



SUNDERLAND CITY COUNCIL

COUNCIL TAX SUPPORT SCHEME

Summary Document

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Preface

This document contains a summary of the Sunderland City Council Council Tax Support Scheme which will 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 section 13A and Schedule 1A of the Local Government Finance Act 1992 (inserted by section 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

On the 1 April 2013 Central Government is abolishing the current national Council Tax Benefit scheme, and it will be replaced by a new Council Tax Reduction scheme which will be defined by each local authority.

Under section 13A and Schedule 1A of the Local Government Finance Act 1992 (inserted by section 10 Local Government Finance Act 2012), each local authority is required to make a Council Tax Reduction 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. Sunderland City Council's Council Tax Support Scheme is its Reduction Scheme for the purposes of the Act.

The Secretary of State has introduced regulations to ensure that all Council Tax Reduction Schemes include certain requirements prescribed by government. These regulations are called the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 ['the Prescribed Requirements Regulations'] and can be accessed at:

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 ['the Default Scheme Regulations']. These can be accessed at:

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. These can be accessed at:

http://www.legislation.gov.uk/ukxi/2012/3085/pdfs/ukxi_20123085_en.pdf

Reduction in Government Funding

Central Government have changed the way in which Council Tax support is funded, by reducing the level of grant support by an average of 10% nationally for 2013 -2014. For Sunderland the reduction is £2.8m, which represents a cut of 11.7%. This means that the Council will have to find ways to make up the shortfall by either funding this or by reducing the level of support to be given under the new Council Tax Support Scheme ['the CTS Scheme' or 'the Scheme'].

The Council has considered a wide range of options to make up this shortfall and believes that the fairest proposal 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 CTS Scheme

In October 2012 the Government announced a Transitional Grant scheme which includes a transitional grant to help councils reduce the impact of reductions in council tax support. To apply for the grant the council must adopt a Council Tax Support scheme which is compliant with the Transitional Grant scheme criteria.

The Transitional Grant scheme broadly restricts increases in council tax bills to 8.5%, which mirrors the council's position of not imposing all of the reductions to either benefit claimants or the Council itself.

The Council believes that by adopting the Transitional Grant compliant scheme it supports the Council's fairness policy in that everyone pays something towards their Council Tax.

Section A - Sunderland City Council's Council Tax Support Scheme - Overview

Sunderland's CTS Scheme adopts the provisions of the Default Scheme subject to a number of modifications.

A full copy of the Scheme is available to download from www.sunderland.gov.uk/counciltaxsupport.

A summary of the scheme is given below.

Pensioners

The Prescribed Requirements Regulations require that Pensioners must be protected from the reforms. The Regulations provide for a scheme that replicates current Council Tax Benefit legislation, and which must be included in all Council Tax Reduction Schemes. The Council must ensure that the level of support given to Pensioners is not reduced and therefore proposes to follow Default Scheme provisions in relation to this class of claimant.

Working Age Claimants

The Council has also adopted the provisions of the Default Scheme for working age claimants but with some key modifications, as summarised below;

- Entitlement to Council Tax Support, calculated in accordance with the Scheme, will be reduced by a maximum of 8.5%. Those claimants who would previously have received 100% Council Tax Benefit must now contribute to their Council Tax.
- The Alternative Maximum Council Tax Benefit (also known as Second Adult Rebate) will be removed. Second Adult Rebate is a reduction of up to 25% of the Council Tax, where a customer's income is too high to receive benefit but they have other adults living in the household whose income is low.
- Increase in non-dependant deductions for those claimants not in receipt of maximum benefit. A non-dependant deduction is applied to a claimant's Council Tax Support depending on that non-dependant's income and circumstances. The Council propose that all non-dependant charges specified in the default regulations be increased by £1.00 per week for working age claimants.
- War Pensions will not be taken into account when calculating a claimant's income. The Default Scheme Regulations only allow for a disregard of £10.00 per week. The council proposes to continue its previous practice that all war pensions are disregarded in full.

The Council Tax Support 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

Monitoring and Review of the Scheme and Annual Uprating

The Council will monitor and review the Council Tax Support Scheme to ensure that it continues to support the Council's policies. The Scheme may be amended for subsequent years, but should this happen there will be further consultation. If no revised Scheme is published, this Scheme will continue to apply to subsequent years. However, the figures set out in the Scheme in respect of applicable amounts, income and capital disregards and non-dependants deductions may still be uprated to allow for inflation. Any such uprating will take effect on 1 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 CTS 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 Local Government Finance Act 1992 and the Prescribed Requirements Regulations.

