

Key Decision Required:	Yes	In the Forward Plan:	Yes
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CABINET

REPORT OF HOUSING, REVENUES AND BENEFITS PORTFOLIO HOLDER

7 NOVEMBER 2014

A.5 THE LOCAL COUNCIL TAX SUPPORT SCHEME; COUNCIL TAX EXEMPTIONS AND DISCOUNTS FOR 2015/2016 AND ANNUAL MINIMUM REVENUE PROVISION POLICY STATEMENT 2015/16

(Report prepared by Harry Bates and Paul Price)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To enable Cabinet to consider and agree the proposed Local Council Tax Support Scheme 2015/2016 and Council Tax Exemptions and Discounts 2015/2016 for recommendation to full Council and to seek Cabinet's approval of the Annual Minimum Revenue Provision (MRP) Policy Statement for 2015/16 for recommendation to Council.

EXECUTIVE SUMMARY

This report outlines the proposed Local Council Tax Support (LCTS) Scheme and Council Tax exemptions and discounts for 2015/2016.

LCTS Scheme for 2015/2016

As part of the major changes to the Welfare Benefits system, from 31 March 2013, Council Tax Benefit ended and was replaced by a new scheme called Local Council Tax Support (LCTS). The Government decided to protect pensioners (persons who are of an age where they can claim pension credit). Pensioners who received Council Tax Benefit will continue with the same level of assistance they had prior to LCTS being introduced. The Government has also been clear that in developing a local scheme, Councils should be mindful of their duties to vulnerable groups.

The original Government funding for Council Tax Support had been set at to 90% of what would have been available as Council Tax Benefit Subsidy for that year, after factoring in the Government's assumption of a reduced caseload. The Council now receives the associated funding via the Revenue Support Grant and from the localised business rates model. In terms of the Revenue Support Grant, this has been subject to significant reductions year-on-year with the reduction for 2015/16 being **£1.600m** based on the Government's provisional settlement figures. However, the Government maintains that the original funding relating to LCTS remains unchanged within any overall settlement amounts although it is up to Councils locally to determine the level of Council Tax Support provided.

The pan Essex LCTS Project Group, comprising of all the billing authorities and the unitary authorities in Essex, was created in January 2012 to devise a modular type approach upon which, all authorities could base their local schemes according to local needs. The precepting authorities of Essex County Council and Fire and Police have been involved from the beginning of this project. The project is managed by the benefits managers under guidance from the

Essex Finance Officers Association (EFOA).

The stages of development of the current scheme included consultation with the public and the Corporate Management Committee. It is too early to provide a definitive financial analysis of the 2014/15 scheme as the collection and recovery rates are yet to be finalised. The up-to-date position, as at the end of September, is discussed in the background information of this report. However, indications are that the scheme will be in line with the budget, albeit that the residency element has had to be suspended part way through the 2014/15 year. This position is forecast to remain as the Collection Fund is experiencing better collection rates for the year - the cost of the LCTS is lower than expected and there is a surplus brought forward from 2013/14.

Options considered:

- 1) Maintain current level of LCTS at 85% maximum of eligible council tax
- 2) Reduce starting point of the LCTS calculation to give maximum eligible council tax at 80%
- 3) Reduce starting point of the LCTS calculation to give maximum eligible council tax at 75%

Council Tax Exemptions and Discounts for 2014/2015

From 1 April 2013, second home owners have been charged 100% of the Council Tax (an increase of 10% from 2012). Empty properties have been charged from the first day of becoming empty, instead of an exemption for up to six months, and uninhabitable properties have been fully discounted for up to a year, which effectively is unchanged from the previous year. The Council did not opt to charge the 50% surcharge on properties that had been empty for two years.

Those housing associations that are registered as a charity have been able to claim exemption Class B for up to six months when their properties have become empty.

Comparing the period April to September in this year with last year, the overall effect of the changes has been a reduction of over £1.5m (this is comparing to 2012/13 financial year) in the amount of discounts and exemptions granted.

Consequently, the Council has received numerous complaints from owners of empty and furnished properties who consider it to be unfair that they are charged 100% for a property that demands little from local services while a single occupant of the property receives a 25% discount. However, this approach supports this Council's ambition to reduce the number of empty properties and,, in essence, it is a tax which does not directly link the amount paid to the services received.

Therefore, it is proposed that the level of discounts in 2015/16 is the same as in 2013/14 and 2014/15.

In a continuation from last year, it is also proposed to delegate the approval of the NNDR 'property base' for 2015/16 to the Portfolio Holder for Finance and Transformation, similar to the Council Tax Base approval process.

In addition to the above, The Annual MRP Policy Statement for 2015/16 has been prepared, with the associated policy set out at Appendix D, which needs to be considered by Cabinet before recommending on to Full Council.

RECOMMENDATIONS

It is recommended that:

- (a) Cabinet reviews and determines a response to the comments from the Corporate Management Committee in respect of the LCTS proposals for 2015 – 2016;
- (b) Subject to (a) above, Cabinet agrees the proposed LCTS Scheme, set out as Appendix B, and recommends to full Council that:
 - (i) the LCTS, set out as Appendix B, be approved;
 - (ii) subject to (b)(i) above, the Corporate Director (Life Opportunities), in consultation with the Housing, Revenues and Benefits Portfolio Holder, be authorised to undertake the necessary steps and actions to implement the new LCTS Scheme from 1 April 2015;
- (c) Cabinet reviews and determines a response to the comments from the Corporate Management Committee in respect of Council Tax exemptions and discounts for the year 2015 – 2016;
- (d) Subject to (c) above, Cabinet agrees the proposed Council Tax exemptions and discounts, as set out in Appendix D, and recommends to full Council that:
 - (i) Cabinet agrees the proposed LCTS Scheme, set out as Appendix B, and recommends to full Council;
 - (ii) Subject to (b)(i) above, the Corporate Director (Life Opportunities), in consultation with the Housing, Revenues and Benefits Portfolio Holder, be authorised to undertake the necessary steps and actions to implement the Council Tax exemptions and discounts for 2015/2016, as set out in Appendix D;
- (e) In respect of the NNDR 'tax base', Cabinet recommends to full Council that the approval of the NNDR data for 2015/16 be delegated to the Portfolio Holder for Finance and Transformation; and
- (f) Cabinet recommends to Council that the Annual MRP Policy Statement for 2015/16, as set out in Appendix D, be approved.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

In developing a local scheme, the Council must be mindful of its duties to vulnerable groups, and Council Tax payers, set against the Council's overall financial position.

FINANCE, OTHER RESOURCES AND RISK

LCTS Scheme for 2015/2016

Since 2014/15 the funding for LCTS has been provided through the business rate retention scheme.

The Department for Communities and Local Government (DCLG) has confirmed that although it will not be identifiable within the draft settlement figures, the allocation for 2015/16 will remain the same as that for 2014/15, although the overall package will be reduced. DCLG has stated that Members will decide on the value of the funding to be used for LCTS from 2014/15 and subsequent years.

