

Appendix E

Brent's local Council Tax Reduction Scheme

Overview and main features of proposed scheme

Brent's new Council Tax Reduction Scheme (CTRS¹) from 1st April 2020 will replace its Council Tax Support (CTS) scheme which was in place between 1st April 2013 and 31st March 2020.

Distinction between pensioner and working-age schemes

Pensioner claimants will claim CTRS under the prescribed national scheme.

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).

¹ Known locally as Council Tax Support

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 income² –

- Not working
- Employed with net income up to £150 per week
- Employed with net income between £151 and £200 per week
- Employed with net income over £201 per week

CTRS calculation

There are two stages 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.

² The original scheme proposal was for three non-dependant bands; this has been changed to four following comments received during consultation.

1. Calculation of maximum potential CTRS discount

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

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 Income³	Deduction per week
Not working	£5.00
Working - net income up to £150 pw	£10.00
Working – net income between £151 and £200 pw	£15.00
Working – net income over £201 pw	£20.00

³ In the original proposal, it was suggested that non-dependants' gross earnings would be used, as is the case in the current CTS scheme). Following comments received, it is proposed to change this to net income, in line with the treatment of claimants' income.

Claimant's income and capital

All earnings from the claimant and any partner's work, and any other income, is included in the calculation of the claimant's CTRS entitlement (see below for calculation).

All income from DWP or HMRC benefits, or from foster carers' allowances paid by the local authority⁴, is ignored for the purpose of the CTRS 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 capital, the Council will use the earnings 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

Net income is included in the calculation (i.e. gross income reduced by tax and National Insurance contributions, and 50% of contributions to any occupational pension scheme).

Self-employed income is derived from gross income less allowable expenses. Any resulting profit is then subject to tax, NI and pension deductions as with any other earnings.

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.

⁴ Income for foster carers paid from a local authority has been added following public consultation.

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

Non-dependants will have their net income calculated similarly to the calculation for claimants (see above)⁵.

Effective dates

Date on which entitlement begins

CTRS entitlement will begin from the earliest of the following dates⁶ –

- The date the claim was received via the Council website
- 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 1st 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.

In exceptional circumstances claims may be backdated to earlier dates (i.e. in previous years) under the discretionary element of the CTRS scheme (see below).

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

CIC's are effective from the date of change⁷.

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 for:

- 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)

⁵ This is a change to the original proposal, following responses received during the consultation, which suggested that gross non-dependant income would be included, as the current CTS scheme does.

⁶ The original proposal was that entitlement would start from the Monday following the date of claim. This has been changed to the actual claim date, following responses received during the consultation.

⁷ Ditto footnote 6.

Evidence is 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 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. However, if it is considered that the claimant should not have to repay an overpayment, given the particular circumstances of the case, a discretionary payment may be considered (see below).

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.

The Council may also consider a discretionary payment of Council Tax Reduction under S13A of LGFA 1992 in certain circumstances, including: -

- where the Authority considers that a CTRS claimant requires further assistance towards their CTAX costs and is facing exceptional hardship or extraordinary circumstances
- Where it is considered appropriate to back-date a CTRS application earlier than the date that the claim was made
- Where a retrospectively processed change of circumstances has resulted in excess CTRS being paid and subsequently debited to the claimant's Council Tax account, and it is considered inappropriate for the full or partial excess amount to be recovered from the claimant.

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)

Transitional protection has been considered for those claimants negatively impacted by the change to the new scheme but is not proposed because:

- The majority of changes in entitlement are relatively small;
- The largest reductions relate to claimants with increased non-dependant charges. It is a policy intention that non-dependants should all contribute towards the household CTAX liability, and therefore considered reasonable to implement this change without transitional protection;
- In the event that a claimant experiences exceptional hardship, a discretionary payment can be considered.