

**Cannock Chase District Council  
Council Tax Reduction  
A summary of the scheme for Pension Credit Age persons and the  
scheme for Working Age claimants  
2015/16**

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**The Council Tax Reduction scheme for Pensioners (persons who have reached the age at which pension credit can be claimed)**

**The Council Tax Reduction scheme for Pensioners (persons who have reached the age at which pension credit can be claimed)**

The Government has created three classes and the Council will decide which class each applicant is in. The class will determine the level of Council Tax Reduction that can be provided:

**Class A**

To obtain reduction the person must:

- a. have attained the qualifying age for state pension credit;
- b. not be somebody with a partner of working age in receipt of income support, income-based jobseeker's allowance or income-based employment and support allowance;
- c. be liable to pay council tax in respect of a dwelling in which they are resident;
- d. not have capital savings above £16,000;
- e. must have their assessed income **less** than or equal to the set living allowances (applicable amounts) set by Central Government; and
- f. have made a valid application for the reduction.

The class also includes persons who have successfully claimed Pension Credit Guarantee.

**Class B**

To obtain reduction the person must:

- a. have attained the qualifying age for state pension credit;
- b. not be somebody with a partner of working age in receipt of income support, income-based jobseeker's allowance or income-based employment and support allowance;
- c. be liable to pay council tax in respect of a dwelling in which they are resident;
- d. not have capital savings above £16,000;
- e. have made a valid applied for the reduction; and
- f. have assessed income **above** the set living allowances (applicable amounts) set by Central Government

**Class C**

To obtain reduction the person must:

- a. have attained the qualifying age for state pension credit;
- b. not be somebody with a partner of working age in receipt of income support, income-based jobseeker's allowance or income-based employment and support allowance;
- c. be liable to pay council tax in respect of a dwelling in which they are resident;
- d. made a valid application for the for the reduction;
- e. be somebody who has at least one second adult living with them who is not his/ her partner, not somebody who pays rent, and who is on a prescribed low wage and/or prescribed benefit, as set out by Central Government.

**What Council Tax Reduction will be payable to Pension Age persons?**

If a person matches the criteria in Class A, including that their *income* is less than their *living allowances (applicable amounts)* that person qualifies for 100% reduction on their council tax liability. This also applies if a person in receipt of state pension credit guarantee credit from the Department for Work and Pensions (Pensions Service)

If a person matches the criteria in Class B, it will mean the person's *income* is greater than their *applicable amount (living allowances)*. Twenty per cent of the difference between the two will be subtracted from this individual's council tax liability.

Council Tax Reduction for person in Class C may be awarded in respect of a second adult sharing the

household who would normally be expected to contribute towards the council tax bill, but who cannot afford to do so, based on their low income or on prescribed benefits. This reduction will equate to the *second adult rebate* available under the Council Tax Benefit scheme and may be awarded at 100%, 25%, 15% or 7.5% of the council tax liability, depending on individual circumstances

## **The Council Tax Reduction scheme for working age persons**

## The Council Tax Reduction scheme for working age persons

The Council has decided that there will be two classes and the will decide which class each applicant is in. The class will determine the level of Council Tax Reduction that can be provided:

### Class D

To obtain a reduction the individual must:

- a. have not attained the qualifying age for state pension credit; or
- b. has attained the qualifying age for state pension credit if he, and his partner, is a person on income support, on an income-based jobseeker's allowance or on an income-related employment and support allowance;
- c. be liable to pay council tax in respect of a dwelling in which he is solely or mainly resident;
- d. not have capital savings above £6,000;
- e. be a person who *income* is **less** than their living allowances (*applicable amount*) or the claimant or partner is in receipt of Income Support, Jobseekers allowance (income based) or Employment and Support Allowance (income related); and
- f. have made a valid claim for the reduction.

### Class E

To obtain a reduction the individual must:

- a. have not attained the qualifying age for state pension credit; or
- b. has attained the qualifying age for state pension credit if he, and his partner, is a person on income support, on an income-based jobseeker's allowance or on an income-related employment and support allowance;
- c. be liable to pay Council Tax in respect of a dwelling in which they are solely or mainly resident;
- d. be somebody in respect of whom a maximum Council Tax Reduction amount can be calculated;
- e. not have capital savings above £6,000;
- f. be a person who's *income* is **more** than their living allowances (*applicable amount*);
- g. have made a valid claim for the reduction;

### What Council Tax Reduction will be payable to working age person?

If a person matches the criteria in Class D, including that their *income* is less than their *living allowances (applicable amounts)* that person qualifies for whichever is the lower of 80% of their council tax liability or 80% of an equivalent Band D value property. This also applies if a person in receipt of income support, on an income-based jobseeker's allowance or on an income-related employment and support allowance

If a person matches the criteria in Class E, it will mean the person's *income* is greater than their living allowances (*applicable amount*). Twenty per cent of the difference between the two will be subtracted from the maximum council tax liability allowed. The Council has decided that for 2015/16, the maximum council tax liability will be the lower of either 80% of council tax the person is liable to pay or 80% of a Band D value.

### Protection for certain working age persons

Where a person is responsible for and resides with a child under 5 years old or qualifies for a Severe Disability Premium either in the calculation of their Council Tax Reduction or within any income-based Jobseeker's Allowance, income-related Employment and Support Allowance or Income Support, then the maximum Council Tax Reduction shall be calculated based on the lower of;

- 100% of the council tax the person is liable to pay; or
- 100% of a Band D liability, where the person resides in a premises which have a Band E, F, G or H Council Tax band



## **How Council Tax Reduction works**

## **How Council Tax Reduction works**

### **Who can claim?**

If you have to pay Council Tax, you may be able to get Council Tax Reduction from 1<sup>st</sup> April 2015.

