Glossary of terms

Applicable amount
The combination of allowances and premiums used to determine a claimant’s basic living needs and against which their income is compared for the purposes of the means test performed.

Classes
The groups a resident requesting CTS may fall in to. Class one will not be subject to a means test as their income will be below the amount of money the law says they need to live on. Class two will be subject to a means test as their income will be more than the amount the law says they need to live on.

Capital
Assets which might include savings, money in the bank or building society, stocks and shares, but does not include personal possessions.

CTB
Council Tax Benefit, (i.e. the existing national scheme).

CTS
Council Tax Support, (i.e. the Council’s proposed local council tax reduction scheme).

Excess income
The amount by which a claimant’s weekly income exceeds their applicable amount.

Non-dependant
A non-dependant is a person who is living with the claimant but who is not dependent upon them, and not living in their home on a commercial basis, (i.e. as a joint tenant or sub tenant). Non-dependants generally include an adult son or daughter, a mother or father, friend, etc of the claimant.

Prescribed requirement
Rules the government require to be part of the CTS scheme.

Second adult rebate
An award of support made in respect of a second adult living with the claimant who otherwise stops the claimant receiving a single occupancy discount.

Taper
The rate at which CTS is withdrawn once an applicant’s income is subject to the means test.

Underlying entitlement
Way of reducing an overpayment of council tax benefit.
1. Introduction

From April 2013 council tax benefit will cease to exist as we know it today. In its place will be a localised CTS scheme which means individual councils now have to set the amount of council tax support they offer residents. CTS has been introduced by the government and is expected to save the Treasury £500 million, as the grant given to councils to fund CTS will be 14% less than the amount spent on council tax benefit in the preceding year. This equates to £3.5 million less funding for Wiltshire from April 2013.

This document outlines Wiltshire Council’s approach to the local scheme and shows the proposals upon which the council will consult with residents and other stakeholders in autumn 2012.

The proposals outlined below apply to working age recipients of CTS only. The government has decided that a national scheme will exist to provide council tax support for those of pension credit age. The national scheme defines the rules and regulations for the administration of pension credit age support in full. Those of pension credit age will receive the amount of support they would have received under council tax benefit.

Wiltshire Council’s proposals for working age recipients may be subject to change for example in response to findings from the consultation process and any statutory provisions made that take precedence over the scheme proposals. However, the final scheme shall be subject to approval by the council no later than 31 January 2013.

The council is required to publish details of its proposed draft scheme and some of the contents of this document are by its very nature, technical in detail. Wiltshire Council will be providing details and examples of the proposals on our web page at [www.Wiltshire.gov.uk/ctsconsultation](http://www.Wiltshire.gov.uk/ctsconsultation) as well as adding responses to frequently asked questions received throughout the consultation period.

Context and scheme intent

The Wiltshire local scheme needs to meet the requirements of the county and the government intention to ensure the needs of the most vulnerable are considered when the local scheme is designed. The consideration should specifically take into account the following statutory duties;

- Children - Child Poverty Act 2010
- Disabled people - Disabled Persons Act 1986
- The Armed Forces covenant – May 2011
- Homelessness prevention - Housing Act 1996
- Equality – Equality Act 2010

The council believe any local scheme should meet the council’s priorities of;

- Ensuring support to the most vulnerable groups in Wiltshire.
- Encouraging people into work and a stronger local economy.
- Supporting communities’ work with the council and each other to improve their neighbourhoods and foster self-reliance.
The council believes that the current method of calculating council tax benefit already fulfils the criteria set out above in terms of vulnerable groups. This is due to the way the applicable amounts are calculated, and the addition of premiums, (for example, for disability, children, and carers) as well as disregards for certain income types. These provisions within the current council tax benefit regulations effectively mean that those individuals and families with special circumstances are protected.

Wiltshire is keen to support residents into work and ensure that work is a more attractive financial option than benefits. This is key to achieving our corporate priorities. We believe the current council tax benefit scheme encourages residents to work. This is through provisions such as extended payments for a period when recipients start work, disregarding certain levels of income and minimising non-dependant deductions.

The Department for Communities and Local Government (DCLG) have been clear that the current CTB scheme for working age recipients will be used as the template for the default working age scheme. Wiltshire Council therefore proposes to base its local scheme for CTS on the existing scheme/ default scheme as it already has provision to deliver the expected outcome of the localised scheme.

The council will then amend the provision within the scheme locally to allow the reduction in government support to be passed on to recipients in a fair and proportionate way. The way this will be done is outlined in the next section.

