



Local Council Tax Reduction Scheme April 2019 to March 2020

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Introduction

In April 2013 the national council tax benefit (CTB) scheme which helped people on low incomes pay their council tax was abolished. The Local Government Finance Act 2012 gave councils the freedom to develop their own council tax reduction (CTR) schemes for people of working age giving due consideration to the needs of their residents. This document details the scheme rules developed by Chichester District Council (the Council), known as the council tax reduction scheme (CTR Scheme). For each financial year the Council must consider whether to continue with its current scheme or to replace it with another scheme.

As has been the case in previous year's local CTR schemes only applies to working age people and the Government will continue to specify how pensioner claims are to be assessed. Pensioner claims will continue to be calculated in accordance with The Council Tax Reduction Schemes (Prescribed Requirements)(England) Regulations 2012 (as amended), referred to in this scheme as the Prescribed Requirements Regulations.

The CTR scheme will continue to protect claimants in all classes that are in receipt of war widows, war widowers or war disablement pensions. As in previous years these incomes will be disregarded in full when calculating entitlement to a reduction.

In 2018 the Council introduced a new class of persons into its CTR scheme; this class is for persons in receipt of Universal Credit (UC), which has been introduced across the county and combines a number of benefits into one single payment. It aims to simplify the benefits system and to make it easier for people to transition in and out of work. Entitlement for this class is calculated with reference to income bands rather than the means test that applies to other classes. This change was introduced to simplify the scheme and reduce the cost of administration while maintaining levels of support for those in receipt of UC within the community.

It is proposed for the seventh year the local CTR scheme (2019 – 2020) remains largely unchanged from the 2018 – 2019 schemes. However a few minor changes have been introduced aimed at making the scheme more cost effective to administer while maintaining levels of support available to residents. Amendments have also been made to bring the scheme into line with legislative changes that have occurred in the Housing Benefit scheme which is also administered by the Council, including the uprating or premiums, personal allowances and deductions.

Since its introduction the Council has been committed to ensuring the residents of the District continue to remain largely unaffected by the introduction of a local scheme in comparison to the previous national council tax benefits scheme that was in operation until 31st March 2013. This scheme is applicable from the 1st April 2019 to 31st March 2020, although the Council may choose to extend it further.

1.0 Reduction for different classes

1.1 CTR schemes must state the classes of person who are to be entitled to a reduction under the scheme and the reduction to which persons in each class are entitled. Chichester District Council will have six classes of person: three classes for people considered to be of pension age and three classes for those of working age.

1.2 Pensioners

The Prescribed Requirements Regulations define who is considered to be a pensioner and who is not. Claimants considered to be pensioners will fall into one of three pensioner classes as detailed below. The level of CTR to which they will be entitled is then calculated in accordance with the Prescribed Requirements Regulations.

- Class A: Pensioners whose income is less than the applicable amount.
- Class B: Pensioners whose income is greater than the applicable amount.
- Class C: Alternative maximum council tax reduction.

The Prescribed Requirements Regulations will be used to determine both the level of CTR that is awarded and how the CTR is calculated for each of these classes, with the exception of the treatment of war pensioners. The national CTB scheme allowed Councils to take local decisions regarding the extent to which war widows/widowers and war disablement pensions are taken into account when calculating entitlement. The Council will continue to completely disregard these pensions when calculating a claimant's income.

1.3 Working Age

Persons who are resident in Great Britain (or treated as resident), and have not yet reached state pension credit age, fall into one of three working age classes, which are described below. The Prescribed Requirements Regulations determine matters that must be included in CTR schemes for people of working age. However these Regulations do not specify the level of support for this group of people or how CTR awards must be calculated. Entitlement for these classes will be calculated in accordance with these scheme rules. As with pensioner claims the local CTR scheme will continue to fully disregard war widows/widowers and war disablement pensions in the calculation of entitlement to CTR.

1.4 Working Age Class D

The claimant must

- Be a person who has not yet attained the qualifying age for state pension credit.
- Be a person whose partner has not yet attained the qualifying age for state pension credit, except where the claimant is in receipt of income support, income based job seekers allowance or income based employment and support allowance.
- Be liable to pay council tax in respect of a dwelling in which they are resident.
- Is not deemed to be absent from the dwelling (see 3.4).
- Be a person in receipt of income support; income based job seekers allowance; income related employment and support allowance; maximum award of UC or be a person whose income is below their living allowance as calculated in the means test that applies to those in Working Age Class E.
- Not have capital in excess of £16,000.
- Have made an application for CTR and provided the necessary information and evidence to support that application.
- Not be a member of a prescribed group excluded from support, such as a person from abroad.

1.5 Working Age Class E

The Claimant must

- Be a person who has not yet attained the qualifying age for state pension credit
- Be a person whose partner has not yet attained the qualifying age for state pension credit.
- Be liable to pay council tax in respect of a dwelling in which they are resident.
- Is not deemed to be absent from the dwelling.
- Be a person not in Working Age Class D and whose income is more than their applicable amount.
- Not have capital in excess of £16,000.
- Have made an application for CTR and provided the necessary information to support that application.

- Not be a member of a prescribed group exempted from support such as a person from abroad.

1.6 Working Age Class F

The claimant must

- Be a person who has not yet attained the qualifying age for state pension credit.
- Be a person whose partner has not yet attained the qualifying age for state pension credit, except where the claimant is in receipt of UC.
- Be liable to pay council tax in respect of a dwelling in which they are resident for any week where the assessed income and household membership falls within one of the income bands specified by the scheme rules.
- Is not deemed to be absent from the dwelling.
- Not have capital in excess of £16,000.
- Have been assessed by the DWP for UC, or would have been awarded UC other than for any amendments, pre-payments, sanctions or waiting days.