You can only get reduction if you have a right to reside and are habitually resident in the United Kingdom (UK). If you have entered the UK within the 2 years before your claim for benefit, the council will ask you about this.

People given refugee status, humanitarian protection or exceptional leave to remain in the UK will continue to be eligible for benefit.

Most full-time students are not entitled to Council Tax Reduction.

### **How much Council Tax Reduction can I get?**

Maximum reduction depends on:

- Whether you are in the Pension Age scheme (attained the qualifying age for state pension credit) or are in the Working Age scheme;
- How much council tax you have to pay; and
- Who you live with.

### **How is maximum Council Tax Reduction calculated for the Pension Age Scheme**

For the Pension Age Scheme the maximum Council Tax Reduction is set by the Government as up to 100% of the council tax you are liable to pay less any non dependant deductions. If you are already getting or have claimed Pension Credit Guarantee the Council will grant maximum Council Tax Reduction

### **How is maximum Council Tax Reduction calculated for the Working Age Scheme**

For the Working Age the maximum Council Tax Reduction is set by the Council as up to 80% of the council tax you are liable to pay less any non dependant deductions (see non dependant deductions later in this document). If you live in a property that has a council tax band of E, F, G or H, your maximum Council Tax Reduction will be calculated on 80% of a Band D charge.

If you are already getting or have claimed Income Support, income-based Jobseeker's Allowance or income related Employment and Support Allowance then you will receive the maximum Council Tax Reduction

### **Protection for certain working age persons**

Where a person is responsible for and resides with a child under 5 years old or qualifies for a Severe Disability Premium either in the calculation of their Council Tax Reduction or within any income-based Jobseeker's Allowance, income-related Employment and Support Allowance or Income Support, then the maximum Council Tax Reduction shall be calculated based on the lower of;

- 100% of the council tax the person is liable to pay; or
- 100% of a Band D liability, where the person resides in a premises which have a Band E, F, G or H Council Tax band

### **Extended Payments**

If your Income Support, income-based Jobseeker's Allowance or income-related Employment & Support Allowance or Incapacity Benefit, Severe Disablement Allowance or contributory Employment & Support Allowance stops because of work.

Extended Payments of Council Tax Reduction are available and the payment is an extra four weeks of reduction to help pay towards your Council Tax when certain other benefits stop because you're going back to work, working more hours or earning more money.

You do not have to claim an Extended Payment if you or your partner, or civil partner (and they

remain a partner throughout the claim) have stopped getting one of the benefits mentioned below because one of you is expected to do one of the following for five weeks or more:

- Return to work full time
- Work more hours
- Earn more money

And you've been getting one of the following:

- Jobseeker's Allowance, Income Support, or income-related Employment & Support Allowance or a combination of these benefits continuously for at least 26 weeks

**or**

- Incapacity Benefit, Severe Disablement Allowance or contributory Employment & Support Allowance continuously for at least 26 weeks

**and**

- You expect the work, increased hours or earnings to last five weeks or more and you've not been getting Income Support, income-based Jobseeker's Allowance or income-related Employment & Support Allowance with your Incapacity Benefit, Severe Disablement Allowance or contributory Employment & Support Allowance when it ceased.

Normally you'll get the same amount of Council Tax Reduction as you did before your income-based Jobseeker's Allowance, Income Support, income-related Employment & Support Allowance, Incapacity Benefit, Severe Disablement Allowance or contributory Employment & Support Allowance stopped.

Council Tax Reduction is paid by the Council directly to your Council Tax account. The Council will decide whether or not you're entitled to an Extended Payment. The Council will also consider whether you are entitled to in-work Council Tax Reduction. Once your extended payment period has ended, you can move onto in-work Council Tax Reduction (provided you are entitled to it) without having to make a new claim.

**If you do not get Pension Credit Guarantee, Income Support, income-based Jobseeker's Allowance or income related Employment and Support Allowance**

Even if you do not get Pension Credit Guarantee, Income Support, income-based JSA or income-related Employment & Support Allowance you may still get some help with paying your council tax. This is worked out by comparing the maximum Council Tax Reduction you could get with:

- your needs (called your living allowances or applicable amounts); and
- your income and capital resources

**Capital**

If you have more than £6,000, you will not normally be able to get Council Tax Reduction (unless you are aged 60 or over and receive the Pension Credit Guarantee, in which case there is no limit to the amount of capital you can have). If you have less than £6000, this will be ignored

**Absences from home**

There are some special situations in which you may continue to get Council Tax Reduction and these are explained below.

**Going away**

You should normally let the council know if you are temporarily absent, for example if you go away on holiday. But the Council may not need to know if you will be absent for only a short time (for example 2-3 weeks) and your circumstances remain unchanged. If in doubt, ask us.

If you are temporarily absent you can normally get Council Tax Reduction for a maximum of 13 weeks as long as:

- you intend to return home; and

- in your absence you will not let or sub-let the part of your home where you normally live; and
- you will not be away for longer than 13 weeks.

In certain circumstances, you may be able to get Council Tax Reduction for up to 52 weeks, for example if you are in hospital, or are held in custody on remand, provided that:

- you intend to return home; and
- in your absence you will not let or sub-let the part of your home where you normally live; and
- you will not be away for longer than 52 weeks.

