded. (This will mean that they will automatically qualify under Class A for a 100% council tax reduction.)
- For those in receipt of only the savings credit element of State Pension Credit, the Council must use the DWP's assessment of the income and capital of the individual and

adjust these figures to take into account income from this benefit and any other amounts required by regulations.

### **7.5 Income and capital – rules for Pensioner’s not in receipt of State Pension Credit**

For those who have reached the qualifying age for State Pension Credit, but are not in receipt of this benefit themselves, provisions relating to the calculation of income and capital and what is to be included/disregarded is prescribed by regulations and replicate provisions currently applied to calculation of Council Tax Benefit.

### **7.6 Tariff income on capital**

Once an amount of capital is calculated, net of any amounts to be disregarded, this will be treated as if it were a weekly income of £1 for every £500 (or part of £500) in excess of £10,000 (but not exceeding £16,000). This amount of tariff income will be added to the initial income calculation to give a total income amount.

### **7.7 Income and wider welfare changes**

From October 2013 new working age benefits known as Universal Credit will be introduced to replace some of the existing working age benefits mentioned in the CTR Scheme. Despite these changes being mainly to working-age benefits, they may have relevance for individuals living with a person of pension-credit age and consequently, it may be taken into consideration in their assessment.

## **8.0 Changes to State Pension Credit for mixed age couples**

The Department for Work and Pensions has indicated that changes will be made at some point in the next two years to the way in which couples of mixed age (that is where one member of the couple has attained the qualifying age for State Pension Credit and one has not) are eligible for State Pension Credit. Currently, save for a few exceptions, such couples would generally be eligible for State Pension. However, in future (from the point of change and for new applicants only) it will not be possible for a couple to claim State Pension Credit until both members have reached the qualifying age, although such couples may still have access to Universal Credit if they meet all other criteria. The government has indicated that it will at the same time make changes to the legislation regulating CTR to ensure that schemes operate on a similar basis. Government has indicated that any changes will only apply to new applications for CTR so that mixed age couples already receiving CTR under the pension age scheme before the changes are made, whether or not they are also receiving State Pension Credit, will continue to receive a reduction under the pension age scheme so long they continue to satisfy the other conditions for entitlement.

## **SECTION D**

### **Explanatory notes**

#### **SCHEME FOR NON-PENSIONERS ('WORKING AGE')**

In relation to non-pensioners, the CTR Scheme for Newcastle adopts the provisions of the Default Scheme subject to a number modifications listed in Section A of this document.

A copy of the Council Tax Reduction Scheme (Default Scheme) (England) Regulations 2012 can be found at Appendix 1 of this document, and a Schedule of Amendments to the Default Scheme (which sets out the modifications made under this CTR Scheme) can be found in Section A of this document.

These explanatory notes give an overview of those provisions. The notes are for guidance only and do not constitute an authoritative statement of the law.

#### **9.0 Meaning of Working Age**

Claimants who do not meet the definition of Pensioner within the meaning of the Regulations will, by default, be assessed under those parts of the CTR scheme which apply to 'persons who are not pensioners'. For ease of reference these persons are referred to in these notes as 'Working Age claimants.'

This means that persons who either:

- have not attained the qualifying age for state pension credit; OR
- have attained the age for state pension credit but are in receipt of, or have a partner who is in receipt of, Income Support, income-based Jobseekers Allowance, income-related Employment and Support Allowance or Universal Credit;

will have their claims assessed under the rules relating to Working Age claimants.

#### **10.0 Classes of Persons entitled to CTR**

There are four main classes of Working Age persons entitled to a reduction under this CTR Scheme (see paragraphs 16 to 18A of the Schedule of Amendments at Section A). For each class there are a number of qualifying criteria and different levels of support will be awarded depending on the type of and amount of income they have in comparison to how much they need to live on.

In all cases individuals must:

- not be a Pensioner;
- not be of a prescribed class exempted from support;

- be liable to pay council tax in respect of the dwelling in which they are resident;
- be somebody in respect of whom a maximum council tax reduction amount can be calculated;
- not be absent from the dwelling, unless this falls within a period of temporary absence as defined by the Default Scheme, and
- have made an application for a reduction under the scheme (or be deemed to have made an application under transitional provisions - see Section F, 18.2).

### **10.1 Class D: Person whose income does not exceed the applicable amount and who does not fall within a protected group**

To qualify for Class D, the claimant must:

- not be a person in receipt of Severe Disability Premium or Enhanced Disability Premium (see paragraph 11.0 below);
- not have capital above £16,000\*\*; and
- be a person whose income\*\* for the relevant week does not exceed their applicable amount.