Additionally the Local Government Finance Bill sets out the parameters of the local scheme and specifies a number of matters that must be included. The Bill provides that:

1. A scheme must state the classes of person who are to be entitled to a reduction under the scheme.

2. The classes may be determined by reference to, in particular —
   a) the income of any person liable to pay council tax to the authority in respect of a dwelling;
   b) the capital of any such person;
   c) the income and capital of any other person who is a resident of the dwelling;
   d) the number of dependants of any person within paragraph (a) or (c);
   e) whether the person has made an application for the reduction.

3. A scheme must set out the reduction to which persons in each class are to be entitled; and different reductions may be set out for different classes.

4. A reduction may be—
   a) a discount calculated as a percentage of the amount which would be payable apart from the scheme,
   b) a discount of an amount set out in the scheme or to be calculated in accordance with the scheme,
   c) expressed as an amount of council tax to be paid (lower than the amount which would be payable apart from the scheme) which is set out in the scheme or is to be calculated in accordance with it, or
   d) the whole amount of council tax (so that the amount payable is nil).
(5) A scheme must state the procedure by which a person may apply for a reduction under the scheme.

(6) A scheme must state the procedure by which a person can make an appeal under section 16 against any decision of the authority which affects—
(a) the person’s entitlement to a reduction under the scheme, or
(b) the amount of any reduction to which the person is entitled.

(7) A scheme must state the procedure by which a person can apply to the authority for a reduction under section 13A (1) (c).

2. Prescribed requirements

DCLG have decided there are a number of prescribed requirements which affect both the working age and pension credit age schemes. These are defined in their document - Localising Support for Council Tax –Draft council tax reduction scheme (prescribed requirement regulations). The document can be viewed in full here: http://www.communities.gov.uk/corporate/publications/legislation-and-policy/

The prescribed requirements define both the government’s default scheme and the pension credit age scheme. The prescribed requirements which Wiltshire Council must incorporate into its local scheme are outlined below.

2.1 Persons from abroad
The government intends to apply to persons from abroad the same restrictions as exist under the current council tax benefit system. It excludes foreign nationals with limited immigration status and non- economically active EEA individuals who are not exercising EU treaty rights, from receiving council tax reductions. The prescribed requirements relating to immigration status will mean that individuals subject to immigration control under Section 115 of the Immigration and Asylum Act 1999 and non-economically active EEA nationals, who fall into various categories (to be set out in regulations), will not benefit from council tax reductions. New provisions will replicate those in existing council tax benefit regulation 7 in SI 2006/215 and 2006/216.

2.2 Refugees
Whilst continuing the policy of restricting access to council tax support for foreign nationals with limited immigration status, the government does wish to continue the practise already established of allowing those who have:

- recognised refugee status,
- humanitarian protection
- discretionary leave or,
- exceptional leave to remain granted outside the immigration rules
- and who are exempt from the Habitual Residence Test to be entitled to apply for council tax reduction support as long as their status has not been revoked.
2.3 Permitting a person to act for another person
Regulations that allow current arrangements for a person to act on behalf of another, will continue. For example, where a person has been granted a power of attorney over a liable council tax-payer or in cases where a couple wishes to make an application.

2.4 Extended payments for people who have just reached the qualifying age for state pension credit
Prescribed regulations for all schemes will set out that an individual who is:
(i) approaching pension credit eligible age, and who is,
(ii) in receipt of a local council tax reduction and not in receipt of working age benefits (income support, income-related jobseeker’s allowance, income related employment and support allowance), or,
(iii) whose partner has claimed state pension credit, will continue to receive an extended payment of their localised council tax reduction for a prescribed period of four weeks, whilst they or their partner apply for the state pension credit eligible age scheme.

These are the only prescribed requirements which must be incorporated in to the local scheme.

3. The Wiltshire Local Working Age Council Tax Support Scheme

3.1 The scheme
Wiltshire’s local scheme is based on the DCLG default scheme. This is set out in the Draft Council Tax Reduction Schemes (Default Scheme) (England) Regulations. This can be viewed here [http://www.communities.gov.uk/corporate/publications/legislation-and-policy/](http://www.communities.gov.uk/corporate/publications/legislation-and-policy/). For residents who currently receive council tax benefit the DCLG default scheme is expected to be the same as the current council tax benefit scheme.

Although based on the DCLG default scheme, Wiltshire’s scheme has some additional provisions to allow it to meet the council’s intention of passing the reduction in funding on to residents.

The main provisions of the proposed Wiltshire Council local scheme which differ from the default scheme are as follows:-

Wiltshire provision A

A claimant’s council tax reduction (known as council tax support or CTS) will be calculated in line with the DCLG default scheme. Once the entitlement amount has been calculated by the council it will be reduced by a percentage as determined by the council as sufficient to meet the required portion of the reduction in funding associated with the claimant’s circumstances. It is anticipated that this will be a flat rate reduction of 20% across all recipients other that those described in Provision B Below.
**Wiltshire provision B**

Claimants will be protected from the minimum contribution if they or their partner or dependants are entitled to a disability premium or enhanced disability premium (normally given where disability living allowance has been awarded) or disabled earnings disregard, or the claimant is in receipt of disabled person’s reduction for council tax purposes, war disablement pension or war widow’s pension.