#### **How to claim**

Claims for Council Tax Reduction can be made in writing, by telephone and electronically. Contact the Council for details.

All claims will need to be supported by evidence of your circumstances and this will need to be provide to the Council. If you are claiming Housing Benefit as well as Council Tax Reduction, the Council will provide you with a joint claim form

If you are married and your husband or wife normally lives with you, or if you live with someone as though you are a married couple, only one of you can make the claim for Council Tax Reduction. You may choose who is to make the claim, or if you cannot agree who is to claim, the Council will nominate one of you to be the claimant.

#### **Appointees**

An appointee, for the purposes for Council Tax Reduction, is someone over 18 appointed by the Council, to manage the Council Tax Reduction claim of someone who is incapable of doing so themselves (mainly because of mentally incapacity).

If you are already an appointee for other benefits and wish to be the appointee for Council Tax Reduction, you should write to be appointed by the Council. The role and responsibilities are the same. If you wish to become an appointee you should get in touch with the Council; they will explain the process and your responsibilities. The authority can end the appointment at any time. It is ended automatically if one of the people listed below is appointed. As an appointee you can resign at any time. An appointee cannot be made where there is already someone acting for the customer's financial affairs in any of the following capacities:

- a receiver appointed by the Court of Protection
- under Scottish law, a tutor, curator or other guardian, a continuing attorney or welfare attorney
- someone appointed to have the power of attorney.

#### **Information and evidence**

The Council may need more information or supporting evidence so that they can calculate your Council Tax Reduction. If all the information they need is not on the claim form, or they need to clarify something or want some more verification of your circumstances the Council will write to you. If you do not reply within one month a decision will be made on your claim based on the evidence you have provided.

#### **How long will it take to decide your claim for Council Tax Reduction**

The Council will deal with your claim for Council Tax Reduction as soon as possible after receiving all the information from you that they need to work out your entitlement

#### **Date of claim**

The date of claim will be the date of first contact typically by phone provided that the claim form is returned to an office of the authority within one month of the claim form being issued.

**If you change your address**

If you move to a different Council area, you must make a new claim for Council Tax Reduction at your new council. If you move within the same area, you must still tell the Council.

**Backdating a claim**

If you are of working age, your claim to Council Tax Reduction may be backdated in some circumstances. You must prove to the Council that there was continuous good cause for not having made an earlier claim. However, for working age customers the maximum time the council can go back is 6 months from the date your claim for backdating was actually made. You must show there was 'good cause' for not making an earlier claim throughout the whole of any period you want backdated up to the date your claim for backdating was made.

If you have reached the qualifying age for state pension credit your Council Tax Reduction may be paid for up to 3 months before the date you made your claim. You do not have to ask for this and you do not have to show "good cause" for not having claimed earlier.

**Start of Council Tax Reduction**

If you become liable for the Council Tax for the first time, for example if you move to a new address or reach the age of 18 or stop being a registered student, you should claim either in advance (you may claim up to 13 weeks before you expect to become liable), or in the week that your liability starts. You then get reduction from the day you start being liable for Council Tax. If you claim later than this, your reduction starts on the Monday after the day you claim

If you are already paying the Council Tax and become entitled to reduction because you have less money or your applicable amount changes, you also start getting benefit on the Monday after you claim.

**End of Council Tax Reduction**

If you stop being liable for the Council Tax, for example if you move away from an address or become exempt or start being a registered student, your Council Tax Reduction stops on the day you stop being liable. If you no longer qualify for Council Tax Reduction because, for example, your income increases or your applicable amount changes, your Council Tax Reduction will be stopped from the beginning of the next reduction week.

**End of Pension Credit Guarantee, Income Support, income-based Jobseeker's Allowance or income related Employment and Support Allowance entitlement**

If you stop getting Pension Credit Guarantee, Income Support, income-based Jobseeker's Allowance or income related Employment and Support Allowance, you must tell the Council and they will have to stop your Council Tax Reduction. At the same time they will ask you to explain your new circumstances, because you may still be able to get some help with your Council Tax.

**People who live with you - non-dependants**

People who normally share your accommodation but are not dependent on you for financial support are known as non-dependants. Others who live with you as a family and any children you have fostered do not count as non-dependants.

**Non-dependant deductions**

Any non-dependants who normally share your accommodation could affect the amount of Council Tax Reduction you get whether or not you are also getting Income Support, income-based Jobseeker's Allowance, income related Employment and Support Allowance or Pension Credit Guarantee

The following people do not count as non-dependants, whether they share accommodation or not:

- carers employed by a charity that charges for the service;
- joint tenants;

- subtenants;
- boarders;
- tenants of owner occupiers; and
- landlords/ladies and their partners.

They do not count as part of your household.

Non-dependants are people like grown-up sons or daughters and elderly relatives. If you have non-dependants living with you, your Council Tax Reduction may be affected.

#### **Non-dependant deductions from Council Tax Reduction**

Deductions will be made from your Council Tax Reduction for non-dependants aged over 18 who normally live with you. There are two levels of deduction. If the non-dependant is not working, the lowest deduction will apply. If the non-dependant is doing paid work, the highest level of deduction will apply.

