

## **Brent's *DRAFT* Council Tax Reduction Scheme**

### **Overview and main features of proposed scheme**

Brent's new Council Tax Reduction Scheme (CTRS) from 1<sup>st</sup> April 2020 will replace its Council Tax Support (CTS) scheme which was in place between 1<sup>st</sup> April 2013 and 31<sup>st</sup> March 2020.

#### **Distinction between pensioner and working-age schemes**

Pensioner claimants will claim CTRS under the national scheme prescribed by central government.

Working-age claimants will claim under the local Brent scheme (see below).

Couples who have one partner of pension age and one of working-age are classed as working-age as per national legislation.

#### **Local scheme for working age claimants**

##### **Purpose of scheme**

To provide financial assistance for Brent Council Tax (CTAX) Payers who are financially vulnerable and require assistance to meet their Council Tax liability.

#### **Eligibility**

##### **General**

Any person who is liable for Council Tax to Brent Council will be eligible to claim CTRS unless –

- They do not have recourse to public funds
- They are not resident in the property
- They are a student (with exceptions below)
- They possess capital of over £6000

##### **Council Tax liability and maximum Reductions**

CTRS will be calculated on the claimant's net CTAX liability after the granting of any other Council Tax discounts (e.g. Single Person Discount).

If the claimant is jointly liable for CTAX with another person (other than their partner), their CTRS will be calculated based on their share of the liability.

## Meaning of “family” and household

The people that live with together as an immediate family unit are deemed to be a household. This will usually consist of:

- The claimant.
- Their immediate family, their children, and partner(s).
- Their grown up children or relatives, assuming the circumstances are non-commercial.

A partner is defined as being the person that the claimant is connected to in one of the following ways:

- Married to.
- An unmarried couple who reside with each other and living as if married.
- Two people of the same sex who are in a civil partnership.
- Two people of the same sex who are residing with each other and are living as if in a civil relationship.

## Non-dependants

Other adults living in the household but not part of the claimant’s family unit (“non-dependants”) will result in a deduction being made to the claimant’s maximum possible CTRS entitlement, based on their status and income –

- Not working
- Employed earning up to £182 per week
- Employed earning in excess of £182 per week

## CTRS calculation

There are two parts to the calculation of CTRS entitlement.

- (1) The maximum level of discount which can be awarded is expressed as a percentage of the net CTAX liability (i.e. after any other discounts or exemptions are applied), based on the claimant and partner’s total income;
- (2) The maximum discount is then reduced by any charges which are appropriate in respect of any non-dependants in the household.

## 1. Calculation of maximum potential CTRS discount

Claimant and partner's income*	CTS award (% of net liability)
£0 - £80	100%
£81 - £110	80%
£111- £150	50%
£151 - £250	30%

\*excluding any DWP benefits

All income from DWP benefits is ignored for the purpose of the CTRS calculation.

## 2. Non-dependant deductions

Non-dependant deductions are made to the maximum CTRS entitlement amount quoted in (1) above, as appropriate from the table below

Working Age – Non Dependant Income	Deduction per week
Not working	£4.00
Working - gross earnings up to £182 pw	£8.00
Working - gross earnings over £182 pw	£20.00

## Claimant and partner's income and capital

All income from DWP benefits is ignored for the purpose of the CTRS calculation.

Any other income including earnings from the claimant and / or partner's work is included in the calculation of the claimant's CTRS entitlement (see below for calculation).

Any capital or savings held by the claimant or partner will be disregarded if it totals less than £6000. Claimants and partners with more than £6000 capital will not be entitled to CTRS.

Where a claimant is receiving Universal Credit (UC) and also working or has other income or capital, the Council will use the earnings, other income and capital figures from their UC assessment in the CTRS assessment unless there is satisfactory contradictory evidence available providing more accurate earnings and capital information.

### Income from earnings calculation

Net income is used in the CTRS calculation. (Net income is defined as gross income reduced by tax and National Insurance contributions, and 50% of contributions to any occupational pension scheme).

Self-employed income will be treated in exactly the same way.

Where possible, the CTRS calculation will use whatever earned income or self-employed income the Secretary of State uses for the claimant's UC calculation.

### Capital

There is no entitlement to CTRS if the claimant and their partner jointly hold capital of £6000 or more.

