



Brighton & Hove City Council  
**Draft Low Income Discount Scheme**

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Brighton & Hove  
City Council

**Currently Council Tax Benefit is a national system for low income households. You may get Council Tax Benefit if you pay Council Tax and your income and capital (savings and investments) are below a certain level.**

From 1 April 2013, the government is abolishing the national Council Tax Benefit system and asking councils to introduce a local Council Tax support system to replace it. The government is also reducing the grant for Council Tax Benefit by at least 10%, which means a shortfall of at least £2.5 million to help low income households in Brighton & Hove.

There are a number of constraints on what we can do and, after consulting our partners and modelling the likely effects on residents of various options, we have identified a preferred scheme for Brighton & Hove. We need to have an agreed scheme in place by January 2013 and are consulting on our draft proposals.

Our preferred option aims to limit the impact of the government's reduction on the most vulnerable households and keep the switch as simple as possible. The preferred scheme distributes the funds available as widely as possible, will mean people who are less well off will pay the least, and puts a limit on how much existing claimants will pay in the first year. Our proposals also plan for the council to absorb around £1 million of the estimated £2.5 million reduction.

People of pensionable age are protected, and will receive the same amount of discount as they did under Council Tax Benefit.

However, it does mean most households of working age will need to pay something towards their Council Tax, but we are setting up a fund of around £100,000 as extra protection for the most vulnerable in exceptional circumstances.

**Brighton & Hove's preferred draft scheme is based on the below principles:**

- support will be in the form of a discount to Council Tax bills, with entitlement assessed by a means test so that people with the least money will receive the most help
- the means test will be based on your income and savings, similar to how Council Tax Benefit is worked out now
- support will be distributed as widely as possible among people eligible to claim the discount
- we will set up a discretionary fund to help the most vulnerable residents get extra support in exceptional circumstances
- the scheme will support people moving into, and on low paid, work.
- the scheme will be reviewed every year and we'll be able make urgent changes if required by legislation

**To make sure the switch to the new system is as simple as possible for residents:**

- we will provide clear and accessible information to all residents affected by the ending of Council Tax Benefit
- we will ensure people affected can access additional advice and support
- people currently receiving Council Tax Benefit will have their eligibility for the new scheme assessed without having to reapply to the council, unless their circumstances change
- we will put a limit on the amount any household has to pay in the first year, unless their circumstances change

## Draft Brighton & Hove Council Tax Low Income Scheme details

The people entitled to reductions under the Brighton & Hove Council Tax Low Income Discount Scheme, and the amount of discount on the Council Tax bill they will be eligible to receive, will be the same as in the current regulations for Council Tax Benefit, subject to any government requirements for Council Tax reduction schemes and the following provisions.

**Support for Council Tax for people of pensionable age will be provided through a means tested discount equivalent to what they would have been entitled to under the previous Council Tax Benefit (CTB) system.**

The government has committed to protecting pensioners from the impact of changes to Council Tax Benefit. Instead of receiving Council Tax Benefit, eligible pensioners will receive a discount on their Council Tax for the same amount as they received under Council Tax Benefit, assuming no other changes in their circumstances. The only difference they will see is how the discount is shown on their Council Tax Bill. Pensioners who are currently claiming Council Tax Benefit will be automatically transferred to the new scheme and will not need to make a new application.

**Support for Council Tax for those of working age will be provided through a means tested discount and in 2013/14 will take into account similar criteria to the current Council Tax Benefits scheme in deciding who is eligible.**

This means that decisions on who is eligible to receive help paying their Council Tax will be based on a person's income and savings in the same way as Council Tax Benefit is worked out (apart from the changes we have set out) - for example, other state benefits, earned income and savings. It makes the change to the new system as simple and clear as possible for existing claimants and new applications..