A deduction will not be made from your Council Tax Reduction if:

- the non-dependants' normal home is somewhere else; or
- you, or your partner, are registered blind or treated as blind; or
- you, or your partner, are receiving the care component of Disability Living Allowance or Attendance Allowance in respect of yourself or your partner; or
- the non-dependant is receiving Pension Credit Guarantee, Income Support or income-based JSA or income-related Employment & Support Allowance; or
- the non-dependant is a prisoner; or
- the non-dependant is severely mentally impaired; or
- the non-dependant is over 18 but Child Benefit is still payable for them; or
- the non-dependant is a student nurse or apprentice or on Youth Training; or
- the non-dependant has been a patient in hospital for 52 weeks or more; or
- the non-dependant is living in a residential care or nursing home; or
- the non-dependant is a care worker; or
- the non-dependant is a resident of a hostel or night shelter for the homeless; or
- the non-dependant is a full-time student (even if they work full-time in the summer vacation).

A deduction may be delayed for 26 weeks if you or your partner are aged 65 or more and a non-dependant moves into your home, or the non-dependants' circumstances change to increase the deduction.

(Please note that from April 2013, Disability Living Allowance was replaced for working age claimants by Personal Independence Payments – this is treated in the same way as Disability Living Allowance for Council Tax Reduction).

#### **Working out the amount of Council Tax Reduction**

The maximum amount of Council Tax Reduction depends on:

- Whether you are in the Pension Age scheme (attained the qualifying age for state pension credit) or are in the Working Age scheme;
- How much Council Tax you have to pay; and
- Who you live with.

#### **How is maximum Council Tax Reduction calculated for the Pension Age Scheme**

For the Pension Age Scheme the maximum Council Tax Reduction is set by the Government as up to 100% of the council tax you are liable to pay less any non dependant deductions (see non dependant deductions later in this document). If you are already getting or have claimed Pension Credit Guarantee the Council will grant maximum Council Tax Reduction

### **How is maximum Council Tax Reduction calculated for the Working Age Scheme**

For the Working Age the maximum Council Tax Reduction is set by the Council as up to 80% of the council tax you are liable to pay less any non dependant deductions (see non dependant deductions later in this document). If you live in a property that has a council tax band of E, F, G or H, your maximum Council Tax Reduction will be calculated on 80% of a Band D charge.

Where a person is responsible for and resides with a child under 5 years old or qualifies for a Severe Disability Premium either in the calculation of their Council Tax Reduction or within any income-based Jobseeker's Allowance, income-related Employment and Support Allowance or Income Support, then the maximum Council Tax Reduction shall be calculated based on the lower of;

- 100% of the council tax the person is liable to pay; or
- 100% of a Band D liability, where the person resides in a premises which have a Band E, F, G or H Council Tax band

### **What if I do not receive Pension Credit Guarantee, Income Support, income-based Jobseeker's Allowance or income related Employment and Support Allowance?**

If you do not get Pension Credit Guarantee, income Support, income-based JSA or income related Employment and Support Allowance, the council has to work out if you can get Council Tax Reduction and if so, how much you can get.

To do this, the Council works out your maximum Council Tax Reduction, and then compares your needs – called the lining allowances or applicable amount – with your resources (your income and capital).

For customers receiving the Savings Credit of Pension Credit, the Council will use a statement supplied by The Pension Service to assess your resources (income and capital).

#### **Income less than applicable amount**

In this case you get maximum Council Tax Reduction (depending on whether you are of Pension Age or Working Age this may vary in amount).

You will also get maximum Council Tax Reduction if your income is the same as your applicable amount.

#### **Income greater than applicable amount**

In this case you will get an amount less than your maximum Council Tax Reduction. The amount by which your Council Tax Reduction is reduced is based on the difference between your income and your needs.

A percentage of this difference – called a taper – is taken away from your maximum Council Tax Reduction

#### **Calculating your needs**

Your needs are known as your living allowance or applicable amount and this is an amount that is set each year. For the Pension Age scheme this is set and approved by Parliament. For the Working Age scheme this is set by the Council. Your applicable amount takes into account the size of your family, your age and extra needs you may have. It is made up of personal allowances and premiums. Premiums are included if you have a family, or disability, or a disabled child.

#### **Living Allowances or Applicable Amounts**

The living allowances or applicable amount represents the needs of you and your family if you have one. The larger your family the larger your applicable amount. The applicable amount is made up of three parts: [

- a personal allowance; and

- personal allowances for children in your family; and
- premiums.

#### **Personal allowance**

Your applicable amount always includes a personal allowance. Different amounts apply according to your age and whether you have a partner.

#### **Personal allowances for children**

If you are looking after children (other than foster children) then you get an allowance for each child included in your applicable amount according to his or her age. This allowance is included until that child leaves school or reaches their 20th birthday.

A special rule applies if the child has left school and started work before the Child Benefit stops.

#### **Premiums for your family**

Once personal allowances and allowances for children have been worked out, premiums can be added – if they apply – to make up your applicable amount.

#### **Your children**

A family premium will be included if you have any dependent children in your household. No matter how many children you have, you can only get one family premium.

#### **Premiums or components for disabilities**

These premiums are included in your applicable amount for people in your family with disabilities. There are three premiums and two components in this group:

- disabled child premium (for each disabled child in your household);
- disability premium (if you or your partner gets one of the benefits listed below or you have been off sick for more than 52 weeks);
- severe disability premium (if you are disabled and live in special circumstances);
- work related activity component; and
- support component.

#### **Disabled child premium**

The disabled child premium is a flat-rate premium, which may be awarded for each disabled child in your household and can be included with any other premiums. Your child is considered disabled if they are:

- registered blind
- or receiving Disability Living Allowance.

#### **Disability premium**

Disability premium will be included in your applicable amount if you and your partner are aged less than pension credit age and:

- either of you is registered blind; or
- either of you gets one of the qualifying benefits listed below; or
- has been off sick for 52 weeks or more.

