



CHICHESTER DISTRICT COUNCIL

Local Council Tax Reduction Scheme

April 2016 to March 2017

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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) scheme for people of working age giving due consideration to the needs of their residents. This document provides an overview of the scheme 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 carry forward its scheme or to replace it with another scheme.

As was the case last year local CTR schemes will apply only to working age people and the Government will specify how pensioners 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 these rules as the Prescribed Requirements Regulations.

The local CTR scheme also makes separate provision for tax payers to apply for a remittance of their liability, as opposed to a means tested assessment of their ability to pay. This is a carry forward of the previous “hardship” scheme, a power local authorities have always had.

It is proposed for the fourth year of our local CTR scheme (2016/17) that no major changes are made to the scheme that was first introduced on the 1st April 2013. This ensures that residents of the District continue to remain largely unaffected by the introduction of local schemes in comparison to the previous national council tax benefits scheme that was in operation until the 31st March 2013. This proposed scheme is applicable from the 1st April 2016 to 31st March 2017, although the Council may choose to extend it further.

This scheme will continue to protect working age and pension age claimants who are in receipt of war widows, war widowers or war disablement pensions. As in previous years the Council’s CTR scheme will disregard these incomes in full when calculating entitlement. Incentives to work will also remain in a number of ways: through a series of earned income disregards; the taper for removing support and extended payments for those entering work.

In order to keep CTR in line with other welfare benefits, the allowances and premiums in the scheme will be uprated by the same percentages as those in the housing benefit scheme. For this year the allowances and premiums in respect of working age claims are frozen.

The Council no longer accepts applications for second adult rebate from working age claimants but this will remain payable to pension age claimants. These claims will be calculated in accordance with the Prescribed Requirements Regulations.

As part of its wider welfare reforms the Government is currently introducing universal credit. This was intended to be rolled out nationally from October 2013 but so far has been restricted to limited pilot schemes in a few areas. It will merge six different benefits some claimants currently receive. Universal credit was introduced within the District in October 2015 and is calculated for CTR claims in a similar way to savings credit for pensioner claims.

The Equality Act 2010 imposes a general duty to advance equality of opportunity and eliminate discrimination. Chichester District Council is firmly committed to providing and promoting equality for its community and the scheme has been compiled having regard to all of the guidance issued by the Department for Communities and Local Government.

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 five classes of person: three classes for people considered to be of pension age and two 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 award is calculated for each of these classes, with the exception of the treatment of war pensions. 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 two 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 with reference to the local CTR 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
- Be a person in receipt of income support; income based job seekers allowance; income related employment and support allowance 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
- 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 and evidence to support that application

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

2.0 Excluded Groups

2.1 Persons from abroad

Foreign nationals with limited immigration status and non-economically active European Economic Area individuals who are not exercising European Union treaty rights will continue to be excluded from CTR. 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 existing habitual residency test to apply for CTR as long 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 or Employment Support Allowance (income related). Part time students and claimants who have a partner who is a student may apply. The CTR scheme details which students 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. For example if a resident home owner has a lodger the home owner is liable not the lodger.
- 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 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 will 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.
- 3.5** Persons who are absent from Great Britain will not be eligible to claim CTR in accordance with The Prescribed Requirements Regulations.

4.0 How to apply for council tax reduction

- 4.1** It is intended that applications for CTR must be made in writing, online via the Council's website, or by telephone. In some cases a claimant will need to complete a further application form. An application made in writing must be made on an approved form, provided free of charge by the Council on request. This is in accordance with The Prescribed Requirements Regulations. The CTR Scheme Rules give further details.

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 two 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. .

The calculation for this class is detailed in the CTR Scheme Rules for those claimants falling into Class D: Persons who are not pensioners whose income is less than the applicable amount.