Capital means the value at date of assessment of any of the following:

- Bank accounts including all types of savings account
- Building Society accounts including all types of savings account
- PEPs, TESSAs or ISAs
- Premium Bonds or National Savings Certificates
- Shares
- Property (other than the home for which Council Tax Support is being claimed for). This will be the value of the property minus any outstanding mortgage or secured loan attached to the property in question.

Where possible, the Secretary of State's calculation of capital in the claimant's UC assessment will be used in the CTRS calculation.

### **Non-dependant income**

As with the current scheme, the non-dependant's gross earned income is taken into account in deciding which non-dependant charge is made to the claimant's maximum possible entitlement.

## **Effective dates**

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

CTRS entitlement will begin from the earliest of the following dates –

- The Monday following the date the claim was received via the Council website
- The Monday following the date that a claim to UC was received by the DWP
- The earliest date (within the financial year in which the claim was received) from which the claimant's circumstances were continuously the same as those applying at the time the claim was received. (i.e. the claim may be treated as made at any date back to 1<sup>st</sup> April of the current financial year, if the claimant's circumstances have not changed since this date)

If any of the above dates is before the date that CTAX liability commenced, then entitlement will commence from the date CTAX liability commences.

### **Date on which changes of circumstances (CIC's) take effect**

CIC's are effective from the Monday following the date of change.

## **Evidence and information**

It is the claimant's responsibility to report any **relevant** changes of circumstances.

**Relevant changes** are **changes of income** or **changes in the occupation of the home** relating to:

- Claimant or partner
- Dependants (i.e. children within the family unit, dependant on the claimant)
- Non-dependants (i.e. grown up children aged over 18 or other adults residing in the property)

### **Evidence required for earned income**

Where possible, the CTRS assessment will use the net income calculated by the Secretary of State (DWP) in determining the claimant's entitlement to UC.

Alternatively evidence of income may be accepted via wageslips, P60 or any other documentation deemed appropriate by the Council.

### **Evidence required for non-dependant's income**

Evidence of non-dependants' earnings may be accepted via wageslips, P60 or any other documentation deemed appropriate by the Council.

Other non-dependant income (e.g. DWP benefits) will be required via copies of official DWP correspondence or via enquiry direct to the DWP.

Evidence is not required for non-dependants with gross income of over £182.00 per week.

### Evidence of occupation of the home

The Council may require evidence to verify occupation of the home (or an alternative address, if an occupier has moved out). This may include official correspondence, utility bills or any other documentation deemed appropriate

### Amendment and withdrawal of application

The claimant can withdraw claim at any time in writing or via phone or online.

### Overpayments

Retrospective changes in circumstances will result in a debit or credit to the claimant's CTAX account in all circumstances, thereby increasing or reducing the amount of Council Tax due.

### Discretionary payments

If a CTAX payer is experiencing exceptional and extenuating circumstances they may apply for a Council Tax reduction under Section 13A of the Local Government Finance Act (LGFA) 1992. Each application is considered on its own merits.

Examples where applications may be considered could include properties affected by natural disasters such as fire, flood or storm that were beyond the control of the occupier, or where the Authority considers that a CTRS claimant requires further assistance towards their CTAX liability and is facing exceptional hardship or extraordinary circumstances

### Appeals

CTRS claimants can dispute a decision concerning the assessment of their CTRS. In the first instance an internal review or reconsideration will be carried out; if the claimant still wishes to challenge the decision, an appeal must be lodged by the Claimant themselves with the independent Valuation Office.

### Transitional Protection (TP)

The Council has considered whether transitional protection (TP) should be given to CTRS claimants experiencing large reductions in their entitlement between the old (CTS) and the new (CTRS) schemes. It proposes not to provide a TP scheme for the following reasons:

- (a) The majority of changes in entitlement are in fact positive for the claimant (6,912) or of no financial impact (4,551), compared with 5,717 who will receive a reduced discount;

- (b) The largest reductions are those relating to claimants who have non-dependants in their household, where an increased charge will be applicable to the non-dependant. It is not considered appropriate to provide TP in these cases as it is a policy intention of the scheme that non-dependants in the household should all contribute towards the household CTAX liability, subject to their income;
  
- (c) In the event that a claimant experiences exceptional hardship as a result of the new CTRS scheme, a discretionary payment can be considered (as explained above). It is considered unnecessary to provide both a discretionary element and transitional protection within the scheme.