**The Council Tax discount for people of working age will be assessed on the basis of 90% of full Council Tax liability.**

Due to the reduction in funding from government for Council Tax support, there will be a shortfall of at least £2.5 million to help low income households in Brighton & Hove pay their Council Tax. We're proposing to absorb around £1 million of this but will need to make savings. To do that, we're proposing that if a household qualifies for Council Tax discount, they will be assessed on the basis of 90% of their full Council Tax bill. The actual amount that they pay will depend on their income and savings and any other discount that may apply.

For example, a household receiving full Council Tax Benefit of £18.95 for a Band A property this year, would get a discount of £17.06 per week under the proposed new scheme, which is 90% of their full Council Tax bill (based on 2012/13 Council Tax rates and assuming no other circumstances change).

**The earnings disregard for single working age people will be doubled from £5 to £10 per week**

Where a single person receives income from work, the first £10 will be ignored when working out how much Council Tax Discount they receive. This is double the current amount and is designed as support for the low waged and those returning to work from periods of unemployment. The earnings disregard for couples (£10) or single parent families (£25) will remain the same as under Council Tax Benefit.

**There will be a limit on the extra amount any household has to pay of £3 per week from 2012/13 to 2013/14 as a result of the change to Council Tax Discount assuming there are no other changes in circumstances**

Some households in higher Council Tax band properties (likely to be larger families) may face a significant increase in the amount they have to pay as a result of the Council Tax discount being calculated at 90% of their full Council Tax liability. Therefore, we are proposing to limit the increase anyone has to pay at £3 per week for the first year for existing claimants where their circumstances don't change.

**There will be a £100,000 per annum discretionary fund to provide additional support in exceptional circumstances to the most vulnerable**

This extra money will available to help households pay their Council Tax in exceptional circumstances. The council has yet to decide whether this fund is directly part of the scheme or separate but supplementary to it, but in either case the final scheme will set out the processes for how to apply, the criteria used, and how decisions will be made.

**Examples:**

The following examples are made-up cases to help explain how the scheme will work in practice.



**Couple of pensionable age – the same level of support as CTB**

Michael and Pat are 73 and 71 respectively. They currently claim Council Tax Benefit and their award of £17.11 a week is based on means testing their income from state pensions, Michael's work pension and Pat's savings. The full liability for their Band B property is £22.11 per week so they are paying £5.00 a week in Council Tax. When Council Tax discount is introduced, they receive a bill which says they now receive a discount rather than benefit. But the amount they are entitled to is the same at £17.11 and so the £5.00 amount they have to pay also remains the same.



**Laura makes a claim for Council Tax Discount**  
**No Council Tax to pay**

**Pensioner – new claim**

Laura is 68, she moves from Worthing to a new rented flat in Brighton in May 2013. Laura is on Pension Credit Guarantee Credit. Her new flat is a Band A property. When she moves she makes a claim for Council Tax discount, because she is a pensioner and because she is on Pension Credit Guarantee Credit, she receives full Council Tax discount and does not have to pay any Council Tax.



**Couple in Band A property – standard working age case**

Mary lives with her partner in a Band A property and they are both on Job Seekers Allowance. Their Council Tax is £18.95 per week and in 2012/13 they receive full Council Tax Benefit. They will automatically be assessed for Council Tax discount and they will receive a discount of 90% on their full liability which is worth £17.05 per week. They will therefore have to pay £1.90 a week themselves in Council Tax.



**Family in Band F property - £3 limit applies**

James and Danielle live with their four children in a Band F property. James works but is currently sick and receives statutory sick pay, the family also receive child benefit and tax credits. Their Council Tax is £41.06 per week and they currently receive full Council Tax Benefit. They will automatically be assessed for Council Tax Discount and will receive a discount of 90% on their full liability which is worth £36.95 a week. In theory, this would leave them having to pay £4.11 a week in Council Tax, compared with nothing the previous year. However, this would be capped at £3.00 in the first year. Note that if this family had not previously received Council Tax Benefit and were making a new application, they would have to pay all of the £4.11 per week based on a 90% discount.