5.3 Working Age Class E

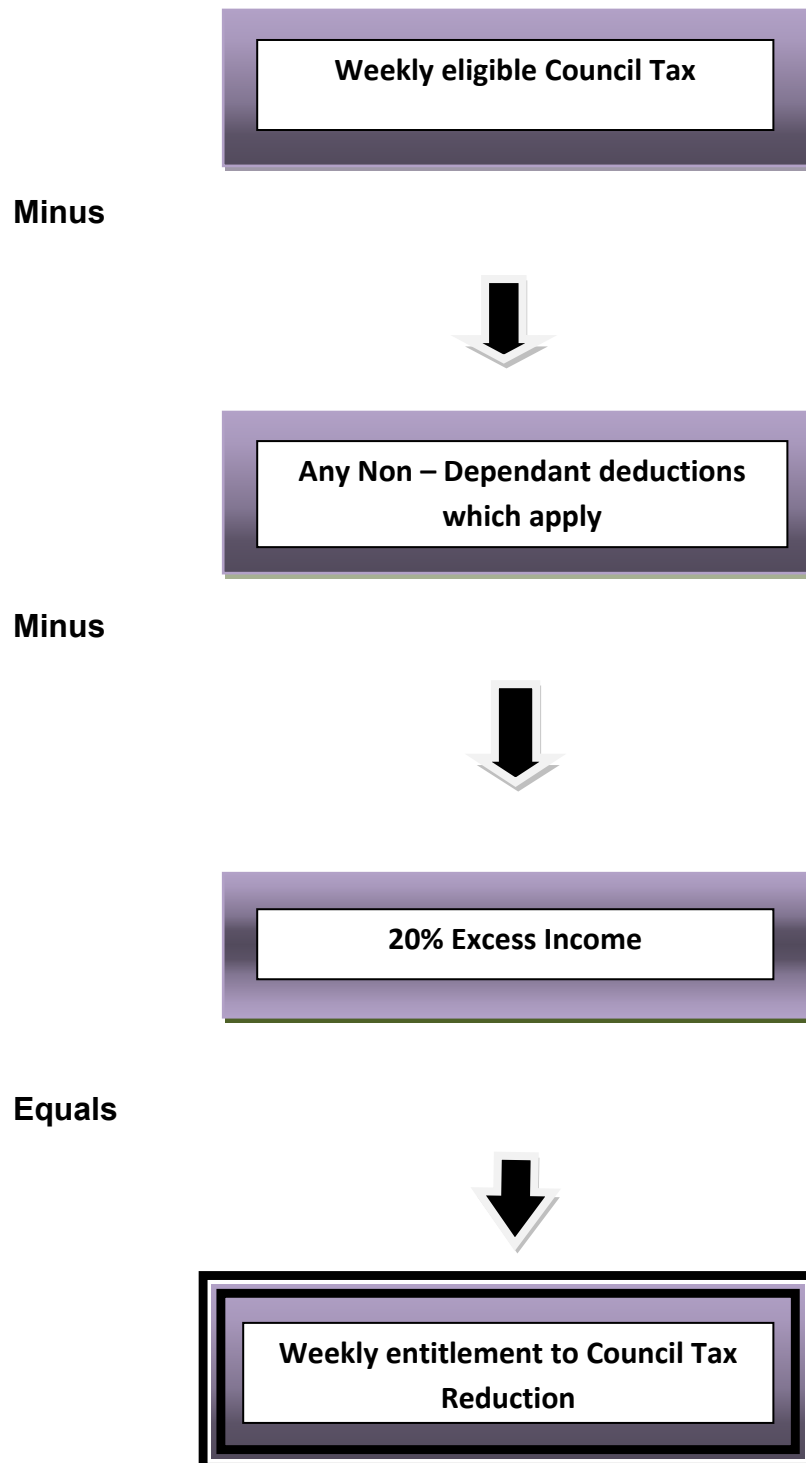
Claimants in Class E will be means tested for CTR. The amount of reduction will be calculated by comparing the claimant's income to their calculated applicable amount and applying a 20% taper to the income above the applicable amount, referred to as excess income.

The calculation for this class is detailed in the CTR Scheme rules for those

claimants falling into Class E: Persons who are not pensioners whose income is greater than the applicable amount.

The amount of CTR will be subject to non-dependant deductions and dependant on the level of excess income. The following diagram and explanations give more detail about how the amount of CTR is calculated for this class of claimant.

Figure 2: CTR Calculation for Working Age Class E



5.4 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)
- Convert it to a weekly figure 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

5.5 The claimant's household

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

The members of a claimant's household include :

- Family members
 - The claimant
 - 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

5.6 Non-dependant deductions

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.

Further details about when a non-dependant deduction applies, the amounts of non-dependant deductions and rules about when no deduction is made can be found in the CTR Scheme Rules.

If the amount of non-dependant deductions exceeds the eligible council tax the claimant will not qualify for CTR.

5.7 Excess income

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 claimant's 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.

Figure 3: Example excess income calculation

Claimant A is a single person with an applicable amount of £71 per week and income of £104 per week.

Claimant A's excess income is £104 minus £71 which equals £33 per week.