LCTS is treated as a discount within the Council Tax calculations, which means that the Council's tax base will reduce (as will the tax base for County, Fire and Police). A recent consultation excludes Town and Parish Councils from the calculation. All other things being equal, the anticipated funding from the Government should cover the lost Council Tax income but may well cause shortfalls in other areas. In order to redress this shortfall, the gap could be covered by:

- further reducing the level of Council Tax support given;
- using the Council's own funding;
- increasing Council Tax (subject to the Council Tax referendum rules).

It is proposed that any additional pressure on the Council's budget be mitigated by reducing the level of Council Tax support given.

During the period April to September, the annual awards for discounts and exemptions on Council Tax have reduced by £1.5 million, compared to the 2012/13 financial year. This amount is shared between the preceptors with Tendring District Council's (TDC) share representing 10% (£150,000). In addition, Essex County Council (ECC) and other major preceptors contribute towards the expenditure incurred by TDC on concurrent functions by paying a proportion of their increased share of the discounts and exemptions.

New Homes Bonus

A key factor in the calculation of any New Homes Bonus due to the Council is the number of empty properties. The more empty properties there are, the lower the award will be.

In terms of the Council's overall collection fund performance to date, at the present time, it is forecast that the overall amount of Council Tax collected for the year will be in line with the budgeted amount even after taking into account any impact from the suspension of the residency criteria. This position is possible due to better collection rates, the cost of the LCTS being lower than expected in addition to a collection fund surplus of **£0.176m** brought forward from 2013/14.

Risk

As the major impact will be on low income working age families, there is a risk of a reduction in the collection rate should this group be asked to pay considerably more towards its Council Tax. With the Government's Welfare Reform initiative currently underway, it is this same group who are most affected by the Social Sector under-occupancy rule and Benefit "capping" in particular.

Proposed Options

- 1) Maintain current level of LCTS at 85% maximum eligible Council Tax
 - Number of affected households - 7,500 to 8,250
 - Average Band C claimant has to pay £3.77 per week
- 2) Reduce starting point of the LCTS calculation by 5% to give maximum eligible Council Tax at 80%

- Number of affected households - 7,500 to 8,250
 - Average increase in weekly Council Tax to a claimant would be an additional £1.26 per week to be paid.
 - Annual saving to the preceptors and Tendring, approximately, would be £540K
- 3) Reduce the starting point of the LCTS calculation by 10% to give a maximum eligible Council Tax at 75%
- Number of affected households - 7,500 to 8,250
 - Average increase in weekly Council Tax to a claimant would be an additional £2.51 per week to be paid.
 - Annual saving to the preceptors and Tendring, approximately, would be an additional £540K

It is recommended that Tendring continues with the current scheme rules, but based on the feedback from the consultation process, sets the maximum eligible Council Tax at a level of 80%, which should be sufficient to remove any need to increase the level of Council Tax or divert funding from elsewhere.

Council Tax Exemptions and Discounts for 2015/2016

Class A – Unoccupied and furnished dwellings with a planning restriction preventing occupation for at least 28 days.

- **0% discount** (on the days when the property cannot be used due to a planning restriction, an exemption is allowed under Class G).

Class B – Unoccupied and furnished dwellings without a planning restriction preventing occupation for at least 28 days.

- **0% discount**

Class C – Unoccupied and substantially unfurnished dwellings.

- **0% discount**

Class D – Unoccupied and unfurnished requiring major repairs or alterations.

- **100% discount**

It is recommended that no other local discretionary discounts should be applied as these would need to be fully funded by Tendring District Council.

In respect of the annual MRP policy statement, this sets out how the Council will make provision for the repayment of loans taken out to finance capital investment. For General Fund, the MRP is a direct charge on the Revenue Budget. At present, no MRP over and above the amount of principal being repaid is calculated for Housing Revenue Account capital investment, although future provision will be considered within the business planning process in future years.

LEGAL

- The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (SI 2012/2885).

- The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013 (SI 2013/501).
- The Local Government Finance Act 1992
- The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 set out the requirements of a MRP Policy Statement, which must be approved by Council each year.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

Crime and Disorder

Empty properties can attract vandalism and increase the potential for crime. The larger amount of Council Tax charged on empty properties encourages their return to occupation and helps towards the Council's aim of providing a safer community.

Equality and Diversity

The LCTS Scheme set out in the body of the report will not disproportionately impact on the following groups in that the relevant income will continue to be disregarded in calculating entitlement to support:

- Families in receipt of child benefit; The Child Poverty Act 2010
- Disabled in receipt of Disability Living Allowance (DLA) / Employment and Support Allowance (ESA); The Equality Act 2010
- War widows/disabled. The Armed Forces Covenant 2011

The recommendations on discounts apply a 0% (zero percentage) discount to all second homes and a 0% discount on empty properties, across the entire District. The implications will apply to all property owners and it is considered that there are no equality and diversity issues specific to this issue

Health Inequality

Not applicable

Area or Ward affected

All in Tending District Council's jurisdiction.

Consultation

Appendix A

Consultation was carried out on the Council's Website after newspaper publicity.

The survey had the following information and questions provided for the public to respond and also the analysis of the following information and questions for the respondents to complete. The equality and diversity questions, and their responses, are listed in Appendix A that shows the full consultation responses.

Background

Some key background information about the LCTS Scheme currently operating in the Tendring District Council area:

- The pensioner age group is protected and represents just over half of the LCTS caseload.
- There are around 7,500 to 8,000 working age claimants currently claiming LCTS.
- The vast majority of LCTS claimants live in Council Tax Band A, B, C properties.
- The 2014/2015 Scheme is largely based up on the old Council Tax Benefit Scheme in means testing claimants on their ability to pay but has the following additional considerations when assessing LCTS awards:
 - Include income from child maintenance payments
 - Include all child minders income
 - Include all household income as the claimants, with the exception of some non means tested disability benefits (i.e. remove deductions for non-dependents)
 - Apply a further 25% reduction in support for those who have been in receipt of Job Seekers Allowance (JSA) for more than three years

Question 1:

At this time, working age people who have very low income have up to 85% of their Council Tax paid by LCTS.

Do you agree that this should remain the same for the financial year 2015/2016?

Answer Choices	Responses	Percentage
Yes (You will be redirected to page 3)	27	54
No	20	40
Don't know	3	6
Total	50	100

Question 2

What should working age claimants be asked to pay up to? *Please choose either option (a) or (b) or (c) at the end of this detailed question.*

(a) Currently those who are in receipt of maximum of LCTS have up to 85% of their Council Tax met. Examples for those in receipt of maximum LCTS:-

At this time maximum LCTS awards work out as follows

Average **Band A** in Tendring = £983.21 Maximum LCTS = £835.73
Council Tax to pay = £147.48 for the year which is £2.83 per week.

Average **Band B** in Tendring = £1147.08 Maximum LCTS = £975.02
Council Tax to pay = £172.06 for the year which is £3.30 per week

Average **Band C** in Tendring = £1310.95 Maximum LCTS = £1114.31
Council Tax to pay = £196.64 for the year which is £3.77 per week

(b) Up to 80% of eligible Council Tax?

That would mean working age claimants pay at least 20% of their Council Tax. Examples for those in receipt of maximum LCTS would be:-

Average **Band A** in Tendring = £983.21 Maximum LCTS = £786.57
 Council Tax to pay = £196.64 for the year which is £3.77 per week.