**Wiltshire provision C**

Any deduction in respect of a non dependant will be at a fixed rate determined through the consultation process.

**Wiltshire provision D**

The taper applied as part of the means test under the local scheme may be varied from the default scheme as a result of the consultation process.

**Wiltshire provision E**

The amount of capital which an applicant can possess and still be entitled to CTS will be at an amount determined through the consultation process.

**Wiltshire provision F**

Backdating may be discarded from the local scheme or amended in either length or amount as determined by the council.

**Wiltshire provision G**

Second adult rebate may be discarded from the local scheme or have revised percentage values set for support as determined by council.

**Wiltshire provision H**

Underlying entitlement may be discarded from the local scheme as determined by the council.

### 3.2 Classes

There will be two main working age classes under the Wiltshire scheme, under which there will be a number of qualifying criteria.

In all cases individuals must not be of a prescribed class exempted from support, such as a person from abroad with limited leave to remain (see under prescribed requirements paragraph 2.1 and 2.2)
Class 1
The applicant must:
- be a person who has not yet attained the qualifying age for state pension credit;
- be a person whose partner has not yet attained the qualifying age for state pension credit, except where the applicant is in receipt of income support, income-based jobseeker's allowance or income-based employment and support allowance;
- be liable to pay council tax in respect of a dwelling in which they are resident;
- be somebody in respect of whom a maximum council tax reduction amount can be calculated;
- not have capital savings above £6,000 or a sum determined by the consultation process;
- have applied for the scheme; and
- be a person where a day in which s/he is liable to pay council tax falls within a week where the person’s income is less than their applicable amount (as defined in regulations).

Class 2
The applicant must:
- be a person who has not yet attained the qualifying age for state pension credit;
- be a person whose partner has not yet attained the qualifying age for state pension credit, except where the applicant is in receipt of income support, income-based jobseeker's allowance or income-based employment and support allowance;
- be liable to pay council tax in respect of a dwelling in which they are resident;
- be somebody in respect of whom a maximum council tax reduction amount can be calculated;
- not have capital savings above £6,000 or a sum determined by the consultation process;
- have applied for the scheme; and
- be a person for whom Class 1 is not fulfilled, but amount A exceeds amount B, where amount A is the appropriate maximum council tax liability in his case and amount B is a prescribed percentage of the difference between his income in respect of the week in which the day falls and the appropriate applicable amount in his case (both as defined in regulations).
3.3 Reductions attracted by classes

Class 1 reduction

If an individual matches the criteria in Class 1, including that their income is less than their applicable amount (as set out in regulations) in their case, that person qualifies for an underlying 100% reduction on their council tax liability. They will then be subject to a percentage deduction at a value to be decided by the council. This value will be affected by whether they fall in to any of the locally defined protected groups.

Regulations will set out that an individual in receipt of income support, income-related jobseeker’s allowance or income-related employment and support allowance will have income, earnings and capital counted as zero. This means that the individual’s income will automatically be less than their applicable amount, and they will qualify for an underlying 100% reduction of their council tax liability. They will then be subject to a percentage deduction at a value to be decided by the council, following the consultation period. This value will be affected by whether they fall into any of the locally defined protected groups.

With the introduction of universal credit, which will start to replace these benefits for new applicants over a period of five years from September 2013, an equivalent consideration will be identified and introduced into regulations.

Class 2 reduction

If an individual matches the criteria in Class 2, it will mean that the individual’s income is greater than his applicable amount (both as defined in regulations). Twenty per cent of the difference between the two will then be subtracted from this individual’s maximum council tax liability. They will then be subject to a percentage deduction at a value to be decided by the council. This value will be affected by whether they fall in to any locally defined protected groups.

Determination of the class in to which a claimant will fall will be made via the means test which will continue according to the current rules and criteria but will also be subject to amendment depending on consultation in line with the Wiltshire Provisions.

3.4 Non-dependent deductions

Once a reduction amount has been calculated it will continue to be subject to an adjustment to take in to account the amount the council considers a non dependant should contribute to council tax. The category of deduction will be calculated as a flat rate deduction as determined by Wiltshire’s provision C.