2.0 Excluded Groups

2.1 Persons from abroad

The Prescribed Requirements Regulations define those persons excluded from CTR.

The exceptions to exclusions for persons from abroad will also remain and be prescribed by the Secretary of State. This will allow those who have recognised refugee status, humanitarian protection, discretionary leave or exceptional leave to remain granted outside the immigration rules and who are exempt from the habitual residency test to apply for CTR as long as their status has not been revoked.

2.2 Students

Persons who are full time students will be excluded from entitlement to CTR, except for those entitled to Income Support, UC or Employment and Support Allowance (income related). Part time students and claimants who have a partner who is a student may apply. The Housing Benefit Regulations 2006

Part 7 defines which are excluded and how student income is assessed for those students who are entitled to support.

3.0 Who can claim council tax reduction

- 3.1 CTR may be claimed only where the claimant is resident in and liable to pay council tax for a property. Where there is more than one resident the liable person is the one with the greatest legal interest in the dwelling.
- 3.2 When considering who is liable the Council will have regard to all the residents of a property. The liable person or persons will then be determined using the hierarchy of liability as set out in 3.3 below. Where more than one person is considered to be liable for council tax (other than a couple) CTR will be based on their proportion of the charge as determined by the Council (see figure 1 below).

Figure 1: Calculation of proportion of council tax liability

Claimant A shares a property with a friend. They rent the property from a non-resident private landlord and each pay half the rent.

Claimant A's CTR would be based on 50% of the council tax charge.

3.3 Hierarchy of council tax liability

The person liable to pay the bill is normally the person or persons who reside in the dwelling as their sole or main home and who fits the description nearest the top of the following list:

- Residents who have a freehold interest in the property i.e. owner occupiers
 - Residents who have a leasehold interest in the property i.e. leaseholders
 - Residents who are statutory or secure tenants i.e. rent payers
 - Residents who have a contractual licence to occupy the property i.e. occupants of tied cottages
 - Residents with no legal interest in the property
- 3.4 Persons who are temporarily absent from the dwelling may, in some circumstances, continue to be eligible for CTR in accordance with the Prescribed Requirements Regulations.

4.0 How to apply for a council tax reduction

- 4.1 Applications for CTR will be made online, via a form available from the Council's website. Where a claimant is unable to claim online they will be offered support to do so by appointment with an officer from the Council, or in exceptional circumstances asked to make a claim by telephone by appointment.

5.0 The calculation of a reduction

- 5.1 CTR for pensioners will be calculated in accordance with the Prescribed Requirements Regulations. CTR for persons who fall into one of the three working age classes will be calculated as described below.

5.2 Working Age Class D

A maximum reduction of 100% of the charge will be awarded for claimants in Working Age Class D. The charge is the annual council tax calculated pro rata where a claimant is not liable for a full financial year (and to exclude any brought forward arrears) minus any other discount which may apply such as single residency discount.

The CTR reduction will be subject to a deduction for any non-dependants in the household. Non-dependants are other adults living with the claimant on a non-commercial basis e.g. adult sons or daughters, relatives or friends.

5.3 Working Age Class E

Claimants in Class E will be means tested for CTR. The amount of reduction will be calculated by comparing the claimant's income to their calculated applicable amount and applying a 20% taper to the income above the applicable amount, referred to as excess income.

The amount of CTR will be subject to non-dependant deductions and dependant on the level of excess income.

5.4 **Working Age Class F**

The amount of CTR awarded for claimants in Class F will be determined in accordance with the income bands shown below. The level of household income will be determined in accordance with the award of UC and household composition. The amount of UC income will be that as determined by the DWP excluding any amount for housing costs.

	Single Household		Couple Household		1 Child Household		2 or more Children	
	Income Band		Income Band		Income Band		Income Band	
Reduction	From	To	From	To	From	To	From	To
100%	£0.00	£100.00	£0.00	£150.00	£0.00	£200.00	£0.00	£250.00
80%	£100.01	£120.00	£150.01	£170.00	£200.01	£220.00	£250.01	£270.00
60%	£120.01	£140.00	£170.01	£190.00	£220.01	£240.00	£270.01	£290.00
40%	£140.01	£160.00	£190.01	£210.00	£240.01	£260.00	£290.01	£310.00
20%	£160.01	£180.00	£210.01	£230.00	£260.01	£280.00	£310.01	£330.00
0%	£180.01	+	£230.01	+	£280.01	+	£330.01	+

The income for the purpose of calculating the income band is derived from the data supplied by the DWP. The calculation of income shall be as follows.

- The net UC earnings of the claimant (and/or partner) as defined by the DWP prior to any earnings allowances, these earnings will be included net of tax, national insurance and pension contribution as assessed by the DWP*.
- Plus the UC award, which means any payment of UC payable, or would have been awarded other than for any deductions, amendments, pre-payments, sanctions or payments to third parties.
- Plus the UC other income, which is any other income defined by the DWP during the UC award.
- Less any child care element included within the UC award.
- Less any disregarded income, such as Personal Independence Payments and Attendance Allowance.
- This equals the total income for the purpose of Class F reduction in this scheme.
- This income will attract a level of discount as detailed above.

*where the earned income includes a positive adjustment i.e. a rebate of tax an adjustment may be made to this figure.