Average **Band B** in Tendring = £1147.08 Maximum LCTS = £917.67
 Council Tax to pay = £229.41 for the year which is £4.39 per week

Average **Band C** in Tendring = £1310.95 Maximum LCTS = £1048.76
 Council Tax to pay = £262.19 for the year which is £5.03 per week

(c) Up to 75% of eligible Council tax?

That would mean working age claimants pay at least 25% of their Council Tax

Examples for those in receipt of maximum LCTS would be:-

Average Band A in Tendring = £983.21 Maximum LCTS = £737.41
 Council Tax to pay = £245.80 for the year which is £4.71 per week.

Average Band B in Tendring = £1147.08 Maximum LCTS = £860.31
 Council Tax to pay = £286.77 for the year which is £5.50 per week

Average Band C in Tendring = £1310.95 Maximum LCTS = £983.21
 Council Tax to pay = £327.74 for the year which is £6.28 per week

(a) 85% []

(b) 80% []

(c) 75% []

Other, please specify []

Answer choices	Responses	Percentage
a) 85%	3	17.65
b) 80%	5	29.41
c) 75%	7	41.18
Other (please specify)	2	11.76
Total	17	100.00

Question 3

Have you got any general comments that you wish to make about these changes or on the current additional LCTS considerations listed under the “Background” heading? (Continue on a separate sheet if required)

All the general comments are shown in Appendix A “Q3 free format general responses”.

BACKGROUND

LCTS Scheme

As part of the major changes to the Welfare Benefits System, from 31 March 2013, Council Tax Benefit ceased and was replaced by a new scheme called Local Council Tax Support (LCTS) from 1 April 2013.

A level of funding by Government is still to be received by the Council to meet the cost of the Local Scheme but at only 90% of previous levels. Given the current and future challenging financial position, and in consultation with other key stakeholders such as the major preceptors, the financial context of the new scheme is that, after taking into account the grant from the Government, it should be cost neutral and therefore not impact on Council Tax payers generally.

There are two parts to the scheme:

- one for pension age claimants (which will leave the pensioners' position unchanged from that of Council Tax Benefit); and
- one for working age claimants.

The Pension Age Scheme is set in accordance with rules laid down by the Government, whereas the Working Age Scheme rules are decided by each local authority (billing authority).

Pensioners and Vulnerable Groups

The Government has been clear that in developing a local scheme, Councils should be mindful of their duties to vulnerable groups. It is proposed that the local scheme, from 1 April 2015, will to a large extent include the same definitions of vulnerable groups as in the previous Council Tax Benefit system, with an emphasis on families in receipt of Child Benefit, those in receipt of Disability Living Allowance, Employment Support Allowance and War Widows.

The pensioner age group under the Council's LCTS Scheme has been given full protection from any of the changes in 2014/2015 and that will continue into Year 3 of its LCTS Scheme.

Timetable

Authorities must adopt a new local scheme before 31 January 2015.

Impact of current LCTS scheme 2013/2014 compared to Council Tax Benefit 2012/2013

There were 17,722 households receiving Council Tax Benefit in September 2012, compared to 15,448 households receiving LCTS currently. The value of Council Tax Benefit awarded was £15.3m whereas the value of LCTS currently awarded is approximately £12.4m

The shift in support between pensioners and working age has changed from 53% to 47% respectively to 54% to 46% in terms of the value of awards being granted.

As at the end of September 2014, the collection of Council Tax within the LCTS affected accounts are as follows:

All LCTS related accounts (including the pensioner age group)

Total number of LCTS related accounts	= 15,448
Number of accounts with nil liability (pensioner age group)	= 5,155
Accounts with a debt	= 10,288
Paid in full	= 1,045
Part paid	= 7,579
No payment received to date	= 1,443
Percentage collected	= 44.16%
Value of payments	= £1.3m

The collection of Council Tax liability of the non LCTS accounts by 30 September is 59.15%. In this comparison, it must be remembered that there was a new legal permission for Council Tax payers to pay their Council Tax liability over 12 monthly instalments instead of 10 instalments from 1 April 2013.

It should be noted that there has been a significant increase in the number of reminders, final notices and summonses compared to previous years' collection activities. The table sets out the comparison over the last three years for the period April to September in each of the years and demonstrates the increased collection enforcement that is needed to support collection of Council Tax.

	Reminders	Summonses
2012/13	7,821	2,373
2013/14	11,154	3,974
2014/15	13,685	4,663

Residency Criteria

The LCTS 2013/14 and 2014/15 contained a provision whereby LCTS was not payable to any claimant who had not resided within the District for a period of five years or less. Certain exemptions to deal with vulnerable groups were contained within the policy and the policy received positive comments during the consultation exercised undertaken in 2013.

However, as a result of a successful judicial review against Sandwell Metropolitan Borough Council, a High Court judgement has declared Sandwell's Local Council Tax Support Scheme Residency Policy ultra vires. There were differences between the Sandwell's policy and TDCs and if the application had been made to Tendring on the same circumstances, the applicants in that case would have received the discount and therefore would not have been discriminated against.

However, the Sandwell judgment has held that the power which provides for the Local Council Tax Support Scheme (Local Government Finance Act 1992, as amended by the Localism Act 2011) only permits a scheme of benefits which is based solely on taking account of financial considerations in development of a scheme.

Having considered in detail the Sandwell judgement and upon seeking external legal advice, it is clear that the outcome prevents the Council from proceeding with the residency criteria within its scheme. Therefore, it is no longer possible to include any criteria which is not based on a residents' financial need and ability to pay and, as such, the residency criteria has been suspended and will not be included in the LCTS for 2015/16.

It is clear from the number of claims received by the Council that including the residency criteria has had the effect of suppressing demand from residents moving into the district and it is also

clear that without such a criteria, and given the Council's demographics, the level at which discount could be set, whilst maintain a balanced budget, would have been different to that which was able to be achieved with the residency criteria. The Council is aware that some other local Councils, have had to cut the amount that they can pay through the LCTS to local residents to a much lower level than Tendring has been able to maintain over the last 18 months.

It is not possible to determine whether seeking external legal advice on the introduction of the Residency criteria would have identified non-compatibility with the Local Government Finance Act 1992, as legal submissions and skeleton arguments were presented to the Court defending its inclusion at Sandwell. Members did consider the challenges raised at the time to seek external advice, both through debate at full Council and through Scrutiny. However, it was considered that the advice provided by the Council's in-house legal team, in place at the date the policy was being developed, was satisfactory in all of the circumstances.

DEVELOPMENT OF THE SCHEME

The Chief Finance Officer and pan Essex LCTS Project Groups, comprising of all the billing authorities and the unitary authorities in Essex, have continued to review the ongoing implications of changes in welfare and benefits. The project is managed by the benefits managers under guidance from the EFOA.

In developing a local scheme, the Council as a billing authority must:

- consult with the major precepting authorities (County and Fire and Police); and
- consult other such persons as it considers are likely to have an interest in the operation of the scheme;

A six-week consultation period commenced on 18 September and will end on 22 October 2014. A press release was issued and publicised on 18 September 2014, which directed the public to the Tendring survey. In addition, copies of the press release were sent with all outgoing correspondence to all Council Tax customers for the duration of the consultation.

