

## **1. SUMMARY**

Council tax support (CTS) which is also known as the council tax reduction scheme is Westminster City Council's replacement support scheme for council tax benefit. The Council has agreed a local scheme that uses the same basic calculation that was used to calculate council tax benefit. The scheme is updated annually to reflect changes made to welfare benefits in general. This is the case for both pensioners and working age claimants.

## **2. INTRODUCTION**

Council tax benefit (CTB) was abolished from 1 April 2013. From this date local authorities are required to:

- adopt a national council tax support scheme (CTS) for people who have attained the qualifying age for state pension credit (pensioner cases);
- devise a local council tax support scheme (CTS) for people of working age that aligns with the general principals of universal credit and encourages people to move into work.

The Local Government Finance Act 1992 allows for a person's council tax liability to be reduced by the award of exemptions, discounts (including single person discounts) and band reductions under the Disability Reduction Scheme. The Local Government Finance Act 2012 adds a new requirement for billing authorities to implement a council tax support scheme that must include:

- classes of persons entitled to a reduction under the scheme;
- the amount of the reduction each class is entitled to;
- how to apply for a reduction;
- the procedure by which an appeal against entitlement to a reduction and the amount of a reduction can be made.

CTS is a reduction in the amount of Council Tax a person is liable to pay rather than a welfare benefit. However, unlike the other methods for reducing council tax liability, this reduction is means-tested and is only assessed if a claim for CTS is made.

## **3. PEOPLE WHO HAVE REACHED STATE PENSION AGE**

Central government mandates how CTS is assessed for people who have reached state pension age. The relevant legislation is the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012.

These Regulations provide the overall framework for the local scheme and are used to decide how much council tax reduction someone who has reached state pension age is entitled to.

In the case of a couple these regulations are used once one of them reaches state pension age. However, these Regulations do not apply to anyone who is receiving Income Support, JSA(IB), ESA(IR) or Universal Credit or whose partner is working

age and receiving one of these benefits. Their reduction is calculated using the local working age scheme.

The regulations set out that there are three classes of person to whom a reduction may apply and detail the amount of the reduction that applies and how entitlement is calculated. These classes are:

- Class 1 – a person whose income falls below their applicable amount is entitled to a 100% reduction less any appropriate non-dependant deductions
- Class 2 – a person whose income exceeds their applicable amount is entitled to their full liability less 20% of the difference between their income and their applicable amount and any appropriate non-dependant deductions
- Class 3 – a person who has at least one second adult living with them is entitled to a reduction of 25%, 15% or 7.5% of the council tax liability depending on the circumstances of the second adult.

The applicable amount is a figure used in the assessment of welfare benefits to reflect a household's basic living needs before housing costs are considered. In broad terms, for a pensioner household, the applicable amount is equivalent to the weekly income a household entitled to the guarantee element of pension credit receives.

A non-dependant is an adult living with someone claiming benefits or CTS on a non-commercial basis. Typically, a non-dependant is an adult child. A deduction is made from CTS entitlement to reflect an assumed contribution the non-dependant makes.

The applicable amounts and rates of non-dependant deduction are set annually by Government and are summarized in Appendix A.

Under Westminster's scheme War Pensions will be disregarded in full when calculating entitlement for someone who has reached state pension age.

Central Government makes changes to the Prescribed Regulations each year to incorporate wider welfare reforms. These changes may affect the amount of CTS people who have reached state pension age are entitled to.

#### **4. SUMMARY OF THE LOCAL SCHEME (WORKING AGE)**

The Council Tax Reduction Schemes (Default Scheme) Regulations 2012 form the basis of Westminster's local working age reduction scheme.

The amount of council tax support a working age person is entitled to is determined with reference to the local CTS scheme as set out in Westminster City Council's Council Tax Support Scheme. These regulations broadly mirror previous CTB arrangements, so the basic calculation used to establish the amount people of working age receive under CTS has only changed to incorporate recent welfare reforms.

The scheme sets out there are three classes of person to whom a reduction may apply and details the amount of the reduction that applies and how entitlement is calculated. These classes are:

- Class 1 – a person whose income falls below their applicable amount is entitled to a 100% reduction less any appropriate non-dependant deductions
- Class 2 – a person whose income exceeds their applicable amount is entitled to their full liability less 20% of the difference between their income and their applicable amount and any appropriate non-dependant deductions
- Class 3 – a person who has at least one second adult living with them is entitled to a reduction of 25%, 15% or 7.5% of the council tax liability depending on the circumstances of the second adult.

For a working age household not receiving universal credit, the applicable amount is made up of personal allowances for the person claiming, their partner and children along with additional premiums if members of the household are disabled.

For a working age household receiving universal credit, the applicable amount is the maximum rate of universal credit a household could receive. To decide CTS, the maximum rate of universal credit the household could receive is compared to the actual universal credit award plus any other income and earnings received.

A non-dependant is an adult living with someone claiming benefits or CTS on a non-commercial basis. Typically, a non-dependant is an adult child. A deduction is made from CTS entitlement to reflect an assumed contribution the non-dependant makes.

The applicable amounts and levels of non-dependant deduction are contained in Appendix A. The maximum rate of universal credit a household could receive varies because it depends on the eligible housing costs included in the universal credit assessment.

War Pensions will also be disregarded in full when calculating a person's entitlement for working-age claimants.