5.5 Weekly eligible council tax

CTR is calculated on a weekly basis therefore eligible council tax is calculated as follows

- Start with the annual council tax due on the home
- If the claimant is entitled to a disability reduction on their council tax bill, use the council tax figure after that reduction has been made
- If the claimant is entitled to a discount, use the council tax figure after that discount has been made
- Apportion the result if the claimant is a joint occupier (see figure 1 above)
- Convert the final figure (net council tax liability) to a weekly amount by dividing by 365 (or 366 in a leap year) and multiplying by 7. For figures which do not relate to a whole year divide by the number of days covered by the charge and multiply by 7.

5.6 The applicant's household (applies to Classes D, E & F)

For CTR consideration needs to be given to the applicants family and household. Different categories of people affect the assessment of CTR in different ways.

The members of the applicant's household include:

- Family members
 - The applicant
 - Their partner(s)
 - Dependant children
 - Non dependants
- Other people in the dwelling may include
 - Boarders and sub tenants
 - Joint occupiers, whether joint owners or joint tenants
 - Certain carers

When determining household composition the Council's decision maker uses the Housing Benefit Regulations 2006. Part 4 of these Regulations define membership of a family.

5.7 CTR is reduced for each non-dependant normally living in the claimant's household. non-dependants are other adults living in the claimant's household on a non-commercial basis, typically adult sons, adult daughters, other relatives or friends.

For this scheme a non-dependant is defined using the Housing Benefit Regulations 2006, specifically Regulation 3 Definition of non-dependant. However the terms used within this Regulation are defined elsewhere within

the Housing Benefit Regulations, specifically Regulation 2 Interpretation. These Regulations determine when a non-dependant deduction should be applied and in what situations a deduction is not applied.

For working age Classes D & E the non-dependants income is calculated in accordance with the Prescribed Requirements Regulations, specifically Part 3, Regulation 8, this Regulation also details the level of deduction that applies.

For working age Class F a flat rate non-dependant deduction of £3.90 per week will be made in respect of each non-dependants aged 18 or over normally residing in the claimant's household that are in remunerative work.

5.8 Excess income (applies to Classes D & E)

Excess income is income which exceeds the calculated applicable amount.

If the claimant (and their partner's) income is less than their applicable amount they will be considered to be a person falling into Working Age Class D and therefore entitled to a maximum CTR reduction.

If a claimants income is more than their applicable amount the difference between their income and applicable amount will be referred to as excess income. A taper of 20% will be applied to this excess income. It is deemed that a person can afford to pay 20% of their excess income towards the cost of their council tax; therefore;

If 20% of the excess income figure is more than their eligible weekly council tax they will not be entitled to CTR

If 20% of excess income is less than the eligible council tax (net of any non-dependant deduction) the CTR award will be the eligible council tax minus 20% of excess income

Applicable amount and income are explained in more detail in the following sections of this scheme document. The Regulations and Schedules that apply to Housing Benefit are used to determine an individual's applicable amount and income. Specifically Part 5 applicable amounts and schedule 3 and Part 6 and Schedules 4, 5 and 6). The taper of 20% is the same that was used in the Council Tax Benefit Regulations 2006 that existed before the introduction of Local Schemes in 2013. This has been retained within the scheme for Working Age Classes D & E to give claimants equivalent levels of support that existed prior to the introduction of local schemes.

5.9 Applicable amount

The applicable amount is the figure used in calculating CTR to reflect the basic living needs of the claimant and household (excluding non-dependants).

This is made up of personal allowances and additional amounts (premiums) for special circumstances, such as disability, if applicable.

For the purpose of CTR the applicable amount for working age Classes D & E is calculated using the same rules that apply for Housing Benefit that is the Housing Benefit Regulations 2006. Specifically Part 5 and Schedule 3 of these Regulations.

5.10 Income and Capital (applies to Classes D & E)

All sources of income and capital of the claimant and partner are included in the means test. However some types of income are disregarded wholly or in part.

Examples of the types of income and capital to be **included** are;-

- Earnings, pensions and tax credits
- Other state benefits such as contribution based job seekers allowance, contribution based employment and support allowance and carer's allowance
- Savings and investments including property
- Trust funds and other awards for personal injury

The Council will decide what is treated as income and capital and for what period. These decisions will be made with reference to the Housing Benefit Regulations 2006. Specifically Part 6 and Schedules 4,5 and 6 of these Regulations.

5.11 Income (applies to Classes D & E)

The income of a claimant and partner if applicable shall be calculated on a weekly basis by:

- Calculating the amount which is likely to be the average weekly income
- Adding any weekly tariff income from capital (see below)
- Deducting any allowable child care costs
- Deducting any earned income disregards which may apply

Tariff income is assessed as follows:

- From the total amount of assessed capital deduct £6,000
- Divide the remainder by 250

If the result is not an exact multiple of £1, round the figure up to the next whole £1. This is the claimant's weekly tariff income

5.13 Minimum amount (applies to Classes D & E)

A minimum amount of CTR will be applied for working age claims. The minimum amount applied will be £1.00 per week. For claimants determined to be entitled to CTR of less than £1.00 per week no CTR will be awarded.

6.0 When entitlement begins

- 6.1 As a general rule entitlement to CTR will begin on the Monday following the date the application is made or treated as being made as determined by the Council. The Council may choose to treat a claim as being made earlier where a claimant can demonstrate that they have made enquiries earlier via a third party such as the Department for Work and Pensions. The Prescribed Requirements Regulations (Schedule 8 Part 2) determine certain circumstances where a claim must be treated as made earlier.
- 6.2 The earliest date that entitlement to CTR can begin is 1 month before an application is received. If a person has delayed making an application and they can demonstrate that they had continuous good cause for doing so, for example serious illness prevented them from making a claim, the Council will decide whether a claim may be backdated. The following rules will apply
- Requests must be made in writing; this may be on the online application form or later via email or in writing.
 - CTR may not be backdated more than one month before the date of the written request.
- 6.3 Where the Council decides to make a retrospective change affecting liability of a property and the claimant is able to demonstrate that they would have been entitled to a reduction had they been made liable and billed earlier, the Council will treat them as making a claim on the date that the liability commenced. Each case will be considered on its own merits.