\*\* Where a person is in receipt of Income Support, income-based Jobseekers Allowance or income-related Employment and Support Allowance, that person's income and capital will be counted as zero and will therefore fulfil the income/capital conditions that apply to this class.

### **10.2 Class E: Person whose income is greater than the applicable amount and who does not fall within a protected group**

To qualify for Class E, the claimant must:

- not be a person in receipt of Severe Disability Premium or Enhanced Disability Premium (see paragraph 11.0 below);
- not have capital above £16,000;
- be a person whose income for the relevant week is greater than their applicable amount; and
- be a person in respect of whom Amount A exceeds Amount B, where Amount A is the maximum council tax reduction in respect of the day in the applicant's case and Amount B is a prescribed percentage ( $2\frac{6}{7}$  per cent) of the difference between their income for the relevant week and their applicable amount.

### **10.3 Class F: Person in receipt of Severe Disability Premium or Enhanced Disability Premium and whose income does not exceed the applicable amount**

To qualify for Class F, the claimant must:

- b) be a person who receives, or whose partner receives, a Severe Disability Premium or Enhanced Disability Premium (see paragraph 11.0 below);

- f) not have capital above £16,000\*\*; and
- g) be a person whose income\*\* for the relevant week does not exceed their applicable amount.

\*\* Where a person is in receipt of income support, income-based Jobseekers Allowance or income-related Employment and Support Allowance, that person's income and capital will be counted as zero and will therefore fulfil the income/capital conditions that applies to this class.

#### **10.4 Class G: Person in receipt of Severe Disability Premium or Enhanced Disability Premium and whose income is greater than the applicable amount**

To qualify for Class G, the claimant must:

- be a person who receives, or whose partner receives, a Severe Disability Premium or Enhanced Disability Premium;
- not have capital above £16,000;
- be a person whose income for the relevant week is greater than their applicable amount; and
- be a person in respect of whom Amount A exceeds Amount B, where Amount A is the maximum council tax reduction in respect of the day in the applicant's case and Amount B is a prescribed percentage (2 6/7 per cent) of the difference between their income for the relevant week and their applicable amount.

#### **11.0 Protected groups – Severe and Enhanced Disability Premium**

Classes F and G both include a requirement that the claimant receives either a Severe or Enhanced Disability Premium. These premiums apply where the person fulfils the criteria set out in either paragraph 11 or 12 of Schedule 3 of the Default Scheme.

Generally speaking, an applicant will attract a Severe Disability Premium if:

- a) in the case of a single person or lone parent:
  - i) they are in receipt of either Attendance Allowance, the care component of Disability Living Allowance at high or middle rate, the daily living component of Personal Independence Payment at either rate, or an Armed Forces Independence Payment; and
  - ii) they do not have any non-dependants aged 18 or over residing with them; and
  - iii) no person receives a Carer's Allowance in respect of them;
- b) in the case of an applicant who has a partner:
  - i) both the applicant and their partner is in receipt of either Attendance Allowance, the care component of Disability Living Allowance at high or middle rate, the daily living

component of Personal Independence Payment at either rate, or an Armed Forces Independence Payment;

- ii) they do not have any non-dependants aged 18 or over residing with them; and
- iii) either no person receives a Carer's Allowance in respect of caring for them, or a persons receives a Carer's Allowance in respect of only one of them, but not both.

An applicant will attract an Enhanced Disability Premium if:

- a) the Secretary of State has decided that the applicant has, or is to be treated as having, limited capability for work-related activity, or
- b) the highest rate of the care component of Disability Living Allowance or either rate of the daily living component of Personal Independent Payment is payable in respect of the applicant or a member of the applicant's family who has not attained the qualifying age for State Pension Credit, or would be payable but for a suspension of benefit under s.113(2) Social Security Contributions and Benefits Act 1992 or s.86 Welfare Reform Act 2012 as a consequence of hospitalisation.

## **12.0 Maximum council tax reduction amount – protected and non-protected groups**

Except in relation to claimants who fall within a protected group (ie. attract a Severe or Enhanced Disability Premium), the Council has reduced the maximum reduction available under the Working Age scheme (see paragraph 29A of the Schedule of Amendments at Section A). In summary, subject to the Council securing additional funding in 2013 under the government's Transitional Grant Scheme, the maximum reduction available for non-protected groups under this CTR Scheme will be 91.5% of council tax liability during first year of the Scheme and, if the Scheme continues to operate beyond 31 March 2014 (ie. if no replacement CTR Scheme is made), will after 1 April 2014 reduce further to 80% of council tax liability. If transitional grant funding is not secured the maximum council tax reduction available for non-protected groups under the Scheme will be 80% with effect from 1 April 2013.