Of this excess 20% is treated as an amount that a person can use to pay their council tax - 20% of £33 equals £6.60.

Claimant A's weekly eligible council tax is £14.20 per week. Therefore they would be entitled to CTR of £7.60 (£14.20 - £6.60).

5.8 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.

The CTR Scheme Rules detail how a claimant's applicable amount is calculated.

5.9 Income and capital

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 universal credit, employment and support allowance and maternity 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. Further details on how income and capital are calculated and any disregarded sums can be found in the CTR Scheme Rules.

Claimants who fall into Working Age Class E will have their income and capital calculated for CTR as described below.

5.10 Income

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

5.11 Capital

A claimant's capital is first assessed under the rules described by the CTR Scheme Rules, and then taken into account as a weekly tariff income from capital.

- If capital exceeds £16,000 the claimant is not entitled to CTR
- The first £6,000 is completely ignored
- The remainder up to £16,000 is treated as generating a tariff income

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

Figure 4: Example of a tariff income calculation

Claimant A has £7,500 in her savings account, £1,000 in her current account and shares valued at £500. This means that she has assessed capital of £9,000 of this £6,000 is deducted as the disregarded amount. This leaves £3,000 and tariff income is calculated as below;-

£3,000 divided by 250 = £12

This means that the claimant will be treated as having £12 per week as income from capital.

5.12 Minimum amount

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 date that the application is made or treated as 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 determine certain circumstances where a claim must be treated as made earlier.
- 6.2** The earliest date that entitlement to CTR can begin is 6 months 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, they may make a request that their claim be backdated. 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 application form or later
 - CTR may not be backdated more than six months before the date of the written request.

Backdated claims will be decided with regard to the CTR scheme rules.

7.0 Extended payments

- 7.1** Extended payments of CTR are awarded to assist long term unemployed claimants or their partner when they find 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 an expectation that the work will have a duration of 5 weeks or more.

A claimant is entitled to an extended payment if they meet the conditions set out in the CTR Scheme Rules (appendix 1).

8.0 Notification of decisions

- 8.1** In accordance with the Prescribed Requirements Regulations the claimant will be notified of the award of CTR by decision letter 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 if 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 to the claimant's council tax account. If there remains a residual liability it will be 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 was excess council tax paid.

10.0 Changes of circumstance

10.1 If at any time between the making of a 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 or their partner, or their representative, has a duty to notify the Council. The Prescribed Requirement Regulations (Schedule 8, Part 2, Regulation 9) defines a claimant's duty to notify a change in their circumstances. This applies to both pensioner and working age 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 may be; -

- in writing
- by telephone
- by email or webform

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
- 10.5** The date of termination will be decided by the Council, based on the information held. 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.
- 10.6** For changes in circumstances that result in an increase in the amount of CTR awarded, the increased amount will reduce the amount of council tax due. For changes in circumstances that reduce the amount of CTR that is awarded, the reduced amount will increase the amount of council tax that is due. In both cases a revised bill will be issued detailing the amount of council tax that is due; this will be accompanied by decision letters advising how the change has been calculated. The Council will follow its collection and recovery procedures when collecting any revised amounts due. However consideration will 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.
- 10.7** For pensioner claims the effective date of change will be determined with reference to the Prescribed Requirements Regulations (Part 8).
- 10.8** 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. Examples are:

- proof of earnings such as wage slips or self-employed accounts
- bank statements and share certificates

In all cases evidence of the claimant (and any partner's) national insurance number must be provided.

11.2 Claims will be reviewed in accordance with the Council's policy.

11.3 If a claimant has a change in their circumstances during the course of the award they will be required to notify the Council and provide evidence of the change.

12.0 Appeals

12.1 A claimant may, at any time, put in writing a request to the Council to review his entitlement to CTR, or the amount of any reduction to CTR, outside of the provisions for appeals detailed below. 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 should be in writing to the Council and should state the grounds on which it is 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 appellant 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 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** If a claimant dishonestly makes a false statement or fails to disclose information he is under a legal duty to disclose with intention to make a gain, or cause a loss to another, he may be guilty of a criminal offence.
- 13.2** 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, seeking any civil action open to it.