Applicants who are affected by uprating will be notified in advance of implementation.

Section B – Persons Excluded from the Scheme

The classes of person excluded from the CTS Scheme are as set out in Part 5 of the Scheme

These explanatory notes give an overview of those provisions. The notes are for guidance only and reference should be made to the detailed provisions of the Scheme.

Classes of persons excluded from the CTS 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.

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 CTS unless they fall within one of the narrow exceptions defined in paragraphs 21(5) or (6) of the Scheme

Persons subject to immigration control

Foreign nationals subject to immigration control within the meaning of section 115(9) 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 CTS. 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 CTS so long as their status has not been revoked.

Students

Full time students (as defined in the Scheme) and students that are treated as not being in Great Britain will not be able to apply for CTS. (Note: Full-time students are generally exempt from council tax liability and therefore have no need to claim CTS. 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).

Persons whose capital exceeds £16,000

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

Section C – Scheme for Pension Age Claimants

The Council adopts all provisions in the default Scheme relating to pensioners. These explanatory notes give an overview of those provisions. Again, the notes are for guidance only and reference should be made to the detailed provisions of the Scheme.

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 CTS Scheme and you should therefore refer to that part of the CTS Scheme which relates to persons who are not pensioners (referred to in this document as Working Age claimants - see Section D).

Classes of Pensioner who are entitled to Council Tax Support

There are three classes of Pensioner entitled to CTS. 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

The three classes are as follows.

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 (the amount calculated in accordance with the Scheme that represents their weekly financial need/deemed living allowance).

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

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.

Class C: Pensioner living with another adult who attracts an Alternative Maximum Council Tax Reduction (Second Adult Rebate)

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, does not pay them rent, and who is on a prescribed low wage and/or prescribed benefit.

Amount of reduction by class**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 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 CTS.

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.

Class C Reduction

The Class C reduction is referred to as the 'Alternative Maximum Council Tax Reduction' (also known as Second Adult Rebate).

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 Second Adult Rebate will be awarded at 25%, 15% or 7.5% of the Council Tax liability depending upon the individuals' circumstances. The Second Adult Rebate 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.

Second adult	Alternative maximum council tax reduction (net of discounts) due in respect of a day
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%

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 a Second Adult Rebate (under Class C), a comparison of the available reductions will be made and the applicant will be awarded the greater of the two.

Non- dependent Deductions

The maximum council tax reduction to which a person is entitled may be subject to a reduction 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 below lists the non-dependant deductions required to be made under the scheme

Non-dependant	Weekly deduction
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

Determination of Class and Award

The Council will assess a claim using the rules, means tests and calculations prescribed by the Scheme 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.

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.

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.

Calculation of Income and Capital

The Scheme prescribes how income and capital for Pensioners is to be calculated and is aligned with the provisions previously 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.

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 Department for Work and Pension's ['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.

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 are prescribed by the Scheme and replicate provisions currently applied to calculation of Council Tax Benefit.

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.

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 CTS 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.

Changes to State Pension Credit for mixed age couples

The DWP 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 CTS to ensure that schemes operate on a similar basis. Government has indicated that any changes will only apply to new applications for CTS so that mixed age couples already

receiving CTS 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 – Scheme for non-pensioner claimants (Working Age)

In relation to non-pensioners, the CTS scheme adopts the provisions of the default scheme with a number of modifications as described in Section A of this document

Once again, these explanatory notes give an overview of those provisions. The notes are for guidance only and reference should be made to the detailed provisions of the Scheme.

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 CTS 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

Classes of Persons entitled to CTS

There are two main classes of Working Age persons entitled to a reduction under this CTS Scheme. 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 Scheme, and
- have made an application for a reduction under the scheme.

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 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.

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 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.

Amount of reduction by class

Class D Reduction

The maximum council tax reduction in relation to all claimants is 100% of their council tax liability, as adjusted to take account of any non-dependent deductions (see below). However, if a person falls within Class D, the amount of reduction to which they are entitled under the CTS Scheme per day will be the maximum council tax reduction calculated in accordance with the Scheme in respect of the day in question, reduced by 8.5%.