## **5. CTS APPLICATION AND REDUCTION PROCESSES**

### **Claims**

A person must apply for a council tax reduction. A claim can be made by:

- Completing Westminster's online joint housing benefit and council tax support application form (paper application forms are available on request);
- Completing Westminster's shortened CTS application form if you are already entitled to housing benefit;
- Informing the Department for Work and Pensions you wish to claim CTS as part of the universal credit application process.

For pensioners, CTS can be awarded from up to 3 months before the claim is made if the person claiming is entitled to CTS.

For people of working age, CTS is normally awarded from when the claim is made. Backdating of up to 6 months can be agreed if there are special reasons for a delay in making a claim.

The reduction is applied by credit to the applicant's council tax account which triggers the production of a new council tax bill and payment plan.

### **Changes**

If you are awarded CTS, you must report changes that could affect entitlement to the Council's Benefits Service immediately the change happens.

Examples of the type of change you must report are changes to how much income you receive, the amount of savings you have, people moving in or out of your household, and a household member becoming a full-time student. These are just examples, and this is not an exhaustive list. You should report any change you think will affect a CTS award.

If an award of CTS is reduced, the council tax liability increases. This means a revised bill will be issued so that collection of the increased liability can begin.

## **6. DISPUTES**

If you disagree with a decision the Council has made on your claim for CTS, you can write to us requesting a review of the decision. The Council then has 2 months to respond. If either no response is issued within 2 months, or you disagree with the Council's response, you can appeal to the Valuation Tribunal. The time limit for appealing to the Valuation Tribunal is 2 months from when the Council responds to your request for a review (or 4 months from when you requested a review if the Council fails to respond).

The Council will receive an acknowledgment from the Valuation Tribunal once the appeal is lodged. Only when the appeal is listed for hearing will the council be required to submit further documentation to the Valuation Tribunal.

## Appendix A

### Non-dependant deductions 2023/2024

These tables set out the deductions taken in respect of non-dependants unless the claimant's or their partner's circumstances mean that no deductions apply.

<b>Aged 18 and over and:</b> <ul style="list-style-type: none"> <li>• Working for at least 16 hours per week, or</li> <li>• Receiving universal credit (UC) and working for at least 16 hours per week</li> </ul> <b>Weekly income amounts</b>	<b>Deduction rate</b>
gross income £484.00+	£12.85
£389.00 - £483.99	£10.70
£224.00 - £389.99	£8.55
gross income <£220.00	£4.20
In remunerative work and in receipt of Pension Credit	Nil

<b>Not working for at least 16 hours per week</b>	<b>Deduction rate</b>
In receipt of universal credit with no earned income	nil
In receipt of income support	nil
In receipt of an income-based jobseekers allowance	nil
In receipt of an income-related employment and support allowance – any phase	nil
Aged less than 18 (whatever the income)	nil
In receipt of Pension Credit	nil
Full-time students	nil
Everyone that does not fall into one of the categories listed above. For example, people working for less than 16 hours per week and people receiving other state benefits	£4.20

## APPLICABLE AMOUNTS 2023/2024

### Personal Allowances

<b>Single of working age</b>	Aged under 25	<b>£61.05</b>
	Aged 25 up to pensionable age	<b>£77.00</b>
	Aged under 25 receiving ESA main phase	<b>£77.00</b>
<b>Lone parent of working age</b>	Aged 18 up to pensionable age	<b>£77.00</b>
<b>Couple of working age</b>	One or both aged 18 up to pensionable age	<b>£121.05</b>
<b>Polygamous partner</b>	For each partner	<b>£44.05</b>
<b>Pension age single or lone parent</b>	Reaching pension age before 1 April 2021	<b>£217.00</b>
	Reaching pension age on or after 1 April 2021	<b>£201.05</b>
<b>Pension age couple</b>	At least one member reaching pension age before 1 April 2021	<b>£324.70</b>
	At least one member reaching pension age on or after 1 April 2021	<b>£306.85</b>
<b>Polygamous partner of a pension age couple</b>	At least one member reaching pension age before 1 April 2021	<b>£107.70</b>
	At least one member reaching pension age on or after 1 April 2021	<b>£105.80</b>
<b>Dependants Allowance</b>	Child aged under 16	<b>£70.80</b>
	Young person aged 16 up to 19	<b>£70.80</b>
<b>Family premium</b>	Normal rate	<b>£17.85</b>
	Lone parent rate – protected cases only	<b>£22.20</b>
<b>Disability Premium</b>	Single/Lone parent aged below pensionable age	<b>£36.20</b>
	Couple both aged under below pensionable age	<b>£51.60</b>
<b>Enhanced Disability Premium</b>	Single/Lone parent aged below pensionable age	<b>£17.75</b>
	Couple both aged below pensionable age	<b>£25.35</b>
	Child	<b>£27.44</b>
<b>Severe Disability Premium</b>	Single/Lone parent	<b>£69.40</b>
	Couple where one qualifies	<b>£69.40</b>
	Couple where both qualify	<b>£138.80</b>
<b>Disabled Child Premium</b>	Each disabled child	<b>£68.04</b>

<b>Carer premium</b>	Claimant or partner each	<b>£38.85</b>
<b>Employment &amp; Support Allowance</b>	Work related activity component	<b>£30.60</b>
	Support component	<b>£40.60</b>

The Family Premium is not used the calculation of reductions where a new claim is made on or after 1<sup>st</sup> April 2018.