7.0 Extended Payments

- 7.1 Extended payments of CTR are awarded to assist long term unemployed claimants and their partner when they start work. Extended payments can be awarded for a period of 4 weeks to any claimant who has been out of work for 26 weeks who starts work, with the exception that the work will have a duration of 5 weeks or more.

A claimant is entitled to an extended payment if they satisfy the conditions set out in the Housing Benefit Regulations. Specifically (HB 2(1), 72, 73.

8.0 Notification of decisions

In accordance with the Prescribed Requirements Regulations (Part 3) the claimant will be notified of the award of CTR within 14 days or as soon as possible. This will advise the claimant how much CTR has been awarded as a reduction against their council tax liability. As a minimum the notice will contain the following:

- The amount of CTR that has been awarded
- What the claimant needs to do if they want a further explanation of the decision or they think the decision is wrong
- Details of the requirement to report a change of circumstances

9.0 Payment of council tax reduction

- 9.1 CTR is awarded as a reduction on the claimants council tax account. If there remains a residual liability it is billed as council tax due. If a claimant has made payments of council tax and therefore the award of CTR results in a credit on the account it will be processed as if it were excess council tax paid.

10.0 Changes of circumstance

- 10.1 If at any time between the making of the claim and a decision being made on it, or during an award of CTR, there is a change of circumstances which would affect the calculation the claimant, their partner or representative, has a duty to notify the Council. The Prescribed Requirements Regulations (Schedule 8, Part 2, Regulation 9) defines a claimant's duty to notify a change in their circumstances. This applies to both working age and pensioner claims.

Claimants must notify any changes in their circumstances which may affect the award of CTR and can notify the Council in advance if details of a future change are known.

The matters to be notified include, but are not limited to:

- Changes in household composition
 - Changes in income
 - Changes in capital
 - Change of address
- 10.2 Notification of a change should where possible be made online. This is the quickest and easiest way to report a change. Where a claimant is unable to access online services alternatives will be accepted, such as in writing (including via email) and over the telephone.

- 10.3 Changes in circumstance which alter the amount of CTR paid shall take effect from the Monday following the date of change, even if it happened in the past. Annual uprating of DWP benefits will be effective from the 1st April in the financial year in which they occur.
- 10.4 The Council will terminate CTR where entitlement ends, the claimant withdraws their claim, or if any of the following circumstances apply
- There are doubts as to whether the conditions of entitlement to CTR are fulfilled and the claimant has failed to provide the relevant information requested by the Council.
 - The Council is considering whether to change the decision and the claimant has failed to provide the relevant information requested by the Council.
 - The Council considers that too much CTR is being paid and the claimant has failed to provide the relevant information requested by the Council.
- 10.6 Generally a claim will end on the date of the change that resulted in the end of entitlement, or the date of withdrawal. Where a doubt arises over entitlement or where further information is requested the date of termination will be determined based on the information received. If no information is received the date of termination will be decided by the Council based on the information that it has available.
- 10.7 For changes that result in an increased amount of CTR awarded, the increased amount will reduce the amount of council tax owed. For changes in circumstance that reduce the amount of CTR awarded, the reduced amount will increase the amount of council tax that is owed. In both cases a revised bill will be issued detailing the amount of council tax that is due; applicants can request further statements explaining how the change has been calculated. The Council will follow its collection and recovery procedures when collecting any revised amounts due. However consideration may be given to those who are vulnerable and experiencing financial difficulty. Particularly where it has been determined that there is an increase in council tax due.
- 10.8 For pensioner claims the effective date of change will be determined with reference to the Prescribed Requirements Regulations (Part 8).
- 10.9 Where a decision is made in respect of a change in circumstances which results in an increase in the amount of council tax that is due, the Council may in exceptional circumstances decide not to recover it. Such decisions will be made with reference to the Council's Discretionary Recovery Policy which can be found in Appendix 3. This policy applies to both working age and pension age claims.

11.0 Evidence & required information

- 11.1 In accordance with the Prescribed Requirements Regulations (Schedule 8, Part 2, Regulation 7) an application for CTR must be supported by such information or evidence as is reasonably required to enable entitlement to be determined. The Council determines the level of evidence required to support a claim or a change of circumstances in accordance with its Risk Based Verification (RBV) Policy (see appendix 4).
- 11.2 This Policy allows the Council to allocate a risk score to a CTR claim or a reported change of circumstance, this risk score then informs the standard of verification that is applied to that claim for the purpose of calculating entitlement.
- 11.3 For all new claims evidence of the claimants (and any partner's) national insurance number and identity must be provided as a minimum.

12.0 Appeals

- 12.1 A claimant may, at any time request the Council to review their entitlement to CTR, or the amount of any reduction to CTR, outside of the provisions for appeals detailed below. Requests can be submitted by email or in writing. A written explanation will be sent within 14 days or as soon as possible.
- 12.2 In accordance with the Prescribed Requirements Regulations (Schedule 7, Part 2) a claimant, or a person acting on their behalf, who is aggrieved by a decision made under the scheme may formally appeal against it. This appeal must be in writing to the Council and should state the grounds on which the appeal is being made.
- 12.3 The Council will consider the appeal and notify the claimant in writing of the outcome, the reasons for the decision and any steps that have been taken to deal with the grievance. If the appealant remains dissatisfied, or a response has not been given within a period of two months from the date of the written appeal, the claimant may appeal directly to the Valuation Tribunal for England.
- 12.4 Appeals against the decisions made using the Council's Discretionary Recovery Policy will be considered with reference to the Council's Policy, which can be found in Appendix 3 of this document.