Class E Reduction

If a person fulfils the criteria within Class E, the maximum 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 question (adjusted to take account of any non-dependent deductions) and Amount B is $2\frac{6}{7}$ per cent of the difference between their income for the relevant week and their applicable amount), reduced by 8.5%.

Non-Dependant Deductions

The maximum council tax reduction to which a person is entitled may be subject to a reduction 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.

Non-dependant	Weekly deduction
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;	£4.65
Aged 18 or over and working 16 hours or more each week with a -	
- gross income £401.00 per week or more	£11.95
- gross income £322.00 - £400.99 per week	£10.15
- gross income £186.00 - £321.99 per week	£8.25
- gross income less than £186. per week	£4.65

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.

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.

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

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 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 CTS Scheme (see Schedule 8, paragraph 20 of the Scheme):

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

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.

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 CTS 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 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 Scheme.

Students

In relation to those students who are not excluded from making a claim under the CTS scheme (for example part time students), calculation of income and capital for the purpose of determining eligibility for CTS and the amount of any reductions will be assessed in line with Part 11 of the scheme.

Section E – 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 E) ceases.

The situations in which a person is entitled to an extended reduction under the CTS Scheme are as set out in Part 12 of the Scheme.

These explanatory notes give an overview of those provisions. The notes are for guidance only and reference should be made to the detailed provisions of the Scheme.

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

Continuing reductions where state pension 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 CTS 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.

Other Extended Reductions

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.

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.

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 CTS 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 CTS Scheme by the amount of that extended reduction.

Section F – Procedural Matters

This section contains information relating to a variety of procedural matters including the application process, dates of entitlement, changes in circumstances and appeals. The procedural provisions of the Default Scheme have been adopted by the Council with some modifications as 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.

Applications

Making an application – new claimants

An application for a reduction under the CTS Scheme for Sunderland may be made:

- On-line, using the electronic Council Tax Support application form available on the Council's website (www.sunderland.gov.uk/benefitclaim)
- By telephoning the Council's Customer Contact Centre (0191 520 5502)
- In person at one of our Customer Service Centres.
- In writing, on a properly completed form sent to Benefits Section, P O Box 103, Sunderland West LDA, Sunderland, SR2 8YH

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 CTS 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 treated as having made a claim under the new CTS 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 treated as having made a claim for under the CTS Scheme.

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 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.

Information and Evidence

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

Withdrawal of applications

In accordance with Part 14 of the 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.

Periods of Entitlement**Date on which entitlement begins**

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

Date on which applications are treated as being made

Except where the 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 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 CTS 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 CTS 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 CTS and they submit 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 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.

Advance applications

In accordance with Part 14, paragraph 110 of the 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 application's 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.

Backdating

Pensioners

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

Working age

In accordance with the Part 14, paragraph 112 of the 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.

Changes in circumstances

Duty to notify changes of circumstances

In accordance with Part 14, paragraph 115 of the 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 in person at any Customer Services Centre.

Date on which changes in circumstances affecting entitlement take effect

Part 13 of the 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 the 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.

Decisions

Notification of decisions

In accordance with Part 15 of the Scheme, the Council must notify the applicant in writing of its decision on an application for CTS 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 where a change may affect entitlement.

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 CTS Scheme changes, a further decision letter should be issued.

Manner of granting the reduction

Generally those who are entitled to a reduction under the CTS 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.

Circumstances in which a payment can be made

In accordance with Part 16 of the Scheme, where the person entitled to a reduction under the CTS 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

Repayment of overpayments

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 CTS 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 against any subsequent council tax liability of the person or repaid to the person.

Appeals

The Council's CTS Scheme adopts the prescribed procedure for appeals as set out in Part 2 of Schedule 1 of the Scheme. These provisions piggyback onto the appeals process currently used in relation to assessment of council tax, therefore 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 CTS Scheme or the amount of any such reduction. The procedure for making such an appeal is as follows:

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.

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.

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.

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.

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

The Council has a general discretionary power under section 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.

In the event that the Council makes a determination under section 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 E of the CTS Scheme, that person's application for a reduction under Classes A to E of the Scheme may also be treated as an application for a reduction under section 13(A)(1)(c). However at the time of writing this Council has made no determinations under section 13(1)(c) in relation to any class of case.