14.0 Work incentives

- 14.1** The Council is keen to encourage people back into work so the CTR scheme will continue with the current taper of 20% and earned income disregards but will enhance existing work incentives by:-
- endeavouring to ensure that in-work applications are processed before the extended payment period has ended (subject to the necessary information being provided)
 - for those people who are considering taking up work we will provide a service to provisionally assess the amount of CTR they might expect to receive before taking the job

15.0 Changes to the scheme

- 15.1** The Local Government Finance Act 2012 stipulates that for each financial year each 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, no later than 31 January 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.
- 15.2** If any revision to a scheme, or any replacement scheme, has the effect of reducing or removing a reduction to which any class of persons is entitled, the revision or replacement must include such transitional provision relating to that reduction or removal as the Council thinks fit.

Appendices	
1	Local CTR scheme rules 2015 – 2016 under s13(1)9a)
2	Prescribed Requirements Regulations 2012
3	Discretionary recovery policy April 2014
4	Worked examples of CTR calculations
5.	The discretionary council tax reduction scheme under s13(1)(c)

Appendix 1

Chichester District Council's Council Tax Reduction Scheme Rules 1st April 2015 to 31st March 2016.

<http://www.chichester.gov.uk/CHttpHandler.ashx?id=25186&p=0>

Appendix 2

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

http://www.legislation.gov.uk/uksi/2012/2885/pdfs/uksi_20122885_en.pdf

Appendix 3 Discretionary Recovery Policy

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 off are called discretionary write offs.

Increased council tax that arose as a consequence of fraud (that is where 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
- the circumstances of the overpayment
- all other relevant factors

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 on-going amount 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 needs 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)
- 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 claimant's 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.

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 on their behalf (such as a contractor or housing association that verifies claims on the Council's behalf).

Applications should

- Generally be 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 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.

Decision making

- A Senior Benefits Officer 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.

Appeal process

- In the case of an appeal against a decision the case will be reconsidered by another senior officer to see whether any additional information 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

Example 3 Single claimant on income support with an adult son living with her

A lone parent is on Income Support. Her council tax liability is £19 per week. Her 26 year old son lives with her. He earns £420 per week gross for a 35 hour week.

Claimants on income support get maximum benefit (Working Age class D), which in this case involves a non-dependant deduction. The son is in remunerative work with gross income of at least £406.00 per week, so the highest level of deduction applies.

Eligible Council Tax Liability	£19.00 per week
Minus non-dependant deduction	£ 11.25 per week
Weekly council tax reduction	£ 7.75 per week

The son in the example above loses his job and starts receiving income support.

The calculation is as above, except that now there is no non-dependant deduction.

Eligible council tax liability	£19.00 per week
Weekly council tax reduction	£19.00 per week

Example 4 Couple with a child. One partner working.

A couple live with their 15 year old son.

One of the couple works full time and earns is £218.69 (net) per week. They also get £54 per week child tax credit, £20.80 per week child Benefit and £47 per week working tax credits Their total weekly income is £340.49 per week. They have no capital.

Their council tax liability is £28.48 per week. (yearly council tax charge less any discount divided by 365 multiplied by 7)

Weekly Income		Applicable Amount	
Wage income after deductions for Tax, National Insurance, Pension contributions	£218.69	Couple	£113.70
Working Tax Credit	£47.00	Family Premium	£17.45
Child Tax Credit	£54.00	Dependant Child under 16	£66.33
Child Benefit	£20.80	Total Applicable Amount	£197.48
Total Income	£340.49		
Less Disregarded Income			
Earnings Disregard	£27.10		
Child Benefit	£20.80		
Income for CTR purposes	£292.59		

Excess income = £292.59 – £197.48 = £95.11*

Where the claimant has no excess income the full weekly council tax charge will be paid by CTR. In this example, however, the claimants have an excess income of £97.02, therefore 20% of the excess income will be deducted from the weekly council tax liability to calculate weekly CTR entitlement.

Eligible Council Tax Liability £ 28.48 per week
 Less 20% of excess income £ 19.02 (£95.11* x 20%)

Weekly council tax reduction £ 9.46

Chichester District Council

Council Tax Discretionary Reduction Scheme

November 2015

Background

Section 13A (1) (c) of the Local Government Finance Act 1992 as amended by the Local Government Finance Act 2012 provides billing authorities with the discretion to reduce Council Tax liabilities “to such extent as the authority thinks fit”. This is in addition to the *statutory* council tax reduction scheme provided for in s13(1)(a). This document outlines guidance to how this discretion will be exercised by Chichester District Council.

The purpose of the discretionary reduction scheme is to provide assistance to Council Tax payers to help reduce their Council Tax liability. All factors must be taken into account by the Decision Maker to enable them to reach a fair, reasonable and proportionate decision.