### **Single person in work – earnings disregard applies**

Ahmed is 23 and shares a Band B flat with one housemate. He earns £100 per week. His share of Council Tax is £11.05 per week. He currently receives partial Council Tax Benefits of £7.75 per week which is calculated on the basis of the first £5.00 of his earnings being disregarded, so he pays £3.30. When Council Tax Discount is introduced the amount he has to pay is calculated in two steps. Firstly the maximum discount he could receive would be 90% of his £11.05 liability. Secondly, the means test is applied. If there was no change to the earnings disregard he would have to pay £4.40 per week. However an increase in the earnings disregard from £5 to £10 means he now has to pay £3.40, only 10p more than under Council Tax Benefit.

## **Draft Principles for administration of the Brighton & Hove Council Tax Low Income Discount Scheme and other supplementary information**

The details below are subject to further government requirements and may change in the final scheme to reflect consultation responses and emerging Universal Credit obligations.

### **Council Tax Low Income Discount Scheme**

#### **1 Principles for administration**

Customers will continue to be required to make applications and provide proof of their circumstances. Likewise there will be obligations on the council to assess those claims, verify the details provided, to give clear decisions and to offer a route for a customer to appeal if they do not agree with the decisions that have been made.

At present Housing Benefit and Council Tax Benefit claims are administered by the Revenues and Benefits team and we are proposing for applications for the new scheme are administered by the same team.

#### **2 Claim process**

##### **2.1 Applications**

At present the council accepts applications for Council Tax Benefit (CTB) and Housing Benefit (HB) on the same form (either paper or electronic). The council also accepts applications made via Job Centre Plus and the Pension Service.

The information requested in current HB/CTB application forms is likely to be very similar if not identical to the information requested under Council Tax Low Income Discount Scheme (CTLID).

The council proposes to change its forms so that customers can make a joint application for HB and CTLID. The council will try to engage the relevant government departments to work with them to allow their stationery to be used for CTLID claims.

## **2.2 Evidence**

Customers for CTLID will be required to verify their income, capital, and identification. Where possible the council will use its internal systems. Where this is not possible, customers will be asked to provide satisfactory documents. If there is a good reason a person cannot provide these documents, the council will consider making payment of CTLID on account until they can be provided.

## **2.3 Time scales**

The council will set clear targets for processing claims and monitor against them. Where insufficient information has been provided to allow a claim to be assessed, a member of staff will contact that customer by phone to explain what information is needed and when it should be provided.

## **2.4 Notification**

Once the council has made a decision and the outcome is that the person is entitled to some discount, they will be sent a new Council Tax Bill which shows the amount of discount and confirms the reduction in their liability. In the case where the application is not successful, a letter will be sent to that person explaining this decision. In both cases rights of appeal will be set out.

## **2.5 Appeals**

The scheme will contain a right to appeal. The government has yet to stipulate the route for appeals. At present Housing and Council Tax Benefit appeals are heard by the Tribunals Service and appeals over Council Tax liability are heard by the Valuation Office Tribunal.

In any case, the first stage of appeal will be review by a council officer who was not involved in the original decision. Further appeal will either be via a statutory route or via a further internal council process, but is expected to be to the Valuation Office Tribunal.

## **2.6 Complaints**

If an applicant wishes to complain about the Council Tax Low Income Discount scheme or their application, the council's normal complaints channels will be open to them.

## **2.7 Prescribed requirements**

In its publication 'Localising Support for Council Tax, A Statement of Intent', the government has indicated that regulations will prescribe various requirements which must be incorporated in all schemes, such as those which will protect pensioners.

These include provisions to permit access to schemes by people with refugee and similar status, whereas certain other foreign nationals who currently are not eligible for benefit will remain ineligible for the discount under the new schemes.

All requirements prescribed by the government will be incorporated in the council's scheme.