This will mean that most Working Age claimants will be responsible for paying at least 20% (or at least 8.5% in the first year if transitional funding is secured) of their council tax. Where a claimant falls within a protected group, the maximum council tax reduction that can be awarded will continue to be 100%, whether transitional funding is secured or not.

## **13.0 Amount of reduction by class**

### **13.1 Class D Reduction**

If a person falls within Class D, the amount of reduction to which they are entitled under the CTR Scheme will be the maximum council tax reduction in respect of the day in their case.

In effect, this means that persons in class D will receive a reduction of 80% of their council tax liability (or 91.5% in the first year if transitional funding is secured) less any non-dependant deductions.

### **13.2 Class E Reduction**

If a person fulfils the criteria within Class E, the amount of the reduction to which they are entitled per day will be the amount found by deducting Amount B from Amount A, where Amount A is the maximum council tax reduction in respect of the day in their case and Amount B is 2 6/7 per cent of the difference between their income for the relevant week and their applicable amount.

In effect, this will mean that because this person's income exceeds the applicable amount, they will receive less support. They will not therefore be awarded the maximum 80% reduction (or 91.5% as the case may be), but a lesser reduction to be calculated by reference to their means. Broadly speaking, a person in Class E will be expected to pay the first 20% (or 8.5% if transitional funding is secured) of their net council tax liability, plus any non-dependant deductions, plus an additional amount equating per day to 2 6/7 per cent of the difference between their weekly income and applicable amount. Per week this additional amount would equate to 20% of the difference between their weekly income and applicable amount.

### **13.3 Class F Reduction**

If a person falls within Class F, the amount of reduction to which they are entitled will be the maximum council tax reduction in respect of the day in their case.

In effect, this means that persons in class F will receive a reduction of 100% of their council tax liability less any non-dependant deductions.

### **13.4 Class G Reduction**

If a person falls within Class G, the amount of reduction to which they are entitled per day is found by deducting Amount B from Amount A, where Amount A is the maximum council tax reduction in respect of the day in the applicant's case and Amount B is 2 6/7 per cent of the difference between their income for the relevant week and their applicable amount.

In effect, this will mean that because this person's means exceeds the applicable amount, they will receive less support. They will not therefore be awarded the maximum 100% reduction, but a lesser reduction to be calculated by reference to their means. The amount which they would have to pay per day towards their council tax (before applying any non-dependant deductions) would be 2 6/7 per cent of the difference between their weekly income and applicable amount. On a weekly basis, this would equate to 20% of the difference between their weekly income and applicable amount plus any non-dependant deductions.

### 13.5 No reduction where the amount would be less than £1 per week

In the event that the reduction to which a person would otherwise be entitled under the working age scheme amounts to less than £1 per week, no reduction will be awarded (see paragraph 32A of the Schedule of Amendments at Section A).

### 14.0 Non-Dependant Deductions

The maximum council tax reduction to which a person is entitled may be subject to a downwards adjustment to take into account non-dependant adults that normally reside in the dwelling who would be expected to contribute to council tax. This adjustment is known as a non-dependant deduction.

The non-dependant deductions which apply to the Working Age scheme are shown in the following table.

<b>Non-dependant</b>	<b>Weekly deduction</b>
Under 18	No deduction
Full-time students (even during summer vacations)	No deduction
In receipt of State Pension Credit (whether or not in remunerative work)	No deduction
Aged 18 or over and receiving Income Support, income based Jobseeker's Allowance or income-related Employment and Support Allowance	£2.90 (this deduction will not be applied in the first year of the scheme if transitional funding is secured)
Aged 18 or over, <u>not</u> a full time student, <u>not</u> in remunerative work and <u>not</u> receiving Pension Credit, Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance	£3.65
Aged 18 or over and working 16 hours or more each week with a -	
- gross income £401.00 per week or more	£10.95
- gross income £322.00 - £400.99 per week	£9.15
- gross income £186.00 - £321.99 per week	£7.25
- gross income less than £186.00 per week	£3.65

No deduction will be made in respect of any non-dependant occupying the claimant's dwelling where the claimant or their partner are registered blind or are in receipt of an Attendance Allowance, the care component of Disability Living Allowance, the daily living component of Personal Independence Payment or an Armed Forces Independence Payment.