The questionnaire, along with the detailed responses is set out in **Appendix A**.

LOCAL COUNCIL TAX SUPPORT SCHEME FOR TENDRING

Following on from the development process set out above, a summary of the proposed new scheme is set out as **Appendix B**.

The proposed 2015/16 LCTS for Tendring is a continuation of the Council Tax Benefit that was carried forward into Year 1 and 2 of this Council's LCTS scheme, with a reduced level of eligible council tax because:

- Council Tax Benefit has been developed over a long period of time and has been legally tested;
- there are inbuilt mechanisms, through applicable amounts and premiums, that allows a calculation for each applicant, taking into account their own financial and domestic circumstances;
- it assists in complying with the Council's duties to vulnerable groups, whilst offering work incentives through the use of tapers applied to earned income; and

- the precepting authorities of Essex County Council and Fire and Police have been involved in the development of the scheme from the beginning of the LCTS Scheme.

The Tendring LCTS Scheme for 2015/2016 continues as in 2014/2015 with the following elements :

- Include income from child maintenance payments
- Include all child minders income
- Include all household income (i.e. remove deductions for non-dependents)
- Remove backdating of claims
- Remove underlying entitlement
- Remove second adult rebate
- Further 25% reduction in support for those who have been in receipt of Job Seekers Allowance (JSA) for more than 3 years
- Blanket charge of 20% (from 15% in 2014/2015) on all “non-pensioner” Council Tax liability

Based on current forecasts, the above approach would enable the scheme to be delivered without adding additional financial pressure to the 2015/16 budget, which also takes into account changes in Council Tax discounts introduced in 2014/2015 and that are being proposed to be carried forward into 2015/16.

The LCTS Scheme for 2013/14 and 2014/15 included a residency requirement so that those moving into the Tendring District would not be automatically eligible for Council Tax support but would become eligible for support from the date of their claim after living in the District for five years continuously (subject to normal scheme rules). This was to deter people in other areas from coming to the Tendring area without being able to contribute economically to the District. This would not affect pensioners who are covered by the national scheme and there would need to be exemptions in exceptional circumstances e.g. unable to work, armed forces and emergency services personnel, fleeing domestic violence and redundancy.

However, following the challenge brought against Sandwell MBC in July 2014, the decision was taken to suspend the residency requirement and following further consideration, the decision has been taken to not include it in the proposed scheme for 2015/16.

NNDR BASE

As part of the move to the local retention of business rates (NNDR) from April 2013, Members are required to approve the NNDR ‘base’ each year. This is similar to the Council Tax base, where the data is used to derive a ‘property base’ from which, the estimated level of income collectable each year is calculated. Historically, this data has been captured on an NNDR1 form that has been approved by the Council’s S151 Officer.

For 2014/15, the Council agreed the delegation of the approval of the NNDR tax base to the Finance and Transformation Portfolio Holder, which follows the same process as for the Council Tax base decision. Although this delegation will be considered on a permanent basis as part of the Council’s general review of the Constitution that is currently in progress, it is proposed that, in the interim period, the approval of the NNDR tax base for 2015/16 is again delegated to the Finance and Transformation Portfolio Holder.

Annual Minimum Revenue Provision Policy Statement (AMRP)

Attached as **Appendix D** is the proposed Annual MRP policy statement for 2015/16, that sets out how assets funded by borrowing are accounted for, which is required to be approved by Full Council each year.

The policy sets out how the Council will make provision for the eventual repayment of any borrowing undertaken to finance capital expenditure. The policy, which is unchanged from 2014/15, proposes that where new borrowing is undertaken in accordance with the prudential code, and is therefore not supported by Central Government via the Formula or specific grant, the provision is calculated on a straight line method over the initial life expectancy of the asset.

Although there are no expectations of supported borrowing within the General Fund, for completeness, the policy in respect of any potential future supported borrowing has also been set out and is based on a rate of 4% pa.

The timing of approval of the MRP is to enable it to be taken into account when setting the budget for 2015/16.

BACKGROUND PAPERS

None

APPENDICES

Appendix A Consultation feedback

Appendix B Local Council Tax Support Scheme (summary)

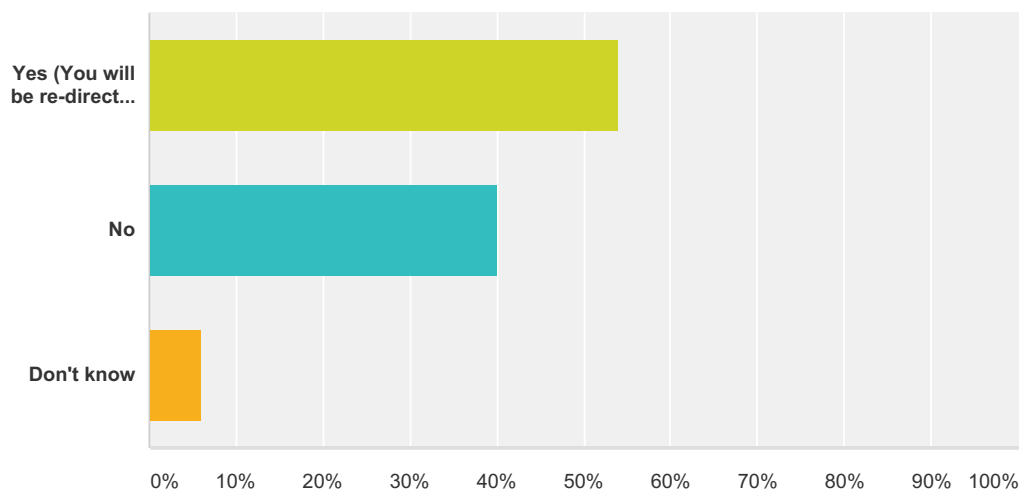
Appendix C Council Tax Discounts

Appendix D Annual Minimum Revenue Provision Policy Statement 2015/16

Consultation for 2015/16 Local Council Tax Support Scheme

Q1 At this time working age people who have very low income have up to 85% of their Council Tax paid by LCTS. Do you agree that this should remain the same for the financial year 2015/2016?