Each application received will be treated on its own merits and all applicants will receive equal and fair treatment.

The cost of any relief must be met by Chichester District Council and, therefore the Council Tax payers of the district.

There is no statutory right for any Council Tax payer to receive a discretionary reduction. Neither is there any statutory right for the award of a reduction to be backdated to a period earlier than the date the application is made.

There are no pre-determined criteria, for the award of a discretionary reduction, although a household's income and expenditure are important, other factors will be considered such as whether the applicant has taken steps to address the issues raised or whether they have recourse to other funds e.g. unclaimed benefits, insurance claims etc. Each application will be considered based upon the individual circumstances of the applicant. Where appropriate other avenues of recovery will be explored.

The Council will give particular (but not exclusive) consideration to applications where the applicant is experiencing specific, exceptional or unforeseen situations which then impacts on their ability to meet their Council Tax liability. For example evidence of ill health (which could be mental or physical) or evidence of vulnerability.

It should be noted that all information given to the Council will be treated in confidence and in accordance with the data protection Act 1988.

Any discretionary reduction awarded is applied as a reduction in Council Tax liability.

Who can apply for a discretionary reduction?

The discretionary reduction scheme is available to anyone with a liability to pay Council Tax to Chichester District Council.

This can include:

- A resident freeholder
- A resident leaseholder
- A resident statutory or secure tenant
- A resident licensee
- A resident
- The owner (where the dwelling has no residents)

When will a discretionary reduction be applied?

Any remaining Council Tax liability after all other applicable reductions have been applied may attract a discretionary reduction. Applicable reductions include:

- Council Tax reduction scheme
- Council Tax statutory exemptions
- Council Tax discounts
- Council Tax disabled band reductions

Which charges will not attract a discretionary reduction?

A discretionary reduction will not be awarded for costs added to a Council Tax account in addition to the annual liability i.e.

- Court costs
- Recovery costs applied to an account (for example the cost for a summons and costs charged by Enforcement Agents)
- Penalty charges levied on an account as a consequence of a tax payer either failing to disclose information or making a false statement

Classes of person or property who may be awarded a discretionary reduction

A class of case may be determined for a reduction in Council Tax, for example certain groups of people who have reached pension age, or people living in a certain areas. Applications may be made by taxpayers, groups of taxpayers, members, or any other person or group.

All applications for establishing a class of taxpayers who will receive a reduction are referred to the Head of Finance and Governance who will then decide if the application merits consideration by members. A class of taxpayers will only be determined by decision of Cabinet due to the impact on other taxpayers.

Application process

An individual applying for a reduction under this provision must-

- Be the person(s) liable for payment of the Council Tax (or their nominee)
- Submit a written application.
- Provide the Council with such information as it may require to make an informed decision. Typical information required will be a household income and expenditure statement, utility bills etc. The Council may ask for additional information and/or evidence if it is deemed necessary
- Inform the Council of any changes of circumstance relevant to their application or any subsequent reduction awarded

- Continue to make payments to their Council Tax account while the application is being considered.

Amount and period of class reduction

Reductions will be awarded from the date that the tax payer met the qualifying criteria.

The amount of reduction is at the discretion of the Council with the maximum award being 100% of the tax payer's liability. The period of award is also at the discretion of the Council.

Decision Making

The Revenues Manager will determine the facts of the case, and will confirm whether all applicable discounts, exemptions or Council Tax reduction have been awarded.

The Revenues and Benefits Manager will consider the case and decide whether the Council Tax should be reduced.

Decision notification

When a decision has been made, the applicant will be notified in writing of the outcome of their application. The decision will include a statement outlining the reasons for the decision, and what factors have been taken into account when making the decision.

Reconsideration of the discretionary reduction decision

If the applicant(s) disagree with a decision they may request that their application is reconsidered. Any request for reconsideration must be made within one calendar month of the original decision letter being issued. All applications for reconsideration must be made in writing or via email and must outline the reasons the applicant is disputing the decision.

The reconsideration application will then be considered by the Revenues and Benefits Manager who has unfettered discretion to affirm or rescind the original decision or part thereof. If the decision remains unchanged the case will be passed to the Head of Finance and Governance for consideration. This reconsidered decision will be final. The applicant will be notified in writing of the outcome of the reconsideration and the reasons for the decision.

Appeal against the Council's decision to the Valuation Tribunal

If, after receiving the reconsideration decision from the Council, an applicant still disputes the decision, they can appeal to a Valuation Tribunal.