## **15.0 Determination of Class and Award**

Determination of the class an individual is put into and the amount of the reduction they receive will be subject to a means test and a capital limit. The means test is basically a comparison of the income of a claimant (minus any disregarded income) and a deemed living allowance known as the applicable amount. The Council will evaluate income, capital and applicable amounts in accordance with the provisions of the Default Scheme subject to a few modifications.

### **15.1 Applicable Amount**

The applicable amount is, in effect, a deemed living allowance.

The applicable amount will vary depending on the individual circumstances of the claimant. A person's applicable amount is made up of up to four elements. These are:

- A personal allowance in respect of the applicant;
- An amount in respect of any child or young person who is part of his/her family;
- A family premium element (where the applicant is part of a family of which at least one member is a child or young person); and
- Any other premium listed in Default Scheme which is applicable to the applicant.

The amount allowed for each element will be as set out in the Default Scheme.

### **15.2 Calculation of Income and Capital**

The income and capital of a claimant's partner (or in the case of a polygamous marriage, partners) will be treated as that of the claimant. Income or capital of any child or young person will not be treated as income or capital of the claimant.

The income or capital of a non-dependent will be treated as if it were that of the claimant where it appears to the Council that the two have entered into arrangements to take advantage of the system, except where the applicant is in receipt of, Income Support, income-based Jobseekers Allowance and income-related Employment and Support Allowance.

Applicants will be treated as possessing capital of which they have deprived themselves for the purposes of securing council tax reductions.

Those receiving Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance will have their income and capital treated as zero.

In addition to the income disregards listed in Schedules 7 and 8 of the Default Scheme (which includes for example Disability Living Allowance, Personal Independence Payments, Attendance Allowance, Armed Forces Independence Payment, Child Maintenance), the following will also be disregarded in full from the calculation of the applicant's income under this CTR Scheme (see Schedule 8, paragraph 20A of the Schedule of Amendments at Section A):

- War Disablement Pension; and
- War Widow's or War Widower's Pension.

Some of the earnings disregards listed in the Default Scheme have been increased under this CTR Scheme (see Schedule 7, paragraphs 5, 8 and 11 of the Schedule of Amendments at Section A of this document). This means that the earnings disregards for working age single persons, couples and lone parents are £7.50, £12.50 and £27.50 per week respectively, representing an increase of £2.50 compared with the Default Scheme. The earnings disregard for disabled claimants remains unchanged at £20 per week.

### **15.3 Tariff income on capital**

Once an amount of capital has been calculated, net of any amounts to be disregarded, this will be treated as if it were a weekly income of £1 for every £250 (or part of £250) in excess of £6,000 but not exceeding £16,000. This tariff income will be added to the initial income calculation to give a total income amount.

### **15.4 Income, Capital and welfare benefit changes**

From October 2013 the Department for Work and Pensions will begin to accept claims for Universal Credit, which will replace some of the existing working age benefits referred to in the CTR Scheme. Claimants of working age benefits will be migrated on to Universal Credit over time so both benefits will co-exist for a number of years. In accordance with the Part 10 of the Default Scheme, where an applicant (either solely or jointly with their partner) is in receipt of an award of Universal Credit, the Council will use the calculation or estimate of the amount of the income and capital of the applicant (or the applicant jointly with their partner as the case may be) as made by the DWP for the purpose of determining the award of Universal Credit and adjust those figures to take into account any further sums which are required to be included / disregarded under the Default Scheme.

### **15.5 Students**

In relations to those students who are not excluded from making a claim under the CTR Scheme (for example part time students), calculation of income and capital for the purpose of determining eligibility for CTR and the amount of any reduction will be assessed in line

with Part 11 of the Default Scheme. These replicate provisions which currently exist in relation to Council Tax Benefit.

## SECTION E

### Explanatory Notes

#### EXTENDED REDUCTIONS

In a limited number of situations a claimant may be entitled to an extended reduction for a period of 4 weeks after their entitlement to a reduction under the general scheme (ie. under Class A to G) ceases.

The situations in which a person is entitled to an extended reduction under the CTR Scheme are as set out in Part 12 of the Default Scheme, subject to a few minor amendments listed in Section A of this document.

These explanatory notes give an overview of those provisions. The notes are for guidance only and do not constitute an authoritative statement of the law.

The situations in which claimants are entitled to an extended reduction are summarised below.