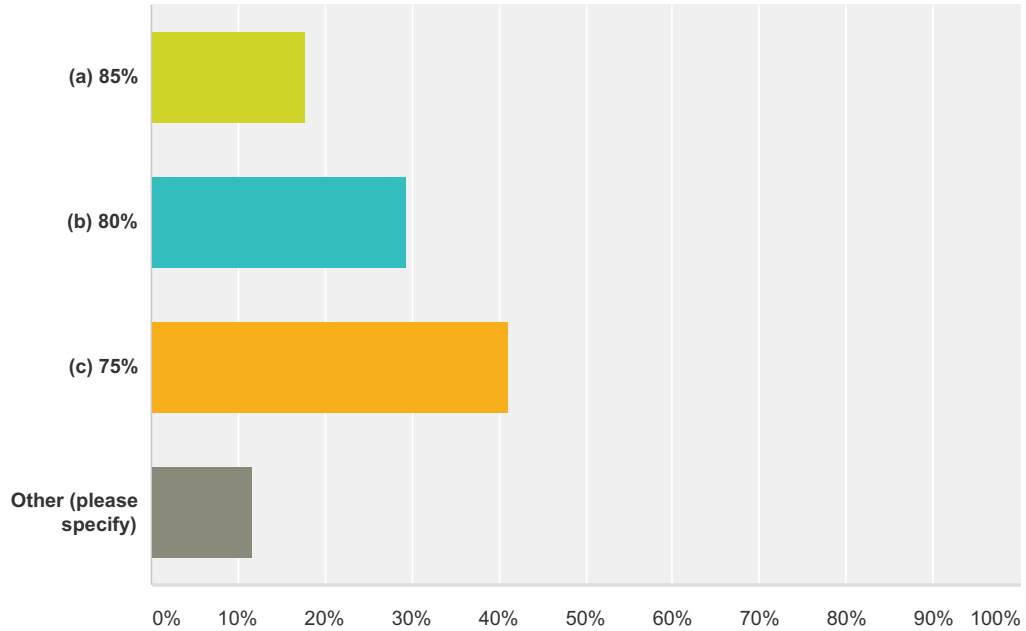
Answered: 50 Skipped: 0



Answer Choices	Responses
Yes (You will be re-directed to page 3)	54.00% 27
No	40.00% 20
Don't know	6.00% 3
Total	50

Q2 What is the maximum amount of discount working age people should be awarded? (please read above description)

Answered: 17 Skipped: 33



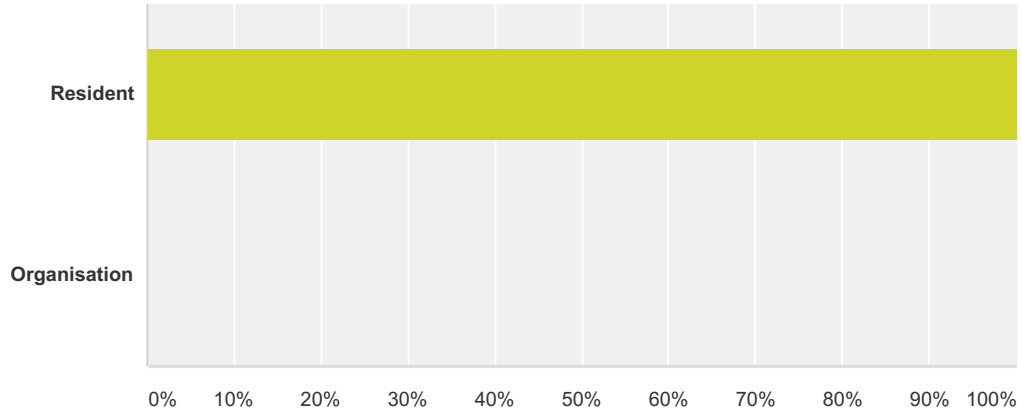
Answer Choices	Responses	
(a) 85%	17.65%	3
(b) 80%	29.41%	5
(c) 75%	41.18%	7
Other (please specify)	11.76%	2
Total		17

Q3 Have you got any general comments that you wish to make about the changes, or on the current additional Local Council Tax support considerations listed above.

Answered: 18 Skipped: 32

Q4 Are you responding as a resident or on behalf of an organisation?(please note if you are responding as part of an organisation, you will be re-directed to the final page to submit your response)

Answered: 38 Skipped: 12



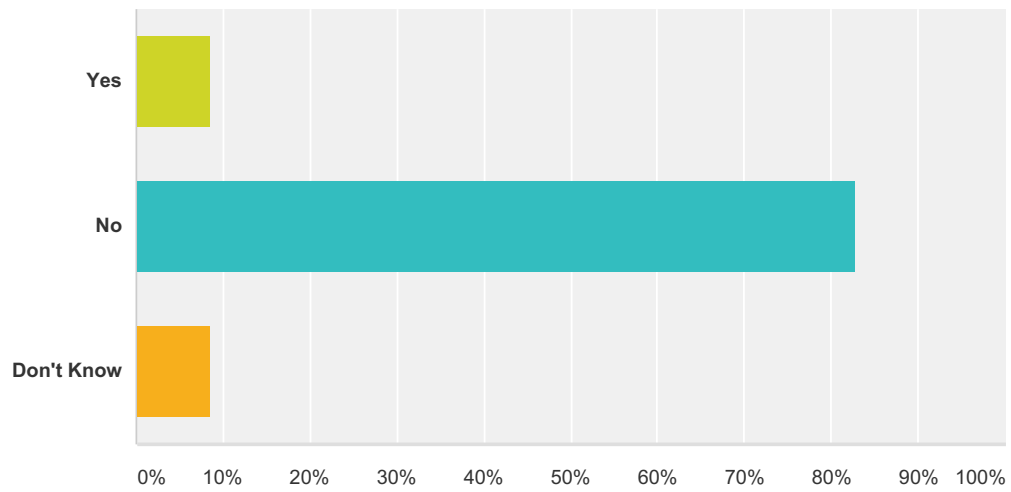
Answer Choices	Responses
Resident	100.00% 38
Organisation	0.00% 0
Total	38

Q5 What is your postcode?

Answered: 29 Skipped: 21

Q6 Do you or your partner receive Local Council Tax support?

