

# **Proposed Council Tax Support Scheme**

# September 2012

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### **1. Background**

On 1 April 2013, Council Tax Benefit, the current method of supporting low income households to pay their Council Tax, will be abolished by the Government. It will be replaced by a new local scheme of Council Tax Support defined and administered by each Local Authority.

The Government has stated that pensioners will be protected from these changes and entitlement will be subject to the provisions of nationally defined regulations, similar to that of the current Council Tax Benefit scheme.

Working age claimants will be subject to the provisions of a new local scheme of Council Tax Support determined by Birmingham City Council.

### **2. Introduction**

This document outlines the proposed scheme of Council Tax Support in Birmingham for 2013/2014 and should be read in conjunction with consultation documents seeking your views.

This Scheme sets out a number of proposals that will be dependent upon:

1. The outcome of a consultation on this scheme;
2. The passing of the Local Government Finance Bill and subsequent secondary legislation;
3. Implementation of the Welfare Reform Act 2012 and any secondary legislation.

In these proposals 'the new Scheme' means the proposed Council Tax Support Scheme (CTS).

In these proposals 'the current Scheme' means the existing Council Tax Benefit Scheme (CTB).

### **3. Classes of Persons**

This draft Scheme sets out proposed rules for working age claimants. The Government has concluded that support for pensioners should be delivered through a national framework of criteria and allowances. As such regulations will prescribe a scheme for claimants of state pension credit age. They will also prescribe certain classes of persons who are not eligible to claim Council Tax Support, principally those citizens from abroad and refugees who do not have leave to remain in the country.

It is proposed that eligibility for Council Tax Support will be means tested and determined by reference to the household composition, income and capital of the claimant and any partner; and by the income, capital and number of non-dependants in the household.

This draft scheme proposes that the key principals and methods set out within the Government's draft default scheme regulations issued in July 2012 be used to determine Council Tax Support, except where amendments are set out in this draft Scheme, by statute under the Local Government Finance Act, Welfare Reform Act and accompanying legislation, by changes as a result of the introduction of Universal Credit or where Birmingham City Council deems fit.

#### **4. Key Features of the Scheme**

Our draft Scheme is based on the following principles:

- people of working-age (unless specified) will have their Council Tax Support assessment based 76% of their council tax liability.,
- people with disabilities (entitled to a disability premium or disabled child premium) should be protected from this requirement;
- people with dependant children under 6 should be protected,
- people in receipt of a war pension should also be protected,
- the backdating of claims should be limited to 1 month.
- A discretionary fund be set up to support people suffering from hardship

#### **5. Classes of Reduction**

It is proposed that Council Tax Support be calculated as a means tested discount, defined in principle by the terms of the Government's draft default scheme with the exceptions as identified below:

The eligible Council Tax will be limited in the following way:

- a) A 'cap' of 76% will be set as a proportion of the claimant's eligible Council Tax liability

This means the assessment of Council Tax Support for claimants other than those listed below will be set at 76% of their Council Tax charge. This capped liability will be used in the calculation of entitlement based on the claimant's circumstances.

As such most claimants of working age will be expected to contribute some payment towards their Council Tax bill the amount of which will be, dependent upon individual financial circumstances.

### **6. People with the Greatest Need of Support**

Claimants will not be affected by the changes we are proposing and will have their Council Tax Support assessment based on 100% of their Council Tax liability if the:

- Claimant or their partner is a pensioner
- Claimant or their partner is entitled to a disability premium or disabled child premium
- Claimant or their partner receives a war disablement pension, war widows pension or war widower's pension
- Claimant or their partner has a dependent child under 6

As such people with the greatest need of support, pensioners, those with a disability, those in receipt of a war pension and those with dependant children under 6 years of age and those with a disabled child will be excluded from the liability cap as detailed in section a) and will continue to receive support at the same level as Council Tax Benefit.

### **7. Backdating**

It is also proposed within the Scheme to introduce a maximum limit for backdating Council Tax Support claims up to 1 month. This is in line with Government plans for Universal Credit.

### **8. Hardship Fund**

It is proposed to create a discretionary Hardship Fund to support people suffering from genuine hardship, whether or not they fall into the category of people with greatest need of support. This reflects our aim to support the most vulnerable in our society.

### **9. General Administration of the Scheme**

The section below details in general how the Council Tax Support Scheme shall be administered:

#### **9.1 Applications**

An application will be required for all new claims from the 1st April 2013.

Applicants may apply either in:

- Writing, with a form provided free for the purpose
- By means of electronic communication
- By Telephone

Where an application is received which is not supported by all necessary evidence we will write to the claimant to give notice of this and provide an opportunity for this to be corrected by supplying the required information.

Claimants currently in receipt of Council Tax Benefit will transfer onto the new Council Tax Support scheme. .

A review process will be implemented by Birmingham City Council for new and existing awards. Awards will be reviewed in a time period to be determined by Birmingham City Council and failure of the claimant to fulfil any request during a review of their award may result in the termination of that award.

### **9.2 Electronic Communication**

Claimants may use electronic communication in relation to their claim.