#### **16.0 Continuing reductions where pension state credit claimed (where a former working age claimant becomes eligible under the pension age scheme)**

This type of extended reduction applies to claimants in receipt of welfare benefits who are moving from the working age scheme to pension age scheme. It is designed to ensure that the claimant continues to receive support during the transition period while they apply for a reduction under the pension age scheme.

Broadly speaking, where a Pensioner:

- is entitled to a reduction under the CTR scheme;
- had, before attaining qualifying age for State Pension Credit, been in receipt of Income Support, income-based Jobseekers Allowance or income-related Employment and Support Allowance;
- had such benefits terminated as a result of them attaining state pension age; and
- has claimed, is treated as having claimed or is required to claim state pension credit;

they will continue to receive a reduction at the rate previously been awarded under the working age scheme for a period of 4 weeks from the day their entitlement to Income Support, income-based Jobseekers Allowance or income-related Employment and Support Allowance ceased.

A similar extended reduction will be available where the claimant's transition between the working age scheme and pension age scheme is triggered by their partner making a claim for State Pension Credit.

## **17.0 Other Extended Reductions**

### **17.1 Cessation of qualifying contributory benefits – pensioners and working age**

Except in the case of a claimant in receipt of State Pension Credit, an extended reduction will generally be awarded under this head where:

- the claimant or their partner were entitled to a qualifying contributory benefit (ie. Severe Disablement Allowance, Incapacity Benefit, Contributory Employment and Support Allowance);
- their entitlement ceased because they or their partner commenced employment, increased their earnings or increased the number of hours worked;
- that employment or increase in earnings/hours is expected to last at least 5 weeks;
- the claimant or their partner had been in receipt of a qualifying contributory benefit or a combination of qualifying contributory benefits for a continuous period at least 26 weeks immediately prior to it ceasing; and
- neither the claimant or their partner were entitled to a qualifying income-related benefit in the last reduction week prior to the entitlement to a qualifying contributory benefit.

The extended reduction will be awarded for a period of 4 weeks at the rate they were entitled in the last reduction week before their entitlement to the qualifying contributory benefit ceased, unless they would have been entitled to a higher amount under the scheme had the extended reduction provisions not applied.

### **17.2 Cessation of qualifying income-related benefits – working age only**

An extended reduction will be awarded where:

- the claimant or their partner were entitled to a qualifying income-related benefit (ie. Income Support, income-based Jobseekers Allowance or income-related Employment and Support Allowance);
- their entitlement ceased because they or their partner commenced employment, increased their earnings or increased the number of hours worked;
- that employment or increase in earnings/hours is expected to last at least 5 weeks; and
- the claimant or their partner had been in receipt of a qualifying income-related benefit or Jobseekers Allowance or a combination of these for a continuous period of least 26 weeks immediately prior to it ceasing.

The extended reduction will be awarded for a period of 4 weeks at the rate they were entitled in the last reduction week before their entitlement to the qualifying income-related benefits ceased, unless they would have been entitled to a higher amount under the scheme had the extended reduction provisions not applied.

### **17.3 Movers in receipt of extended reduction – pensioners and working age**

Where a claimant in receipt of an extended reduction moves from one local authority area to another, they will continue to be entitled to the extended reduction for the remainder of the extended reduction period at the rate to which they were eligible before the mover (or their partner) ceased to be entitled to the relevant qualifying income-related or contributory benefit.

Where an application is made to the Council for a reduction under this CTR Scheme, and the applicant (or the partner of the applicant) is in receipt of an extended reduction from another authority in England, Wales, Scotland or Northern Ireland, the Council must reduce the reduction to which the claimant is entitled under this CTR Scheme by the amount of that extended reduction.

## **SECTION F**

### **Explanatory Notes**

#### **PROCEDURAL MATTERS**

This section contains information relating to a variety of procedural matters including, but not limited to, the application process, dates of entitlement, changes in circumstances and appeals. The Council have tried, so far as regulations allow, to align these to the provisions that currently apply to Council Tax Benefit.

The procedural provisions contained in Parts 3, 13, 14, 15, 16 and Schedule 1 of the Default Scheme have been adopted by the Council's CTR Scheme subject to a number of modifications listed in Section A of this document.

These explanatory notes give an overview of those provisions. The notes are for guidance only and do not constitute an authoritative statement of the law.

Unless otherwise stated, the matters contained in this section apply to claims under both the pension age and working age schemes.