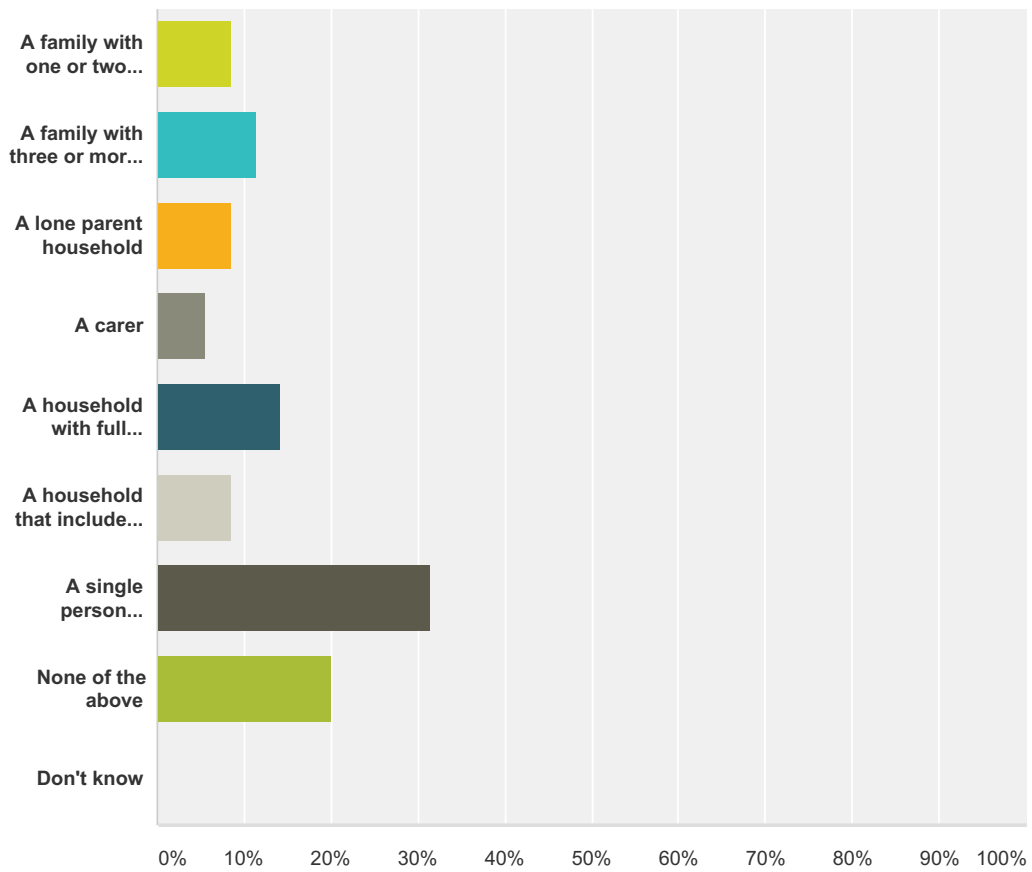
Answered: 35 Skipped: 15



Answer Choices	Responses
Yes	8.57% 3
No	82.86% 29
Don't Know	8.57% 3
Total	35

Q7 Please tick the description below that best describes your household

Answered: 35 Skipped: 15

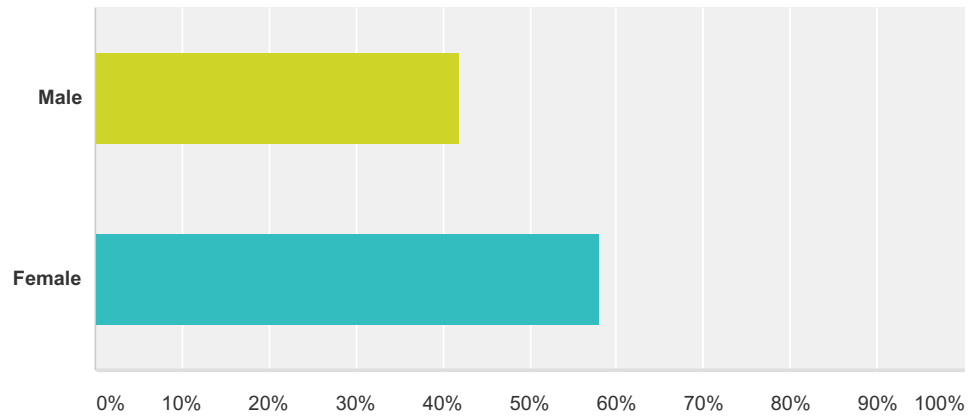


Answer Choices	Responses
A family with one or two dependent children	8.57% 3
A family with three or more children	11.43% 4
A lone parent household	8.57% 3
A carer	5.71% 2
A household with full and/or part time workers	14.29% 5
A household that includes someone who is disabled	8.57% 3
A single person household or a couple without children	31.43% 11
None of the above	20.00% 7
Don't know	0.00% 0
Total Respondents: 35	

Consultation for 2015/16 Local Council Tax Support Scheme

Q8 Are you....

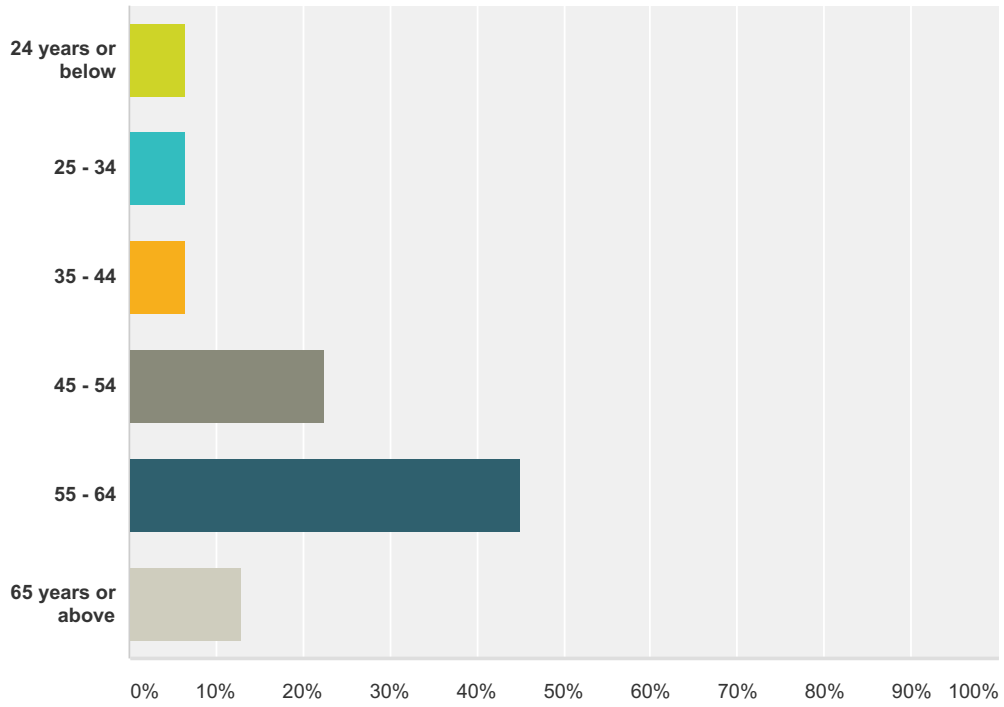
Answered: 31 Skipped: 19



Answer Choices	Responses	
Male	41.94%	13
Female	58.06%	18
Total		31

Q9 What is your age?

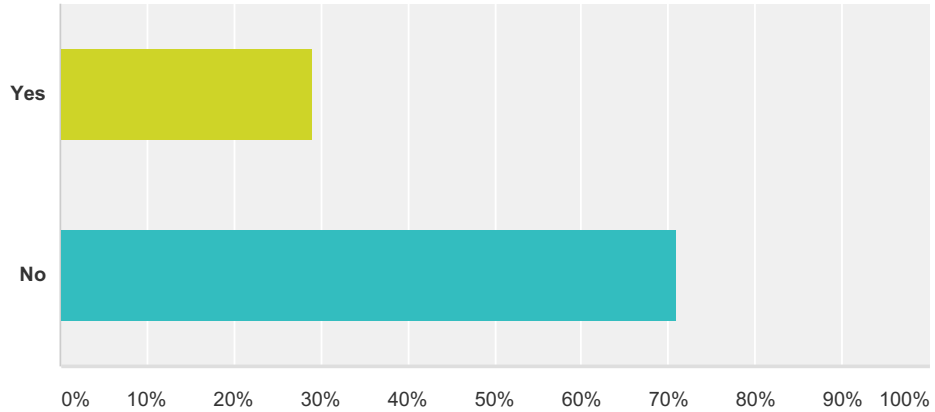
Answered: 31 Skipped: 19



Answer Choices	Responses	
24 years or below	6.45%	2
25 - 34	6.45%	2
35 - 44	6.45%	2
45 - 54	22.58%	7
55 - 64	45.16%	14
65 years or above	12.90%	4
Total		31