13.0 Fraud

- 13.1 When a claimant makes an application for CTR they are required to sign a declaration as part of the application process. This requests a customer to declare that the information given on the form is correct and complete and that they understand that if they knowingly give information that is incorrect or incomplete, that the Council may take action against them. This may include court action.
- 13.2 If a claimant dishonestly makes a false statement or fails to disclose information they are under a legal duty to disclose with intention to make a gain or cause a loss to another, they may be guilty of a criminal offence.
- 13.3 The Council reserves the right to investigate and prosecute potential offences committed by any claimant/recipient of its scheme. It may do so instead of, or as well as, taking any civil action open to it.
- 13.4 The Council has adopted a Risk Based Verification Policy for the purpose of determining entitlement to CTR. This specifically determines the standard of verification required to support an application. Claims that are determined to have a low risk of fraud an error only require a minimum standard of proof, while claims that are high risk will require a greater standard of proof. The adoption of this Policy aims to reduce the level of fraud and error. This is monitored for the purpose of this Policy and adjustments made where necessary.

14.0 Work incentives

- 14.1 The Council is keen to support people into work, and to continue this support while they are in low paid work, or working variable hours. The introduction of a banded scheme for UC claimants aims to simplify the scheme for working age customers. These customers will remain in a particular band when they have small adjustments to their earnings, meaning that they will be better able to manage their finances and not be subject to a change in Council Tax payable every month (unless the change means that the claimant moves between bands).

15.0 Changes to the scheme

- 15.1 The Local Government Finance Act 2012 stipulates that for each financial year the billing authority must consider whether to revise its scheme or replace it with another scheme. The authority must make any revision to its scheme, or any replacement scheme, not later than the 11th March in the

financial year preceding that for which the revision or replacement scheme is to have effect. The Secretary of State may amend this date.

Appendix 1:

The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

http://www.legislation.gov.uk/ukSI/2012/2885/pdfs/ukSI_20122885_en.pdf

http://www.legislation.gov.uk/ukSI/2017/1305/pdfs/ukSI_20171305_en.pdf

Appendix 2:

The Housing Benefit Regulations 2006

<http://www.legislation.gov.uk/ukSI/2006/213/contents>

Appendix 3 Discretionary CTR Policy

1.0 Changes in the amount of CTR awarded.

In certain limited circumstances the scheme provides discretion for the Council to decide not to recover an increase in council tax resulting from a change in CTR. These decisions should remain unfettered by laid down policy and each case should be considered on its own merits.

However in order to promote fairness and a consistent approach this policy seeks to define the process of determining an application, who will be involved in the decision making process and any subsequent appeals process and what factors may be considered when decision making.

An amount of council tax can be considered for write off if the Council uses its discretion and decides not to recover it. The Council may use its discretion from the outset when the increased amount of council tax is decided, based on information that it has, or may use its discretion later at the request of the claimant or the claimant's representative. These types of write offs are called discretionary write offs.

Increased council tax that arose as a consequence of fraud (that is where a fraud has been sanctioned) will not be considered for write off.

The usual scenarios for considering an amount for a discretionary write off will be on financial or hardship grounds. However the medical condition of the claimant or family may be relevant and should also be recorded to assist the decision making process.

Discretion is not prescriptive and there are no rules or examples that can be given. Each case must be decided on its merits.

However the following situations may be relevant when considering write off.

- Financial hardship
- Terminal illness
- Senility or learning disabilities
- Severe medical conditions, as evidenced by receipt of disability benefits
- Health and welfare
- Care leavers under the age of 25
- The circumstances of the overpayment
- All other relevant factors

2.0 Financial Hardship

In order to establish if the claimant is suffering financial hardship it is advisable to do an income and needs comparison and possibly interview the claimant.

Hardship is proven when the income, minus priority debts, gives a figure below the applicable amount. Priority debts include:

- Rent, council tax, utilities (the ongoing amounts plus any agreed arrangements to settle arrears)
- Fines
- Medical expenses. Although these are not priority debts as such, if it can be shown that the claimant has high prescription or travel costs to hospital, or special dietary requirements which must be maintained for health reasons, all relating to long term illness, then they may be considered priority debts.

Other factors considered in this scenario might be (this list is not prescriptive).

- The health of the claimant and members of the household
- Any savings the claimant has
- The level of disposable income in comparison to a person on a passported benefit such as IS/JSA(IB)/ESA(IB) & UC
- Whether they have tried to make an arrangement for minimum repayments
- Whether they have any priority debts (see above)
- Whether a non-dependant can contribute to other household expenses
- Writing off part of the overpayment rather than all of it
- Whether the claimant has contacted their other creditors to reduce payments in order to repay this debt
- The cause of the increased council tax liability

The decision not to recover an amount of council tax is an exceptional step and needs the claimants cooperation to prove hardship e.g. providing utility bills, rent statements etc. if the claimant is not prepared to provide such details the Council may decide to pursue recovery action.

If hardship can be proved the Council may consider a discretionary write off and the claimant will be notified of the decision.

In cases of possible hardship it may be prudent to advise the claimant to contact their local Citizens Advice Bureau (CAB) for financial advice.