#### **18.0 Applications**

##### **18.1 Making an application – new claimants**

An application for a reduction under the CTR Scheme for Newcastle may be made:

- In writing, on a properly completed form sent to Benefits Department, Newcastle City Council, Civic Centre, Barras Bridge , Newcastle upon Tyne, NE1 8QH
- On-line, using the electronic Council Tax Support application form available on the Council's website ([www.newcastle.gov.uk/counciltax](http://www.newcastle.gov.uk/counciltax))
- By telephoning the Council's Revenues and Benefits contact centre (0191 278 7878)
- Application forms can also be completed face to face with a Council officer by visiting one of our customer service centres.

##### **18.2 Making an application - existing Council Tax Benefit claimants**

Government has indicated that they intend to issue regulations containing transitional provisions to migrate existing claimants of Council Tax Benefit onto their local CTR Schemes. Current indications suggest that these regulations will state that claimants in receipt of Council Tax Benefit on 31 March 2013 are to be automatically be treated as

having made a claim under the new CTR Scheme and that their entitlement to a reduction will be calculated under the new provisions and automatically applied to their council tax liability from 1 April 2013.

Similarly, it is expected that regulations will state that claimants who have made claims for Council Tax Benefit before 1 April 2013 and are on that date still waiting on a decision, are to be automatically be treated as having made a claim for under the CTR Scheme.

### **18.3 Permitting a person to act for another person**

A person will be permitted to make an application on behalf of another person in limited certain circumstances as set out in Part 14 of the Default Scheme; for example, in cases where an application is made on behalf of a couple/members of a polygamous marriage or where a person has been granted a power of attorney over a liable council tax payer.

### **18.4 Information and Evidence**

When making a claim applicants must provide information and evidence as required by Part 14 of the Default Scheme.

Amongst other things, the applicant must provide the National Insurance number for all persons in respect of whom the application is made or, evidence that an application for a National Insurance number has been made.

In accordance with Part 14, paragraph 113(4) of the Default Scheme, applicants must also furnish the Council with any certificates, documents, information and evidence as may be reasonably required for the purpose of determining that person's entitlement, or continuing entitlement, to a reduction and this must be provided within 1 month of such information/evidence being requested, or such longer period as the authority may consider reasonable.

### **18.5 Withdrawal of applications**

In accordance with Part 14 of the Default Scheme, the Council will also be able to accept withdrawal of applications where it has not yet made a decision. This will have effect on the same day any notice of withdrawal is received by the Council.

## **19.0 Periods of Entitlement**

### **19.1 Date on which entitlement begins**

In accordance with Part 13 of the Default Scheme, entitlement to a reduction under the CTR Scheme will usually begin on the Monday following the date on which the application is made or is treated as having been made.

## **19.2 Date on which applications are treated as being made**

Except where the Default Scheme provides that an application is to be treated as being made on an earlier date (see below), an application will be treated as having been made on the date the Council receives a properly completed application form.

An application will be treated as being made on an earlier date in certain circumstances as set out in Part 14, paragraph 110 of the Default Scheme. For example:

Where State Pension Credit comprising a guarantee credit, Income Support, income-based Jobseekers Allowance, income-related Employment and Support Allowance or Universal Credit has been awarded to the claimant or their partner and the application for a CTR was made within 1 month of the date on which the claim for the relevant pension credit/benefit was received by the DWP, the application for a CTR will be treated as having been made on the first day of the claimant's entitlement to the relevant pension credit/benefit.

Where a claimant notifies the Council of their intention to apply for a CTR and they return a properly completed application form within 1 month of such form being issued to them, the date of the application will generally be treated (subject to a few exceptions set out in the Default Scheme) as being the date of the first notification. These arrangements will include any advance applications (see below).

Also, where a claimant needs to amend their application to correct a defect, their application will be treated as having been made on the date on which the original application form was received provided the defect is corrected within 1 month of the Council drawing the claimant's attention to the defect.

## **19.3 Advance applications**

In accordance with Part 14, paragraph 110 of the Default Scheme, where the applicant is not liable to pay council tax but it is anticipated that they will become so liable within a period of 8 weeks, they may apply for a reduction under the scheme at any time within that 8 week period, and provided liability does arise within that period the Council will treat the application as being made on that day on which the liability to pay council tax arises.

Furthermore, if a claimant is not entitled to a reduction under the scheme in the week immediately following the date of the application but the Council consider that unless there is a change in circumstances they will be entitled to a reduction within a prescribed period, the Council may treat the application as being made in the week immediately preceding the first week the applications period of entitlement. In the case of a working age claimant, the relevant prescribed period within 13 weeks of the application; in the case of a Pensioner it is within 17 weeks of the application.