#### **Qualifying benefits**

You will get the disability premium if you or your partner receive any of the following benefits:

- Disability Living Allowance ;or
- Working Tax Credit Disability Element; or
- Constant Attendance Allowance; or



- War pensioners' mobility supplement; or
- Severe Disablement Allowance; or
- Incapacity Benefit – long term rate or short-term higher rate paid at the long term rate.

### **Severe disability premium**

This premium cannot be included on its own. You must first qualify for the disability premium.

*If you are single or a lone parent* - The severe disability premium may be included in your applicable amount if you:

- receive the care component of Disability Living Allowance at the highest or middle rate, Attendance Allowance or Constant Attendance Allowance; and
- live alone (but if others live with you, see below); and
- no one receives Carer's Allowance for looking after you.

*If you have a partner*

You may get the severe disability premium if you both:

- receive the care component of Disability Living Allowance (DLA) at the highest or middle rate, Attendance Allowance (AA) or Constant Attendance Allowance; or
- your partner is blind and you receive the care component of DLA at the highest or middle rate, Attendance Allowance or Constant Attendance Allowance; and
- no one lives with you; and
- no one receives Carers Allowance for looking after either one or both of you.

For the purposes of severe disability premium your Council Tax Reduction is not affected if other people living with you are:

- Children; or
- aged 16-17; or
- a person who is registered blind; or
- receiving the care component of Disability Living Allowance (DLA) at the highest or middle rate, or Attendance Allowance (AA); or
- people caring for you who are employed by a charity that makes a charge for this service

### **Enhanced Disability Premium**

Enhanced Disability Premium is awarded where you, or a member of your family, who is aged under 60 receives the highest rate of Disabled Living Allowance (DLA) or where the claimant is in receipt of Employment and Support Allowance Support Component. This premium will remain in payment if the DLA is suspended during hospitalisation. This premium is awarded at three different rates. They are:

- a rate for each dependent child/young person in your household who receives the highest rate of DLA;
- a rate for a single person who receives the highest rate of DLA;
- a rate for couples where at least one member of the couple receives the highest rate of DLA.

### **Work Related Activity Component**

This is awarded where you or your partner receives main phase Employment and Support Allowance and receive a similar component within that benefit

### **Support Component**

This is awarded where you or your partner receives main phase Employment and Support Allowance and receive a similar component within that benefit

### **Carer Premium**

The Carer Premium is awarded if either you or your partner are looking after a disabled person and:

- receive Carer's Allowance; or
- made a claim for Carer's Allowance and would be entitled but for an overlapping benefit.

If both you and your partner satisfy the qualifying conditions two premiums can be awarded.

The carer premium continues for eight weeks after caring ceases.

### **Calculating your resources**

Your resources are made up of your income and your capital. These are worked out as a weekly amount of income.

### **Income**

Income is all the money that you have coming in from earnings, social security benefits, maintenance payments and other sources. Depending on the type of income, it may be completely or partially ignored in the calculation of your Council Tax Reduction (the disregards), or taken fully into account.

Normally, your resources and those of your partner are taken together when your income and capital are worked out.

### **Income from employment**

This explains what counts as your income from work you do, when you are employed by someone else. If you are a company director or any other officeholder in a company you are classed as an employee of that company.

Earnings from employment means any money you are paid when you work for someone else. This includes the following types of payments:

- bonuses or commission (including tips);
- money you get instead of your normal pay (for example, a liquidator may give you money when your employer stops trading and you are owed some pay);
- money you get in place of notice to end your employment, or money you get to make up for losing your job;
- money you get for holidays you did not take (holiday pay) – but not holiday pay owed to you more than four weeks after you stopped work;
- money you get if you are kept on while doing no work (for example, a retainer paid to school cooks during school holidays);
- expenses you are given to cover your travel to and from work;
- expenses you are given to cover the costs of looking after someone in your family
- any expenses you are given that are not essential for you to carry out your work;
- money you get, under the Employment Protection (Consolidation) Act 1978, when you are not given work because of bad weather, or money you get because of unfair dismissal;
- money that an industrial tribunal orders your employer to give you if the period of notice or redundancy that is required by law has not been given;
- money you get from your former employer's redundancy funds if the business goes into liquidation;
- Statutory Sick Pay or Statutory Maternity Pay;
- Statutory Paternity Pay and Statutory Adoption Pay;
- Employer's sick pay or employer's maternity pay
- earnings from permitted work, that is, work while you are getting an incapacity benefit which your doctor thinks would benefit your health.

Earnings from employment do not include:

- payment in kind (where no money is involved)
- expenses you are given that are essential for you to carry out work
- any occupational pension.

### **Net earnings**

Once your gross earnings have been worked out, your council will take away:

- your income tax payments (allowing for personal relief); and
- your National Insurance (NI) contributions; and
- half of any contributions you make to an occupational or personal pension scheme (any amounts paid to a pension scheme by your employer do not count).

This gives your net earnings, which are used to work out your Council Tax Reduction

### **Self-employed earnings**

If you are self-employed, all the money you earn when you are not employed by someone else is known as your earnings from self-employment. You may have self-employed earnings even if you are also working for someone else, or if you are a franchise holder.

When working out your earnings the Council will want to know how much you earn when you are self-employed, and you will be asked to provide evidence, if possible, of how much you earn.

