

1. INTRODUCTION

Council Tax Benefit (CTB) has been abolished from 1 April 2013. From this date local authorities are required to:

- adopt a national Council Tax Reduction Scheme (CTRS) for people who have attained the qualifying age for state pension credit (pensioner cases);
- devise a local Council Tax Reduction Scheme (CTRS) for working age people that aligns with the general principals of universal credit and encourages people to move into work.

CTRS falls under the remit of the Department for Communities and Local Government (DCLG) rather than the DWP.

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 reduction 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.

Although CTRS is closely aligned to the CTB Scheme that preceded it, it is not a benefit. It is a reduction in the amount of Council Tax a person is liable to pay. However, unlike the other methods for reducing council tax liability, this reduction is mean-tested and will be administered alongside Housing Benefit claims in the same way CTB was.

2. REGULATORY FRAMEWORK

The Council Tax Benefit Regulations 2006 and Council Tax Benefit (State Pension Credit) Regulations 2006 have been revoked from 1 April 2013.

Existing CTB provisions contained within the Social Security Administration Act do not apply to decisions made in respect of CTRS.

The Housing Benefit and Council Tax Benefit Decisions and Appeals Regulations (2001) do not apply to decisions made in respect of CTRS.

2.1 People who have reached state pension credit age

DCLG has issued the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012. These Regulations are used to decide how much council tax reduction someone who has reached state pension credit age is entitled to. In the case of a couple these regulations are used once one of them reaches state pension credit age. 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.

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The regulations confirm that there are three classes of person to whom a reduction may apply and detail the amount of the reduction that applies and how the amount a person is entitled to 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.

These Prescribed Regulations broadly mirror previous CTB arrangements so the amount people who have reached state pension credit age are entitled to under CTRS has not changed.

Under Hart's scheme War Pensions will be disregarded in full when calculating a person's entitlement for claimants who have reached state pension credit age.

2.2 Working age people

The amount of council tax reduction a working age person is entitled to is determined with reference to the local CTRS as set out in Hart District Council's Council Tax Reduction Scheme and full details can be found at http://www.hart.gov.uk/index/your_council/tax/your_council-council_tax-council_tax_benefits.htm . These regulations broadly mirror previous CTB arrangements.

3. SUMMARY OF THE LOCAL SCHEME (WORKING AGE)

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

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

3.1 Protected Groups

There are no protected groups as part of Hart's local scheme and the same CTRS arrangements apply to all working-age claimants.

3.2 Hardship Fund

There is no hardship fund as part of Hart's local scheme.

4. CTRS APPLICATION AND REDUCTION PROCESSES

4.1 Claims

A person must apply for a council tax reduction. They may do this using:

- Hart's joint housing benefit and council tax reduction application form;
- Hart's shortened CTRS only application form for claimants in receipt of passported benefits.

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It is not possible to apply for a council tax reduction via the Jobcentre Plus but they will ask if the person is interested in applying for a reduction. If the answer is yes, the Council will receive information about the person from the Jobcentre Plus but will need to get the person to apply for a reduction using the forms listed above.

The first day of entitlement to the reduction is decided in the same way that the first day of entitlement to CTB was decided. The date of claims rules that applied to CTB also apply to CTRS.

The reduction is applied by transferring the amount to the claimant's council tax account triggering the production of a new council tax bill and payment profile.

There is no need for someone entitled to CTB at 1 April 2013 to apply for a council tax reduction. They are treated as having applied for a reduction and this is calculated and transferred to their council tax account. Any claims made for CTB that have not been decided by 1 April 2013 are treated as a claim for CTB for the period before April and as an application for a reduction for the period from 1 April onwards.

If a claim for CTB is received after 1 April 2013 and it is not treated as an award of CTB that commences prior to 1 April 2013 then a council tax reduction application will need to be completed instead.

4.2 Changes

As the Decision Making and Appeals regulations do not apply there are some different effective date rules for HB and CTRS. Unlike HB/CTB there are no time-limits on how far back an advantageous change in circumstances can be applied so these will take effect from the date of the change irrespective of when the Council is notified. However, the taxpayer must notify the Council of changes within 21 days.

There is no provision to suspend or terminate CTRS awards and decisions are made on the available information and can be changed when new information is received. Changes to CTRS awards are transferred to the council tax account and the increased amount then falls to be collected. The taxpayer has 1 calendar month to respond to information requests if we write to ask for information or evidence to assist with the calculation of their CTRS award.