## **19.4 Backdating**

### **Pensioners**

In accordance with Part 14, paragraph 111 of the Default Scheme, Pensioners will be able to back-date their application 3 months.

### **Working age**

In accordance with the Part 14, paragraph 112 of the Default Scheme, Working Age claimants will be able to back-date their applications by six months provided they had continuous good cause for failing to make the application earlier.

## **20.0 Changes in circumstances**

### **20.1 Duty to notify changes of circumstances**

In accordance with Part 14, paragraph 115 of the Default Scheme, if there is a change in circumstances at any time (whether between the making of an application and a decision being made on it, after a decision has been made, or whilst in receipt of any reduction) which the claimant (or any person acting on their behalf) might reasonably be expected to know might affect their entitlement or the amount of a reduction, they are under a duty to notify the Council of that change within a period of 21 days beginning on the date on which the change occurs or as soon as reasonably practicable after the change occurs, whichever is later.

The change can be reported to the Council either in writing, by telephone or electronically using the report form available on the council's website.

### **20.2 Date on which changes in circumstances affecting entitlement take effect**

Part 13 of the Default Scheme contains provisions relating to dates on which changes in circumstances take effect. The dates vary depending on the circumstances and the nature of the change but, generally speaking, this will be either first day of the reduction week following the date on which the change occurs, the first day of the reduction week in which the change occurs or the date on which the change actually occurs.

### **20.3 Treatment of changes in circumstances where there has been delay in reporting the change**

This CTR Scheme contains additional provisions in relation to the treatment of certain changes in circumstances of working age claimant's where there has been delay in reporting the change and the change would result in an increase in the amount of the reduction the claimant receives (see paragraph 107A of the Schedule of Amendments in Section A of this document).

In summary, where the change of circumstances is one which the claimant was under a duty to report to Council under paragraph 115 of the Default Scheme and they notified the Council of the change more than 21 days after the day on which the change occurred, then the change will usually take effect from the date on which it was notified to the Council.

Applicants who fail to report a change in circumstances within 21 days may be served a penalty.

A claimant may apply in writing to have the change in circumstances taken from an earlier date notwithstanding the delay reporting it; however any application must be made within 13 months of the date on which the change of circumstances occurred. Any such application must include particulars of the change and reasons for failure to report the change on an earlier date. The Council will only grant the application where it is reasonable to do so and it is satisfied that special circumstances existed which meant that it was not practicable for the applicant to report the change within 21 days of it occurring.

## **21.0 Decisions**

### **21.1 Notification of decisions**

In accordance with Part 15 of the Default Scheme, the Council must notify the applicant in writing of its decision on an application for CTR within 14 days of it receiving a properly completed application form and all relevant information and evidence relating to the application, or as soon as soon as reasonably practicable thereafter.

The decision notice must inform the applicant of the procedure by which an appeal may be made and must refer to the relevant provisions in the Scheme relating to appeals.

Where the decision is to award a reduction, the decision notice must also include a statement as to how that entitlement will be discharged and a statement informing the applicant of the duty to notify change in circumstances; explaining the possible consequences of not complying with that duty and setting out the circumstances a change in which may affect entitlement to the reducing or its amount.

A person who receives a decision notice may, within 1 month of the date of the notice, write to the Council requesting that it provide a written statement setting out the reasons for its decision on any matter set out in the notice. The written statement referred to must be sent within 14 days or as soon as reasonably practicable thereafter.

Where, due to a change in circumstances, the amount of reduction a person is entitled under the CTR Scheme changes, a further decision letter should be issued.

### **21.2 Decisions on defective applications**

This CTR Scheme contains additional provisions in relation to making decisions on defective applications (see paragraph 116A of the Schedule of Amendments in Section A of this document).

In summary, where an application is defective, incomplete or further information is required, the Council may write to the applicant requesting that it correct the defect or provide further information within 1 month (or such longer period as the Council considers reasonable). If the applicant fails to correct the defect or provide further information within the time stated, then the Council may at its own discretion proceed to make a decision based on the information provided at that time.

## **22.0 Manner of granting the reduction**

Generally those who are entitled to a reduction under the CTR Scheme will receive their reduction as a discount to their council tax bill. However in limited circumstances a claimant may receive their entitlement in the form of a payment.