There are three stages in working out your self-employed earnings. The first is calculating the gross profit of your business. In the second stage, deductions – which are called allowable expenses – are taken away from the gross profit to give the net profit of the business. In the third stage, tax, NI, and pension payments are taken away from your net profit to give your net earnings.

### **Childminders**

If you are a childminder only one third of your earnings from childminding will be taken into account when your council works out your Council Tax Reduction.

### **Earnings and earnings disregards**

After working out your net earnings, any amount that is not counted in the calculation of your Council Tax Reduction is known as a disregard.

The amount of your earnings that is not counted depends on which premium is included in your applicable amount. There is more information on the applicable amount and premiums.

In all cases the first £25 of your earnings will be disregarded. Only one disregard applies whether you are single or a couple.

### **Additional disregard**

If you work on average 30 hours a week or more you will usually be able to get an extra earnings disregard. In certain circumstances you can also qualify for the higher earnings disregard if you work 16 hours or more e.g. if you are a lone parent or disabled. This is the same amount as the 30-hour tax credit in your Working Tax Credit (WTC)

### **Childcare charges**

In certain circumstances, average childcare charges of up to £175 (for one child) or up to £300 for 2 or more children per week per family can be offset against your earnings. This disregard, which is in addition to the other earnings disregards, is available to:

- lone parents who are working 16 hours or more per week;

- couples where both are working 16 hours or more per week;
- couples where one member is working 16 hours or more per week and, generally, the disability premium, or, in certain circumstances, the higher pensioner premium, is included in the applicable amount on account of the other member's incapacity or the other member is in hospital or in prison.

It applies where formal childcare is provided by, for example, registered childminders or day nurseries for children until the first Monday in September following their 15th birthday (or the 16th birthday for children who are entitled to Disability Living Allowance or who are registered blind).

In certain circumstances, help with childcare costs can be given while you are on maternity leave or paternity or adoption leave or you are sick. The authority will be able to give you more details.

In some other cases explained here, different amounts of your earnings are not counted.

If you are in receipt of Pension Credit Guarantee, Income Support, income-based Jobseeker's Allowance or income related Employment and Support Allowance then any earnings you get will not be counted again in working out Council Tax Reduction.

#### **Notional Earnings**

If you have done some work and you seem to have been paid very little for it, then the council will estimate what that work is worth. If you have a good reason for the pay being so low – for example, if you worked for someone who had very little money – then you should let the council know. If necessary, the Council may check your statement of earnings by asking your employer.

#### **Other income**

Other income is all the other money you have coming in apart from earnings from employment or self-employment. It is sometimes called unearned income. In some cases none of your unearned income is counted. Sometimes part of it is counted, in other cases it is all counted.

#### **State benefits**

The following benefits are counted in full as income for Council Tax Reduction:

- Contribution-based Jobseeker's Allowance
- Contribution-based Employment and Support Allowance
- Universal Credit
- State Pension
- Incapacity Benefit
- Severe Disablement Allowance
- Carer's Allowance
- Industrial Injuries Disablement Benefit
- Industrial Death Benefit
- Working Tax Credit
- Child Tax Credit (ignored if you or your partner are pension age)
- Savings Credit of Pension Credit
- Bereavement Benefits (ignored if you or your partner are pension age).

#### **Unearned income that is not counted**

The following types of income are not counted by the Council when it works out your Council Tax Reduction:

- any income you get if you are getting the Guarantee Credit of Pension Credit, Income Support, income related Employment and Support Allowance (ESAIR) or income-based Jobseeker's Allowance (JSA);
- Disability Living Allowance (DLA);
- Attendance Allowance (AA) or Constant Attendance Allowance (CAA);

- Attendance allowances paid as part of a War Disablement Pension or Industrial Injuries Disablement Benefit;
- money you get which takes the place of DLA, AA, CAA, or Income Support;
- war pensioners' mobility supplement;
- any money you get from the Social Fund;
- Guardian's Allowance;
- money you get as a holder of the Victoria Cross, the George Cross, or any comparable award;
- any grants or allowances you get from your local education authority if you have a dependent child who continues in education after school leaving age;
- any training premium and any refunded travelling expenses or living away from home allowances when you are on a Department for Education and Employment Training Scheme training course or at an employment rehabilitation centre;
- any money such as interest or dividends from savings or investments;
- any expenses you get from an employer that you need to carry out your work;
- any expenses you get from a charity so that you can carry out unpaid work;
- any income in kind (where you are given something other than money);
- any income you have which has been held back outside this country, as long as it remains held back, and it is not within your control;
- any money you get for fostering a child;
- any money you get for looking after an elderly or disabled person temporarily (community boarding out schemes);
- any money you get from a local Social Services Department to help keep a child at home instead of putting them into care;
- any Council Tax Benefit you have received;
- special payments made with your War Widow's Pension if you have been designated as a pre-1973 war widow;
- any charitable or voluntary payments which are made regularly;
- payments made under the Employment Department's 'Access to Work' scheme for disabled people; or
- War Disablement Pension or a War Widow's/Widower's Pension, or any similar payment from another country

Some types of income may be counted as capital.

#### **Unearned income that is counted in part**

The following are the types of unearned income that are only partly counted.

- the first £15 of Widowed Mother's Allowance or Widowed Parent's Allowance;
- the first £20 of any money from sub-tenants; or
- the first £20 then 50% of the excess of money you receive from a boarder is ignored. The balance is treated as income.

#### **Notional income**

The council may think that there is income, which you could get, but you are not claiming it. This is known as notional income because you do not actually receive that income. The Council may take this into account for Council Tax Reduction purposes

#### **Parental contributions to students**

If you are making a parental contribution to a student then part of your income is not counted to take account of this.