Q10 Do you have any long-standing illness, disability or infirmity? (Long-standing means anything that has troubled you over a period of time or that is likely to affect you over a period of time)

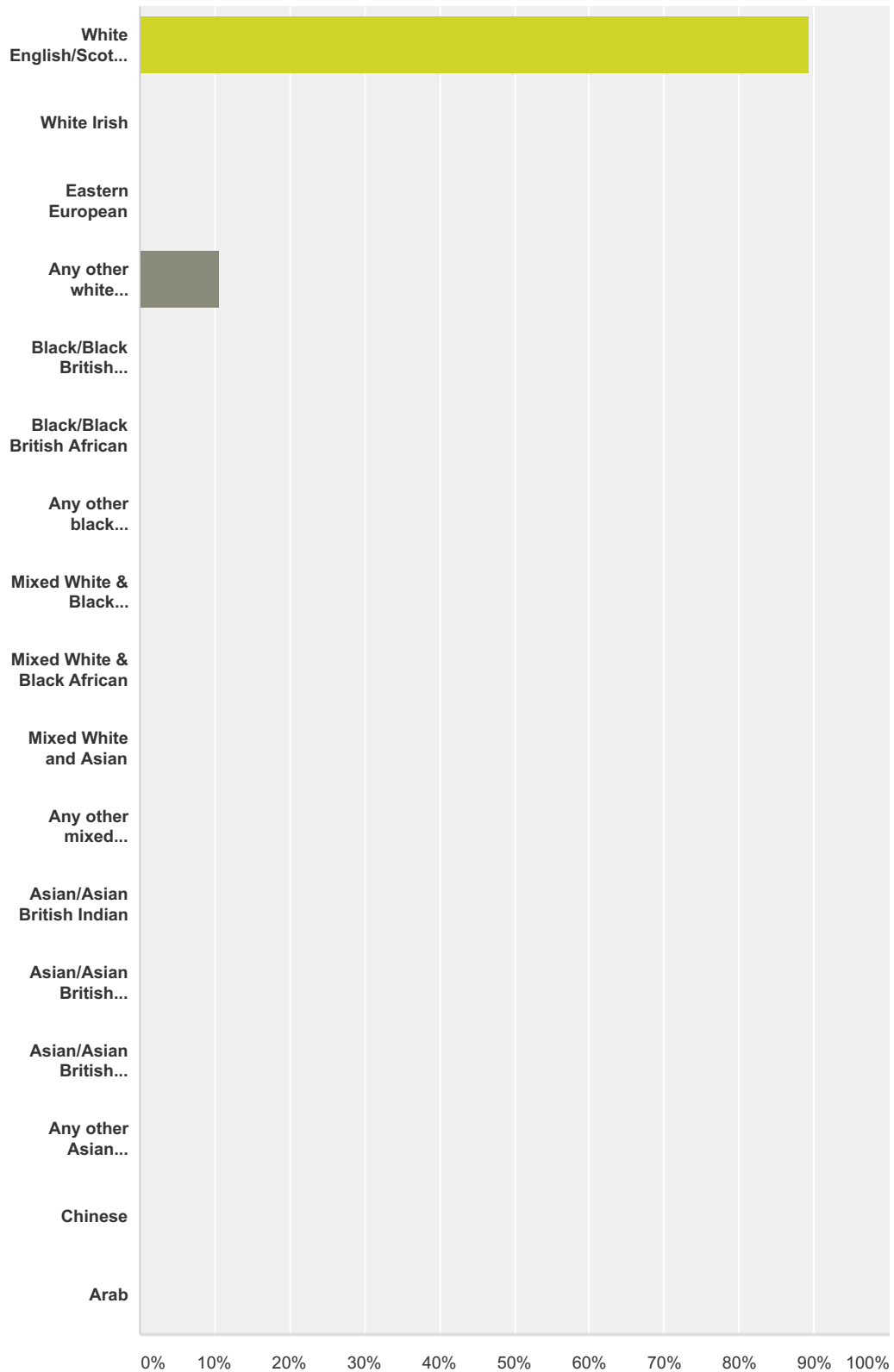
Answered: 31 Skipped: 19



Answer Choices	Responses
Yes	29.03% 9
No	70.97% 22
Total	31

Q11 To which of these groups do you consider you belong?

Answered: 28 Skipped: 22

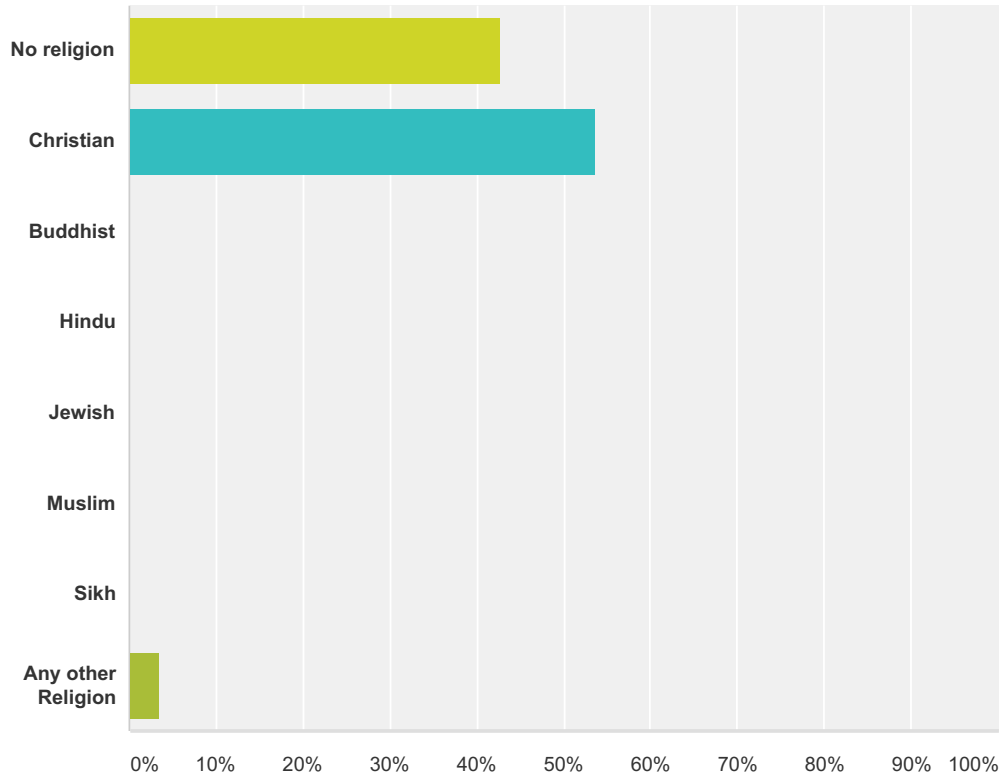


Consultation for 2015/16 Local Council Tax Support Scheme

Answer Choices	Responses	
White English/Scottish/Welsh	89.29%	25
White Irish	0.00%	0
Eastern European	0.00%	0
Any other white background	10.71%	3
Black/Black British Caribbean	0.00%	0
Black/Black British African	0.00%	0
Any other black background	0.00%	0
Mixed White & Black Caribbean	0.00%	0
Mixed White & Black African	0.00%	0
Mixed White and Asian	0.00%	0
Any other mixed background	0.00%	0
Asian/Asian British Indian	0.00%	0
Asian/Asian British Pakistani	0.00%	0
Asian/Asian British Bangladeshi	0.00%	0
Any other Asian background	0.00%	0
Chinese	0.00%	0
Arab	0.00%	0
Total		28

Q12 What is your religion?