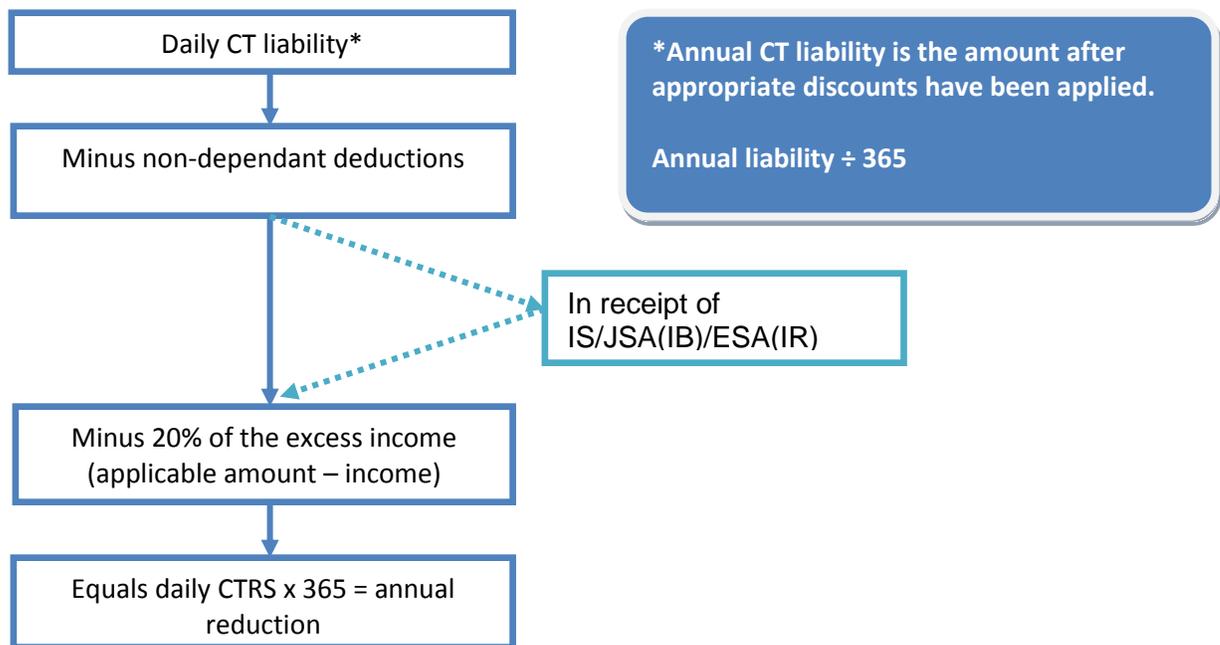
If an award of CTRS is reduced the council tax liability increases and the taxpayer is sent a revised bill so that collection of the increased liability can commence. There are no overpayments of an award of CTRS that are deemed non-recoverable (as there were in CTB).

Any changes that occur prior to 1 April 2013 that are notified after this date will be subject to the CTB rules before and the CTRS rules after 1 April.

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5. CTRS CALCULATION (WORKING AGE)

The amount of CTRS is calculated as follows:



The number of days between 1 April and 31 March is 366 in leap years and so 366 will replace 365 in any such year.

The total income, capital, applicable amounts and non-dependant deductions are calculated using the same rules that applied for CTB.

There are separate rules where a person can be entitled to alternative maximum council tax reduction, which is also known as second adult rebate, which is based on the income of second adults living in the property.

6. DISPUTES

The appeals process for CTRS differs from the HB appeals route.

Section 16 of the Local Government Finance Act 1992 covers all Council Tax disputes including CTRS grievances. There is no time limit for submitting an appeal, i.e. no 'calendar month from the date notified' or '13 month absolute time limit' that applies to HB appeals.

The local scheme itself and the measures the Council has decided to adopt in designing it cannot be appealed, but all decisions regarding how an individual's CTRS entitlement has been worked out and the subsequent amount of Council Tax payable are.

Grievances will be lodged with the Council in the first instance in the same way they were for CTB and the Council then has 2 months to respond. If no response is issued within 2 months or the reply does not resolve the grievance the tax payer then has a further 2 months to submit a further appeal to the Valuation Tribunal which is a separate organisation from the Tribunal Service.

If the appellant appeals against a decision that affects both HB and CTRS then two different submissions will be necessary – one for HB to the Tribunal Service and one for CTRS to the Valuation Tribunal. The Council will

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receive an automated acknowledgment from the Valuation Tribunal once the appeal is lodged and a short pro-forma which they must return to confirm the grounds on which the appeal has been made. The appeal is not made via the Council as with HB/CTB. Only when the appeal is listed for hearing will the council be required to submit further documentation to the Valuation Tribunal.