3.0 The cause of the overpayment

If increased liability arose as a consequence of an official error by the Council consideration will be given to whether the amount should be recovered from the person to whom it was paid. This may be the only factor considered or it may be combined with other relevant factors such as financial hardship or health.

In identifying the cause of an adjustment to a persons council tax liability the appropriate consideration is “what is the substantial cause of the increased charge viewed in a common sense way?” The claimant or a third party can only ‘cause’ an adjustment if they intentionally or unintentionally misrepresent, or fail to disclose a material fact.

If there is more than one cause of an adjustment, these must be separated out. In such cases the two (or more causes), periods and amounts must be separately identified, and separate decisions made about whether the amount will be recovered.

An official error is a mistake, whether in the form of an act or omission, made by the Council, or someone acting on their behalf (such as a contractor or housing association that verifies claims on the Council's behalf).

4.0 Financial vulnerability as a result of the banded UC scheme (Class F)

Where a claimant can demonstrate that the effect of the banded scheme for UC claims (Class F in the scheme) has caused financial hardship, in comparison to what they would have been entitled using a means (Class E) they may apply for a Discretionary Award of CTR. The circumstances in which this award would be made are limited, and restricted to those claimants whose CTR is calculated in accordance with the scheme for those falling into Class F and are disadvantaged as a result.

5.0 How to make an application

- Generally applications will be made in writing by letter or email from the claimant or representative.
- Give reasons for the application.
- Provide evidence of the personal circumstances that have led to the application.
- Provide details of any special, exceptional or extenuating circumstances as to why the overpayment should not be recovered.
- May also be made by a Senior Assessor or Officer of the Council where there is evidence that the claimant may not be able to make an application themselves due to ill health or vulnerability.

6.0 Decision making

A Senior Officer in the Revenues Division will determine the facts of the case and will confirm whether the decision resulting in the billable amount is correct. They will also consider whether all appropriate discounts have been awarded.

7.0 Appeal process

In the case of an appeal against a decision the case will be reconsidered by another Senior Officer of the Revenues Division to see whether any additional information that has been provided that may change the decision.

If the claimant still wishes to appeal he may do so by writing to the Valuation Tribunal directly.

Risk Based Verification Policy 2019

1. Introduction

Risk Based Verification (RBV) is already used on aspects of claims administered by the Department for Work and Pensions (DWP). It is the intention that RBV will be applied to all Universal Credit (UC) claims.

From April 2012 Local Authorities (LA) have been able to adopt RBV for the processing of Housing Benefit and Council Tax Benefit (now Council Tax Reduction) claims. Adopting RBV will provide the following benefits:

- Improved claim processing times, especially for those assessed as “low risk”
- Improved efficiency in administrative functions
- Improved opportunity to identify fraud and error on claims and better allocation of resources to target these claims.

Chichester District Council introduced its RBV Policy on 1st December 2017. This Policy document updates the Policy, informed by data collected since the introduction of RBV.

2. Risk Based Verification

Risk Based Verification is a method of applying different levels of checks according to the risk associated with those claims. This determines the level of verification that is required in order to process the claim. The Council will use software provided by Xantura which will create a measured risk score, this score indicates the level of verification that needs to be applied to that case. The Xantura risk model utilises around 50 variables to predict the likelihood of Fraud and error at the gateway and is reviewed and updated in order to reflect both legislative and claimant behavioral change.

Change in circumstances can capture changes from a variety of sources such as the claimant, landlords, HMRC and the DWP. A risk score will only be requested where the claimant, or someone acting on their behalf notifies the Council of a change in their circumstances. This means that changes received from the DWP and HMRC through the systems provided by them will not need further verification.

Claims will be divided into 3 categories:

- Low risk
- Medium risk
- High risk

Low risks claims will be streamlined and additional verification applied to high risk claims.

Risk scores have been requested on all new claims and change of circumstances received since 1st December 2017. The tables below show the breakdown of risk scores for our case load.

New Claims				
	Low Risk	Medium Risk	High Risk	Total
2017/18	207	189	141	537
	39%	35%	26%	
2018/19	241	178	80	499
	48%	35%	16%	
Total	448	367	221	1036
	43%	35%	21%	

Change of Circumstances				
	Low Risk	Medium Risk	High Risk	Total
2017/18	228	260	156	644
	35%	40%	24%	
2018/19	403	217	139	759
	53%	29%	18%	
Total	631	477	295	1403
	45%	34%	21%	

Depending on the risk grouping of the claim the level of evidence required to process the claim will change. The table at Appendix 1 shows the evidence requirement dependent on the risk grouping. Evidence of a National Insurance Number and identity are required in all cases irrelevant of the risk grouping as per the legislation as seen in Appendix 2.

- **Low Risk**
Evidence required will be proof of ID and National Insurance Number (NINO). For passported cases this can usually be confirmed by accessing CIS (the LA gateway to DWP systems) as the DWP will have conducted identity checks. Non passported claimants and their partners (where applicable) will be required to provide original evidence to confirm their identity and NINO.
- **Medium Risk**
Evidence of ID and NINO are required as per low risk cases. Plus evidence of income, capital, expenses and rent are required. This can be photocopies or scanned documents.
- **High Risk**
Will be required to provide the same level of evidence as a medium risk case but will be required to provide original documentation. These claims may also be subject to further additional checks, such as a visit to confirm residency, a telephone interview to check entitlement or a credit check carried out by a credit reference agency. A review period may also be set up to check circumstances in the near future, this will particularly help with verifying earnings or capital used on a claim.