However the claimant must use an approved method of

- Authenticating their identity
- Communicating electronically
- Authenticating any claim or notice delivered in this manner

Where a claimant uses electronic communication that is not approved, then the information or evidence will not be accepted as being received.

Birmingham City Council may make use of intermediaries in relation to electronic communication and may require other persons to use intermediaries.

Electronic information shall not be treated as being received until such time as it is accepted by Birmingham City Council's computer system.

If necessary to prove the date of receipt of an electronic communication, the date of receipt shall be the date of receipt shown on Birmingham City Council's computer system.

### **9.3 Evidence**

Birmingham City Council may request such evidence as it requires to determine entitlement.

Claimants will be given one month to provide any information requested.

### **9.4 Amendment and Withdrawal of Application**

Claimants may amend any application before Birmingham City Council has made a decision on it.

Claimants can withdraw an application at any time.

### **9.5 Claimant's Duty to Notify Change in Circumstances**

Claimants have a duty to notify Birmingham City Council of any changes in their circumstances that may affect entitlement, in the same manner as within current Council Tax Benefit regulations.

### **9.6 Decisions**

Apart from where statutorily required, advice of any Council Tax Support granted, removed or revised will be by an adjustment to the Council Tax Bill and the bill itself will be the formal notification. Birmingham City Council also reserves the right to include additional notifications informing of an award or non-award made under the new scheme of Council Tax Support.

### **9.7 Overpayments**

Any overpayment of Council Tax Support granted to which a claimant was not entitled to receive will be recovered by an adjustment to the Council Tax bill.

### **9.8 Time and Manner of Granting a Reduction**

The manner in which Council Tax Support should be applied is the same as under Council Tax Benefit rules, i.e. made to the customers Council Tax account for the relevant financial year unless extenuating circumstances apply.

Where Birmingham City Council revises a decision and deems that the claimant was entitled to more support, it has a duty to make good that shortfall by reducing any future payments required for Council Tax.

Where the claimant has since died and Birmingham City Council is unable to make payment to the account, such payment should be made to the administrator of the estate.

### **9.9 Appeals Process**

Birmingham City Council will give all claimant's the opportunity to make written representation where they believe their claim has been dealt with incorrectly and we will look at this decision again.

Where a claimant remains unhappy with a decision following the above process, they may appeal to the Valuation Tribunal.

### **9.10 Annual Reassessment**

This draft Scheme proposes that any figures set out in the Scheme may be updated, to take effect on 01 April each year, by the consumer price index, retail price index rate of inflation set out in the preceding September, or by another rate determined with reference to provisions made for Housing Benefit and Universal Credit or as decided by Birmingham City Council.

**9.11 Discretionary Reduction**

Discretionary reductions will be considered by Birmingham City Council under section 13A (1) (c) of the Local Government Finance Act where customers can demonstrate severe hardship. An application must be made in writing or by electronic communication.

**10. Other Matters**

This is a draft document and as such may be subject to change following public consultation, Government statute or any other means deemed appropriate by Birmingham City Council.

Further proposals may be set for the second year of the Scheme starting 01 April 2014 and beyond but should this happen these will be subject to further consultation.

The final local Scheme for 2013/14 shall be subject to approval by the Council no later than 31st January 2013.

### Glossary of Terms

**Backdated Award** – In some cases we have been able to pay people a period of up to six months before they made a claim. The person will have needed to have had a good reason for not making a claim sooner than they did.

**Council Tax** – A local tax based on the property valuation. It is used to fund public services.

**Council Tax Benefit** – This is the current system to help someone on a low income or no income to pay their Council Tax.

**Council Tax Support** – This is the new scheme to help someone on low income or no income to pay their Council Tax

**Council Tax Liability** – The amount of Council Tax that a person is liable to pay before any Council Tax Benefit is deducted.

**Dependant** – A child (under 16) or young person up to the age of 20 who lives with the claimant and for who the claimant or their partner receives Child Benefit in respect of.

**Disabled – For the purpose of Council Tax Support** - People with a disability are defined for this purpose as a claimant or their partner who is entitled to the disability premium within the current Council Tax benefit system. This includes claimants or their partners who are registered blind, have been off sick for 52 weeks or more or are getting benefits such as Disability Living Allowance, Attendance Allowance, Severe Disablement Allowance, long term Incapacity Benefit etc (see [http://www.direct.gov.uk/en/DisabledPeople/FinancialSupport/OtherBenefitsAndSupport/DG\\_068683](http://www.direct.gov.uk/en/DisabledPeople/FinancialSupport/OtherBenefitsAndSupport/DG_068683) for further information).

This definition also includes a claimant or their partner who are entitled to the disabled child premium for a dependant child who is registered blind or is getting Disability Living Allowance.

**Pensioner** – We will follow the definition of a pensioner in line with the statutory guidance. On the 01 April 2013 this will be someone who was born before 06 October 1951

**War Pension - For the purpose of Council Tax Support** - Someone who is in receipt of War Disablement Pension, a War Widows Pension or War Widower's Pension.

**Working Age** - We will follow the definition of working age in line with the statutory guidance. On the 01 April 2013 this will be someone who was born on or after 06 October 1951