The Valuation Tribunal for England is an independent body which adjudicates on disputes between taxpayers and the Council.

Appeals must be made directly to the Valuation Tribunal.

Decision Recording

A record will be kept of all decisions made.

Individuals who may be awarded a discretionary reduction

Applications for a discretionary reduction will be accepted from the person(s) liable for Council Tax for any number of reasons, for example hardship perceived or actual non delivery of local services, local problems such as roadworks or flooding, or even national issues.

Application process

An individual applying for a reduction must:

- Be the person(s) liable for payment of the Council Tax (or their nominee)
- Submit a written application.
- Provide the Council with such information as it may require to make an informed decision. Typical information required will be a household income and expenditure statement, utility bills etc. The Council may ask for additional information and/or evidence if it is deemed necessary
- Inform the Council of any changes of circumstance relevant to their application or any subsequent reduction awarded
- Continue to make payments to their Council Tax account while the application is being considered.

Applications may also be made by a senior officer of the authority where there is evidence that the liable party may not be able to make an application themselves due to ill health or vulnerability.

Qualifying criteria

The discretionary reduction scheme is available to those with a liability to pay Council Tax to Chichester District Council.

The Council will consider the applicant's circumstances which will include –

- Whether the inability to meet the Council Tax liability could be alleviated in another manner, such as the award of a statutory discount, alternative payment arrangements or by pursuing other avenues of financial assistance
- The personal circumstances of the applicant, their partner and other members of the household

- The income and expenditure of the applicant, their partner and household members
- All financial circumstances of the household, for instance, any savings or capital which could be used to finance the Council Tax liability
- Whether the applicant's expenditure includes avoidable expenses which, in some circumstances, may be considered luxuries or lifestyle choices, or that could be reduced to enable the applicant to pay their Council Tax
- For tax payers with a joint liability, the circumstances and financial standing of other liable parties and their households.

This list is not exhaustive and all other relevant factors and circumstances will be considered during the decision making process. That is, all decisions will be assessed on the particular merits of the application.

The general starting point for considering an award will be an income and expenditure calculation but this may not always be appropriate. In order to ensure that decisions are reasonable and proportionate, it may be more appropriate to consider the applicants personal circumstances first and consider why they have requested a discretionary reduction.

Decision Making

The Revenues Manager will determine the facts of the case, and will confirm whether all applicable discounts, exemptions or Council Tax reduction have been awarded, and, where appropriate, that other avenues of recovery action have been explored.

The Revenues and Benefits Manager will consider the case and decide whether the Council Tax should be reduced.

Decision notification

When a decision has been made, the applicant will be notified in writing of the outcome of their application. The decision will include a statement outlining the reasons for the decision, and what factors have been taken into account when making the decision.

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Appeals must be made directly to the Valuation Tribunal.

Decision Recording

A record will be kept of all decisions made.

Amount and period of reduction

The amount of reduction awarded is at the discretion of the Council with the maximum award being 100% of the tax payer's net liability after exemptions, discounts, reductions and support have been applied.

All the applicant's personal circumstances, not just financial, will be taken into account when considering the period of the reduction and the amount awarded. The decision maker will also consider the consequences of not making an award.

Start date of reduction

Awards under the discretionary reduction scheme will usually start from the date the Council receives the application form but, but after taking all circumstances into account, the award may be backdated to an earlier date if considered appropriate. For instance, if an applicant could not make a claim immediately due to physical or mental ill health or due to other circumstances beyond their control.

The decision maker will consider the applicants circumstances objectively and award the reduction from an earlier date than the application was received if appropriate.

When an application has been considered and a decision made, it may be applicable to signpost the applicant to free sources of independent money and debt advice.

Subsequent further applications

Applicants may make further applications for a discretionary reduction under this scheme if their circumstances change and their previous application was refused.

A reduction under this discretionary scheme does not necessarily mean that a further award will be made at a later date.

The Council may be less likely to make a second or further award if the applicant is unable to demonstrate that they have attempted to improve their circumstances. But in any event, all factors as outlined in the application will be taken into account.

Overpaid discretionary reductions

Where a reduction has been given and this is later found to be too high, this will generally be recovered from the applicant's Council Tax account, thus increasing the amount of Council Tax that is due and payable.

The reduction given may have been too high because of:

- Administrative error by the Council.
- As a result of false, inaccurate, incomplete or misleading information provided to the Council by the applicant or by another person on the applicant's behalf or at their request.