3. Recording and monitoring

Each claim passed through RBV process will be allocated a risk score by the software that will be recorded on the claim. Accuracy checks will be incorporated to ensure that the claim has been processed in accordance with this policy.

Cases can be upgraded to higher categories, officers would need to seek approval from a Team Leader to upgrade a case. The cases and reasons are recorded so that information can be fed through to the parameters if errors are found. Risk scores cannot be downgraded.

The risk scores will be monitored on a monthly basis using the software. The reporting will also detail the level of fraud and error within each risk score. The Single Housing Benefit Extract (SHBE) will also identify errors from the original claim and this will be reported monthly. This monitoring will be measured against our local baseline taken from cells 222 and 231 of SHBE.

Where the appropriate levels of fraud and error are not being identified the RBV policy will be reviewed, any appropriate changes will be made annually to ensure that the Policy remains relevant to the caseload distribution.

Claimants will claim and report changes online through Citizen Access Benefits (CA-B), RBV will score the claim or change of circumstances at the time of submission and notify the claimant immediately of what evidence is required in order for the claim or change to be processed.

Since implementing risk based verification we have seen that low risk claims are processed in less days than high risk claims.

4. Implementation

The policy will commence on the 1st December 2017. New claims and changes of circumstances received after this date will be risk scored by the RBV software as described by this policy. The claim will then be subject to the verification standards applied to the risk group to which they have been assigned.

Claims and changes reported prior to this date will be subject to full verification.

Claims will be checked to ensure that verification is being applied correctly.

5. Subsidy & Audit requirements

The Housing Benefit subsidy claim is audited annually. Part of this audit focuses on RBV and whether the Council has acted within its Policy. In order to satisfy the annual subsidy and audit requirement the policy will be reviewed annually and signed off by the Section 151 Officer and any changes to the policy will be reported and agreed by Members.

Appendix 1 – Evidence Required

Type of Evidence	Sub-category of evidence	Low Risk	Medium Risk	High Risk
Identity and NINO	Identity	Originals or photocopies	Originals or photocopies	Originals Required
	NINO	Originals or photocopies	Originals or photocopies	Originals Required
Residency/Rent	Private Tenants	Not Required	Originals or photocopies	Originals Required
	Social Landlords	Not Required	Originals or photocopies	Originals Required
Household Composition	Partner ID, NINO, Income, Capital		Originals or photocopies	Originals Required
	Dependants under 18	Not Required	Originals or photocopies	Originals Required
	Non-dependants – working	Not Required	Originals or photocopies	Originals Required
	Non-dependants – passported benefit	Not Required	Not Required	Originals Required
	Non-dependant – student	Not Required	Originals or photocopies	Originals Required
	Non-dependant – not in remunerative work/other	Not Required	Originals or photocopies	Originals Required
Income	State Benefits	Not Required	Originals or photocopies	Originals Required
	Earnings/SMP/SSP	Not Required	Originals or photocopies	Originals Required
	Self-employed income	Not Required	Originals or photocopies along with fully completed SE1 form	Originals Required along with fully completed SE1 form
Child Care Costs		Not Required	Originals or photocopies	Originals Required

Student Status	Student certificate	Originals or photocopies	Originals or photocopies	Originals Required
	Student Income	Originals or photocopies	Originals or photocopies	Originals Required
Capital	Under lower capital limit	Not Required	Originals or photocopies required if over £5,500 for working age or £9,500 for Pensionable Age claims. Not required if capital is below these amounts.	Originals required if over £5,500 for working age or £9,500 for Pensionable Age claims. Not required if capital is below these amounts.
	Above lower capital limit	Not Required	Originals or photocopies	Originals Required
	Above upper capital limit (£16,000)	Not Required	Not Required	Not Required
	Property	Not Required	Originals or photocopies along with completed second property form	Originals required along with completed second property form

Appendix 2 – DWP Housing Benefit & Council Tax Benefit Circular S11/2011

Risk-Based Verification of HB/CTB Claims Guidance

Introduction

1. This guidance outlines the Department's policy on Risk-Based Verification (RBV) of Housing Benefit and Council Tax Benefit (HB/CTB) claims.

Background

2. RBV allows more intense verification activity to be focused on claims more prone to fraud and error. It is practiced on aspects of claims in Jobcentre Plus (JCP) and the Pension Disability and Carers Service (PDCS). Local authorities (LAs) have long

argued that they should operate a similar system. It is the intention that RBV will be applied to all Universal Credit claims.

3. Given that RBV is practised in JCP and PDCS, the majority (up to 80%) of HB/CTB claims received in an LA may have been subject to some form of RBV. Already 16 LAs operate RBV. Results from these LAs have been impressive. In each case the % of fraud and error identified has increased against local baselines taken from cells 222 and 231 of the Single Housing Benefit Extract (SHBE), monthly data collection regime to DWP. In addition, in common with the experience of JCP and PDCS there have been efficiencies in areas such as postage and storage and processing times have improved.

4. We therefore wish to extend RBV on a **voluntary basis** to all LAs from April 2012. This guidance explains the following;

What is RBV?

How does RBV work?

The requirements for LAs that adopt RBV.

How RBV claims will be certified.

What are the subsidy implications?

What is RBV?

5. RBV is a method of applying different levels of checks to benefit claims according to the risk associated with those claims. LAs will still be required to comply with relevant legislation (Social Security Administration Act 1992, section 1 relating to production of National Insurance numbers to provide evidence of identity) while making maximum use of intelligence to target more extensive verification activity on those claims shown to be at greater risk of fraud or error.