3.5 Income Tapers

Once a reduction amount has been calculated it will continue to be subject to an adjustment to take into account the earnings disregards which will be applied to all claims where income is earned. The level of this disregard may be reduced to nil or may be set at an amount higher or lower than the current level of disregard, following
consultation. The scheme proposes that any amount of unearned income that is disregarded in the current scheme may be included as unearned income in the calculation of council tax support.

3.6 Capital
This draft scheme proposes that the maximum amount of capital that a claimant may hold before becoming ineligible for council tax support may be set at £6,000. It is also proposed that the limit at which capital is disregarded in the calculation of capital tariff income is set at a rate between £3,000 and £6,000. Consideration will be given as to how to determine income from benefits established under the Welfare Reform Act 2012, such as universal credit and personal independence payments, setting out the method of calculation for these benefits. It is proposed that the treatment of income and capital set out in schedules 3, 4 and 5 of the CTB regulations (2006) may be revised at any point.

3.7 Backdating
It is proposed that the maximum period to which a claim can be backdated may be amended to such period other than six months. This period will be defined in the scheme.

3.8 Second adult Rebate
It is proposed that the second adult rebate scheme will be not form part of the local scheme.

3.9 Underlying entitlement
It is proposed that the methods currently used to calculate underlying entitlement will not form part of the local scheme.

4. Procedure by which a person may apply for a reduction under the scheme

4.1 A resident may apply for CTS by the following channels;
1. the council’s council tax support application form,
2. the council’s call centre through its published telephone number.

Where option one is used the application must be signed by the claimant and also by their partner if they have one.

The council will only decide a council tax reduction where the application has been received at their designated office and the applicant has supplied all documentation reasonably requested to support the application within one calendar month of its request by the council.

An application for CTS may be amended or withdrawn by the applicant at any time before the Council has decided whether CTS is to be granted.

Recipients of council tax benefit immediately before its abolition will be deemed as having applied for CTS by default although the amount of support calculated for CTS may be lower. There will be no requirement for a new application.
4.2 Award or Payment of Council Tax Support
Once the calculation has been made and apart from where statutorily required, advice of any award granted, removed or revised will be by an adjustment to the Council Tax Bill and the bill itself will be the formal notification. The authority reserves the right to include additional notifications.
Consideration will be given as to how further notifications of an award or non-award of Council Tax Reduction will be made under the new scheme.

Any overpayment will be rectified by the amount being clawed back by an adjustment to the Council Tax bill.

4.3 A scheme must state the procedure by which a person can make an appeal, under section 16, against any decision of the authority which affects:
(a) the person’s entitlement to a reduction under the scheme, or,
(b) the amount of any reduction to which the person is entitled.

An applicant or individual acting on their behalf may appeal to the council concerning either;

1. Their entitlement to CTS
2. The amount of CTS

An applicant or individual acting on their behalf should make an appeal by writing to the council at its designated office. The appeal should include the reason and grounds for appeal and the period the appeal relates to. Any additional evidence to support the reasons and grounds should also be provided.

Appeals must be made within one calendar month of date of notification of the decision; or the appeal is received within thirteen months of the date of the notification and there is an exceptional reason to extend the standard one calendar month time limit.

Once duly made the council will consider the appeal and provide a written notification of the outcome of the appeal to the appellant within three months.

Where the appellant remains dissatisfied with the appeal outcome they may appeal to the English Valuation Tribunal or other such body as may be provided for by statute. Applicants cannot appeal against the following;
- The local scheme provisions as set out by the council.
- Who may claim when someone is unable to act
- Suspending or restoring CTS
- What an ‘overpayment’ means
- The exercise of discretion to recover or not
- The method of recovery
- A refusal to correct a mistake out of time
Any prescribed requirement laid out within *Localising Support for Council Tax – A Statement of Intent*

Any figure laid down by the local scheme for example the level of applicable amount or non-dependant deduction

4.4 A scheme must state the procedure by which a person can apply to the authority for a reduction under section 13A (1) (c).

In order to apply for a reduction under section 13A (1) (b) the applicant use the following channels;

1. the council’s council tax support application form,
2. the council’s call centre through its published telephone number.

Where option one is used the application must be signed by the claimant and also by their partner if they have one.

The council will only decide a council tax reduction where the application has been received at their designated office and the applicant has supplied all documentation reasonably requested to support the application within one calendar month of its request by the council.

5. Up-rating

The draft scheme proposes that any figures set out in the scheme may be up-rated to take effect on 1st April each year following the commencement of the scheme. The up-rating may be by the consumer price index or 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 the authority.

This draft scheme will have parameters set out for the year starting 1st April 2013 until 31st March 2014. Different parameters may be set for the second and subsequent years of the scheme but this will not constitute a separate scheme.

6. Other matters

It is proposed that this scheme may be amended to take into account any circumstances subsequently identified, whether through government statute, public consultation or any other means.