#### **Capital**

Your capital includes savings and investments held by yourself in any form (for example, bank and building society accounts, investment trusts, and shares) from any source (for example, inheritance, redundancy payments, and irregular payments from a charitable or voluntary source). It will normally also include the net sale value of land and housing that you do not occupy, after deducting 10% for

expenses of sale.

If you have a partner, capital belonging to your partner is treated as yours for the purposes of Council Tax Reduction

#### **Capital outside the United Kingdom**

If you have capital – in the form of liquid or fixed assets – outside this country, the council will need to know how soon it can be transferred and how much it is worth. If the capital cannot be brought into this country, enquiries will be made about how easily it can be sold, and whether a willing buyer can be found. If no willing buyer can be found, it may not be counted.

#### **Capital for Working Age**

If you have more than £6,000, you will not normally be able to get Council Tax Reduction. If you have less than £6,000, this will be ignored

#### **Capital for Pension Age**

The first £10,000 of capital is not counted. Capital over £10,000 up to £16,000 will be taken into account at £1 a week for each £500 (or part of £500) of capital over £10,000. Actual interest payments or dividends are not counted as income but as capital.

For customers who receive the Guarantee Credit of Pension Credit there is no upper limit on the capital you can have.

If you have capital over £16,000, you may still be entitled to Second Adult Rebate, as your income and savings are not taken into account. However, the actual income received from the second adult's capital will be taken into account.

#### **Personal possessions**

Personal possessions – for example, a car, furniture and fittings in your house, and family belongings – are usually not included in the calculation of capital. However, this may not be the case where the Council has good reason to believe that something has been bought to reduce your capital in order to gain or increase entitlement to benefit. If the council decides that you deliberately got rid of capital just so that you can get Council Tax Reduction, it may assume that you have notional capital to the value of the capital you disposed of.

#### **If you own your home**

The value of your property (including the house, garage and outbuildings) is not counted unless any part of the property could reasonably be sold off separately. Loans raised on the property will be counted as capital.

#### **Property you own but do not occupy**

The value of this property is counted as capital but you may be able to get HB/CTB even if the value of the property means that your savings are more than £16,000. This is because the value of the property may be ignored when your savings are worked out, in certain circumstances.

If the property is occupied by an elderly or disabled relative as their home, its value is not taken into account for as long as it is so occupied.

If you have recently acquired the property and you intend to occupy it as your home, its value may not be counted for 26 weeks, or for a longer period if reasonable, from the date you acquired it.

If you are trying to sell the property, its value may not be counted for the first 26 weeks after you start doing this. It may not be counted for longer than this if you are finding it difficult to sell the property.

If you are carrying out essential repairs or alterations so that you can live in the property, its value

may not be counted for a period of 26 weeks from the date you first arranged for repairs to be carried out. It may not be counted for longer than this if you are finding it difficult to finish the work.

If you are taking legal action so that you can live in the property, its value may not be counted for the first 26 weeks after you start doing this. It may not be counted for longer than this if legal action is continuing and you cannot live in the property.

If you have left the property after the breakdown of a relationship, and it is occupied by your former partner, its value may not be counted for the first 26 weeks after you left. If the property is occupied by your former partner and they are a lone parent, the property will not be counted for as long as it continues to be so occupied.

#### **Deposits on your accommodation**

Sums that have to be deposited with a housing association as a condition of your tenancy are not counted.

#### **Earmarked capital**

If capital from the sale of a house is kept for a house purchase, it is not counted for up to six months, or longer if:

- major repairs or adaptations are needed for you to occupy your home; or
- the completion of the purchase of your new home is unavoidably delayed.

Compensation received for a burglary or for damage to or loss of a house is also not counted for six months, as long as it is to be used for repair or replacement

#### **Valuation of property**

Property will be valued at the price it would be expected to fetch on the open market, less any outstanding mortgage or legal charges on the property. Ten per cent of the current market value will also be deducted to take into account the cost of the sale.

If you have property outside Great Britain and there is no restriction on transferring money to this country, your property will be valued at its local sale value. If there is a restriction, its notional value will be the value of a sale to someone in the UK. In both cases, any outstanding legal charges on the property or mortgages will be deducted, together with 10% of the total to cover the cost of the sale.

#### **National Savings Certificates**

National Savings Certificates of the current issue are valued at purchase price. Certificates of a previous issue are valued as if they were purchased on the last day of that issue.

#### **Life assurance policies**

The surrender value of life assurance policies is not taken into account when assessing Council Tax Reduction.

#### **Arrears of benefits**

Any arrears of Disability Living Allowance, Attendance Allowance, Pension Credit, Income Support, income-based Jobseeker's Allowance, Working Tax Credit and Child Tax Credit that you get are not counted for up to 12 months.

#### **Lump sum payment of deferred State Pension**

The gross amount of lump sum, or an interim payment made on account of a final lump sum, paid at the end of the period of deferring State Pension will be disregarded as capital for the life of the recipient.

#### **Compensation payments**

For Council Tax Reduction purposes, compensation payments will normally be counted in full as capital. Capital will not be counted if it is held in trust or by the 'Court of Protection' as a result of a personal injury payment – for example, a criminal injury payment or a vaccine damage payment. For

persons of Pension Age compensation payments made as a result of personal injury are ignored whether or not placed in a trust.

#### **Business assets**

Business assets of a self-employed earner are not counted while engaged in that business. Nor are they counted in certain other circumstances, but any shares owned will be treated as capital.