6. LAs have to take into account HB Regulation 86 and Council Tax Benefit Regulation 72 when verifying claims. The former states:

“a person who makes a claim, or a person to whom housing benefit has been awarded, shall furnish such certificates, documents, information and evidence in connection with the claim or the award, or any question arising out of the claim or the award, as may reasonably be required by the relevant authority in order to determine that person’s entitlement to, or continuing entitlement to housing benefit and shall do so within one month of being required to do so or such longer period as the relevant authority may consider reasonable.”

Council Tax Benefit Regulation 72 is similar.

7. These Regulations do not impose a requirement on authorities in relation to what **specific** information and evidence they should obtain from a claimant. However, it does require an authority to have information which allows an **accurate assessment** of a claimant’s entitlement, both when a claim is first made and when the claim is reviewed. A test of reasonableness should be applied.

How does RBV work?

8. RBV assigns a risk rating to each HB/CTB claim. This determines the level of verification required. Greater activity is therefore targeted toward checking those cases deemed to be at highest risk of involving fraud and/or error.

9. The classification of risk groups will be a matter for LAs to decide. For example, claims might be divided into 3 categories:

Low Risk Claims: Only essential checks are made, such as evidence of identity. Consequently these claims are processed much faster than before and with significantly reduced effort from Benefit Officers without increasing the risk of fraud or error.

Medium Risk Claims: These are verified in the same way as all claims currently, with evidence of original documents required. As now, current arrangements may differ from LA to LA and it is up to LAs to ensure that they are minimising the risk to fraud and error through the approach taken.

High Risk Claims: Enhanced stringency is applied to verification. Individual LAs apply a variety of checking methods depending on local circumstances. This could include Credit Reference Agency checks, visits, increased documentation

requirements etc. Resource that has been freed up from the streamlined approach to low risk claims can be focused on these high risk claims.

10. We would expect no more than around 55% of claims to be assessed as low risk, with around 25% medium risk and 20% high risk. These figures could vary from LA to LA according to the LA's risk profiling. An additional expectation is that there should be more fraud and error detected in high risk claims when compared with medium risk claims and a greater % in medium risk than low risk. Where this proves not to be the case the risk profile should be revisited.

11. LAs may adopt different approaches to risk profile their claimants. Typically this will include the use of IT tools in support of their policy, however, the use of clerical systems is acceptable.

12. Some IT tools use a propensity model which assesses against a number of components based on millions of claim assessments to classify the claim into one of the three categories above. Any IT system must also ensure that the risk profiles include 'blind cases' where a sample of low or medium risk cases are allocated to a higher risk group, thus requiring heightened verification. This is done in order to test and refine the software assumptions.

13. Once the category is identified, individual claims cannot be downgraded by the benefit processor to a lower risk group. They can however, exceptionally, be upgraded if the processor has reasons to think this is appropriate.

The requirements for LAs that adopt RBV

14. RBV will be voluntary. However, all LAs opting to apply RBV will be required to have in place a **RBV Policy** detailing the risk profiles, verification standards which will apply and the minimum number of claims to be checked. We consider it to be good practice for the Policy to be examined by the authority's Audit and Risk Committee or similar appropriate body if they exist. The Policy must be submitted for Members' approval and sign-off along with a covering report confirming the Section 151 Officer's (section 85 for Scotland) agreement/recommendation. The information held in the Policy, which would include the risk categories, should not be made public due to the sensitivity of its contents.

15. The Policy must allow Members, officers and external auditors to be clear about the levels of verification necessary. It must be reviewed annually but not changed in-year as this would complicate the audit process.

16. Every participating LA will need a robust baseline against which to record the impact of RBV. The source of this baseline is for the LA to determine. Some LAs carry out intensive activity (along the lines of the HB Review) to measure the stock of fraud and error in their locality. We suggest that the figures derived from cells 222 and 231 of SHBE would constitute a baseline of fraud and error currently identified by LAs.

17. Performance using RBV would need to be monitored monthly to ensure its effectiveness. Reporting, which must be part of the overall Policy, must, as a minimum, include the % of cases in each risk category and the levels of fraud and error detected in each.

How RBV claims will be certified?

18. Auditors will check during the annual certification that the subsidy claim adheres to the LA's RBV Policy which will state the necessary level of verification needed to support the correct processing of each type of HB/CTB claim. The risk category will need to be recorded against each claim. Normally the LA's benefit IT/clerical system will allow this annotation.

Other considerations

19. The sample selection for HB/CTB cases will not change i.e. 20 cases will be selected for each headline cell on the claim form. The HB COUNT guidance used by the external auditors for certification will include instructions for how to deal with both non-RBV and RBV cases if selected in the sample. For non-RBV cases, the verification requirements will remain the same i.e. LAs will be expected to provide all the documentary evidence to support the claim.

What are the subsidy implications?

20. Failure by a LA to apply verification standards to HB/CTB claims as stipulated in its RBV Policy will cause the expenditure to be treated as LA error. The auditor will

identify this error and if deemed necessary extrapolate the extent and, where appropriate, issue a qualifying letter. In determining the subsidy implications, the extrapolation of this error will be based on the RBV cases where the error occurred. For this reason, it is important that RBV case information is routinely collected by ensuring that LA HB systems incorporate a flag to identify these RBV cases. If subpopulations on RBV cases can not be identified, extrapolations will have to be performed across the whole population in the particular cell in question.

21. We will now work with the respective audit bodies to incorporate this into the COUNT guidance. If you have any queries please contact Manny Ibiayo by e-mail HBCTB.SUBSIDYQUERIES@DWP.GSI.GOV.UK