### **22.1 Circumstances in which a payment can be made**

In accordance with Part 16 of the Default Scheme, where the person entitled to a reduction under the CTR Scheme is jointly and severally liable for council tax then if the authority determines that discharging that persons entitlement by reducing the amount of council tax liability for the relevant year would be inappropriate, it may make a payment of the amount of the reduction to which he is still entitled, rounded down to the nearest penny.

### **22.2 Repayment of overpayments**

Where the amount by which a person's council tax liability can be reduced is insufficient to discharge their entitlement to a reduction for the relevant financial year (for example where the person has already made payments on the account which exceed their post-reduction liability), there will, in effect, have been an overpayment of council tax for that year.

The Council Tax (Administration and Enforcement) Regulations 1992 already contain rules relating to overpayments (and underpayments) of council tax and these will continue to apply. It is not therefore necessary to include provisions in the CTR Scheme to deal with this. However it is worth noting here that the existing rules relating to council tax contain provisions which require, depending on the circumstances, the amount overpaid to be either credited any against subsequent council tax liability of the person or repaid to the person.

### **23.0 Termination of entitlement to a reduction for failure to comply with information requirements**

This CTR Scheme contains additional provisions in relation to the termination of entitlement to a reduction in relation to working age claimants where there has been a failure to comply with information requirements (see paragraph 113A of the Schedule of Amendments at Section A of this document).

In summary, where it appears to the Council that an issue arises as to whether the conditions for entitlement to a reduction under the Scheme are or were fulfilled, or whether a decision as to such an award should be revised or superseded, it may ask the claimant to provide further information, documents or evidence within 1 month or such other longer period as the authority may consider reasonable. If the claimant fails to comply with request and more than 1 month has passed since the end of the period by which the information was required to be provided, the claimant will cease to be entitled to a reduction under the Scheme. Cessation of entitlement will take effect from the date on which the period for providing the information ended, or such earlier date on which it appears to the authority that the conditions of entitlement under the scheme were not fulfilled.

### **24.0 Appeals**

This CTR Scheme adopts the prescribed procedure for appeals as set out in Part 2 of Schedule 1 of the Default Scheme. These provisions piggyback onto the appeals process currently used in relation to assessment of council tax, therefore the Default Scheme must be read in conjunction with s.16 Local Government Finance Act 1992 (as amended) and the Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009.

In summary, the Scheme contains a statutory right to appeal against decisions made by the Council which affect either a person's entitlement to a reduction under the CTR Scheme or the amount of any such reduction. The procedure for making such an appeal is as follows:

- i) A person who is aggrieved by such a decision may seek a review of the decision by serving a written notice on the Council stating the matter by which, and the grounds on which, he is aggrieved.
- ii) Following receipt of such a notice, the Council must consider the matter and either:-
  - a) notify the aggrieved person that the ground is not well founded, giving reasons for that belief, or
  - b) notify the aggrieved person that steps have been taken to deal with the grievance, stating the steps taken.
- iii) Where, following the above, the person is still aggrieved, or if the Council fails to respond to the aggrieved persons notice within 2 months of it being served, he/she may appeal to the valuation tribunal under section 16 of the Local Government Finance Act 1992.

- iv) In accordance with paragraph 21 Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulation 2009, any appeal to the valuation tribunal must be made no later than 2 months beginning on the date on which the Council notified him that his grievance was not well-founded, or that steps had been taken to deal with the grievance as the case may be. If the Council failed to respond to the grievance within the prescribed timescale, then any appeal must be made no later than 4 months of the date of service of the aggrieved persons notice.

## **25.0 Applying for a discretionary reduction under s.13A(1)(c)**

The Council has a general discretionary power under s. 13A(1)(c) of the Local Government Finance Act 1992 (as amended), to reduce liability for council tax in relation to individual cases where standard discounts, exemptions and reductions do not apply.

An application for a discretionary reduction may be made to the Council in writing. (Although the CTR Scheme allows applications for discretionary reductions to be made by other methods where these are made available; at the time of writing it is anticipated that this will be the only method to be made available).

In the event that the Council makes a determination under s.13(1)(c) in relation to a class of case in which liability is to be reduced and a person in that class would otherwise be entitled to a reduction under Classes A to G of the CTR Scheme, that person's application for a reduction under Classes A to G of the Scheme may also be treated as an application for a reduction under s.13(A)(1)(c). However at the time of writing this Council has made no determinations under s.13(1)(c) in relation to any class of case.

## **APPENDICES**

**The Council Tax Reduction Schemes (Defaults Scheme) (England) Regulations 2012 – see website**

**The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (England) (Amendment) Regulations 2012 – see website**