#### **Notional Capital**

The council may think that there is capital which you could get but which you do not have. This is known as notional capital because you do not actually possess that capital.

- Capital you have disposed of - You will be treated as having notional capital if you have disposed of capital in order to get Council Tax Reduction or to get more Council Tax Reduction.
- Capital you could have got - If you have the right to money held in a private trust, then that is actually your capital, and will be taken fully into account.

If the Council has decided to treat you as possessing notional capital they will reduce the amount of this capital on a regular basis by a set calculation. This calculation reduces your notional capital by the amount of support you have lost as a result of deprivation.

#### **How Council Tax Reduction is paid**

If you are liable to pay the Council Tax, the Council will normally send you a Council Tax bill from which your Council Tax Reduction has already been deducted. You will then have to pay only the reduced amount. This means that you will not actually receive any money, but your Council Tax bills will be reduced.

#### **How you will be notified about your Council Tax Reduction**

The Council will reach a decision on your entitlement to Council Tax Reduction as soon as possible after our claim and all supporting evidence is received.

#### **How can I appeal?**

If you disagree with the decision you will need to write to the Council stating the reasons. The council has two months to reply to you. If the Council agrees with your appeal then the Council Tax Reduction will be amended and you will receive another Council Tax bill showing the revised amount.

If the council does not agree with your appeal or you do not receive a response within two months, you may appeal to the Valuation Tribunal. This is an independent tribunal who will hear your case (either in person or in writing). If the Valuation Tribunal agrees with you they will instruct the Council to amend your Council Tax Reduction accordingly.

Throughout the appeal you will still be required to make payment of your Council Tax liability as determined by the Council.

#### **Changes of circumstances**

You must notify your Council immediately if there is a change in anything that might affect your right to or the amount of Council Tax Reduction.

This will include:

- where you live; or
- who you live with; or
- your income, savings and investments; or if you stop getting Pension Credit, Income Support, income-based Jobseeker's Allowance or Employment and Support Allowance; or
- if you get a job; or
- if you or your partner go into hospital; or
- if there is any other change in your circumstances which you might reasonably be expected to know might affect your right to Council Tax Reduction



The changes must be notified in writing although in certain circumstances the council may accept this by telephone or electronically

Most of these changes will affect your Council Tax Reduction in the following support week, but changes in the amount of council tax payable will affect your Council Tax Reduction from the day on which the change occurs.

### **Students**

Council Tax Reduction is not normally available for students. The exceptions are:

- vulnerable students, such as disabled students and lone parents;
- part-time students; and
- couples where one partner is not a student.

Students who are liable to pay the council tax may claim second adult rebate (SAR).

### **Loan and grant income**

The grant money you get is generally paid to cover the period you are studying. If it does not cover this period your council, or Student Awards Agency for Scotland, will tell you the period it does cover.

If you are eligible for a loan or have been awarded a grant the Council will assume that these amounts are paid, whether they are actually paid or not.

The money you receive in your loan is your income for the period between the beginning of September and the end of June and is divided by the number of weeks in that period to give a weekly amount.

If you receive a dependant's grant this will be taken into account over the same period as your loan unless you also receive, or only receive, a grant towards your personal maintenance.

Because much of your loan is meant for essential educational items, some of the grant is ignored when working out your income for Council Tax Reduction. The following elements of your loan or grant are not counted:

- tuition and examination fees;
- any disability allowance in your grant;
- the cost of term-time residential study away from your college;
- the Two Homes Grant – given when you have to maintain another home away from college;
- an allowance for books and equipment; and
- travel expenses.

### **Students and partners**

Your grant may have been reduced to allow for your partner's income because your partner can make a contribution to your expenses. An amount – equal to that contribution – is then ignored when the council works out your joint income for Council Tax Reduction. If a student is required to contribute to his own grant income, an equivalent amount is disregarded from the income used to assess that contribution.

### **Other income**

Will be treated in the same way as grant income if it is intended for expenditure that is needed on the course. If the income is not intended for expenditure on the course, it is treated under the normal rules for income.

### **Loans from the Student Loans Company**

The maximum loan available to you will be taken into account regardless of whether you have borrowed up to your limit or not. The loan will be divided by the number of weeks between the

beginning of September and the end of June to arrive at a weekly figure for assessment purposes. Up to £10 a week of the loan may be ignored.

**Access funds**

These are discretionary payments made by educational establishments to students who are facing financial hardship.

The amount of the payment to be taken into account will depend on how it is to be paid and what the payment is for. Some payments from the funds can be disregarded in full.

**Information and information sharing**

The Council will use information provided by the Department of Work and Pension and Her Majesty's Revenues and Customs for the purposes of Council Tax Reduction, council tax liability, billing, administration and enforcement

The Council may receive and obtain information and evidence relating to claims for Council Tax Reduction, the council may receive or obtain the information or evidence from–

- a. persons making claims for Council Tax Reduction;
- b. other persons in connection with such claims;
- c. other local authorities; or
- d. central government departments including the DWP and HMRC

The Council may verify relevant information supplied to, or obtained for Council Tax Reduction purposes.

**Counter Fraud and Compliance**

In order to protect the finances of the Council and also in the interests of all Council Taxpayers, the authority will undertake such actions as allowed by law to;

- a. Prevent and detect fraudulent claims and actions in respect of Council Tax Reduction;
- b. Carry out investigations fairly, professionally and in accordance with the law; and
- c. Ensure that sanctions are applied in appropriate cases