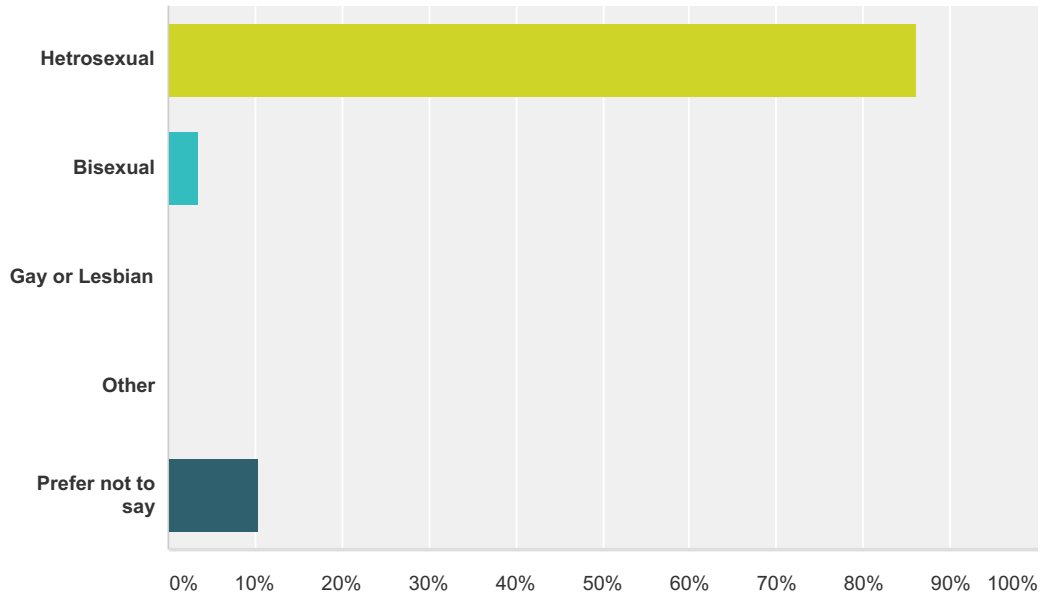
Answered: 28 Skipped: 22



Answer Choices	Responses
No religion	42.86% 12
Christian	53.57% 15
Buddhist	0.00% 0
Hindu	0.00% 0
Jewish	0.00% 0
Muslim	0.00% 0
Sikh	0.00% 0
Any other Religion	3.57% 1
Total	28

Q13 Do you consider yourself to be....?

Answered: 29 Skipped: 21



Answer Choices	Responses	Count
Hetrosexual	86.21%	25
Bisexual	3.45%	1
Gay or Lesbian	0.00%	0
Other	0.00%	0
Prefer not to say	10.34%	3
Total		29

Consultation for 2015/16 Local Council Tax Support Scheme

Q3 Have you got any general comments that you wish to make about the changes, or on the current additional Local Council Tax support considerations listed above.

Answered: 18 Skipped: 32

#	Responses	Date
1	General responses reduce further 25% support for those in JSA for more than 3 years to 20% support	10/21/2014 4:58 AM
2	General responses Child maintenance should be spent on children not on council tax this looks as if you are using child maintenance to support council tax	10/17/2014 8:21 AM
3	General responses whilst I do appreciate that the local council needs to raise revenue it should also take into account those who find real difficulty in balance their finances especially those on low income	10/16/2014 12:42 AM
4	General responses Anyone in receipt of any benefits should pay a percentage of Council Tax	10/15/2014 6:12 AM
5	General responses The Council should revisit the additional 25% reduction for JSA claimants exceeding 3 years.	10/15/2014 5:54 AM
6	General responses I also believe that the council should take whatever steps necessary to reinstate the five year residency rule to prevent 'benefit tourists' draining scarce funds from the local people who, quite rightly, should be put first when funds are scarce.	10/1/2014 4:40 AM
7	General responses NO	9/29/2014 8:51 AM
8	General responses I think any increases should not be too hastily introduced. Long term benefit claimants have had to readjust to several changes over the last 2 years, leading several in to debt.	9/29/2014 7:56 AM
9	General responses Having rules around length of time on benefits is discriminatory, the longer you are unemployed the harder it is to get work, also those peoples ability will have been undermined as they are less likely to have any savings.	9/29/2014 7:25 AM
10	General responses I think it targets the poor and i am myself had to pay full council while on benefits and i cant pay it some months	9/29/2014 4:29 AM
11	General responses i have been on esa for 5 years and having worked and paid in contributions for 36 years i feel help should be given to those that merit help and have contributed into the system for a minimum of over 5years	9/29/2014 3:12 AM
12	General responses The current situation regarding lack of meaningful employment in the area means that tendering as a whole has a bad reputation and in general not a favorable place to live. I think there should be encouragement for people to move to the area so employers can see the large pool of potential workers and build a real sense of community away from just the limited tourism season and make the local MP and government representatives really work for the district.	9/29/2014 2:19 AM
13	General responses Why apply a further 25% after 3 years on JSA?	9/28/2014 3:10 PM
14	General responses People of working age should all pay 100%	9/25/2014 8:49 AM
15	General responses no	9/25/2014 2:32 AM
16	General responses Council tax on uninhabitable properties, such as beach huts without mains supplies or any council services, should be reconsidered. They are a huge charge for no service. Also how do we benefit from LCT support?	9/22/2014 9:22 AM
17	General responses I hope that Working Tax Credits & Child Tax Credits are classed as Income.	9/22/2014 9:19 AM
18	General responses I feel the reduction for people receiving jsa for more than 3cyears is not enough	9/22/2014 3:24 AM

Local Council Tax Support Scheme (LCTS) 2015/2016

**A summary of the scheme for Working Age persons and
the Government scheme for Pension Age claimants**

DRAFT

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Introduction

As part of the major changes to the Welfare Benefits system, from 1st April 2013 Council Tax Benefit ended and was replaced by a new scheme called Localised Support for Council Tax or Local Council Tax Support (LCTS). Both systems are means tested which means that they compare your income and capital against an assessment of your needs.

The new scheme is decided by each Council rather than nationally by Central Government. The monies available to each Council have been reduced and if you are of working age the amount of help you receive will be less than under the previous national scheme (Council Tax Benefit).

Central Government has decided to protect pensioners (persons who are of an age where they can claim pension credit) therefore if you are a pensioner, then the amount of help you receive under the new LCTS scheme will be broadly the same and operate in a similar way to the previous Council Tax Benefit system

To assist certain vulnerable groups, the Council has also decided that there will be additional protection given. More details are given later within this document.

The rules of the LCTS scheme divide the persons who can claim support into various classes. The classes or groups are set by Central Government for pensioners and the classes or groups for working age applicants are set by the Council.

The LCTS scheme for working age persons

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

Any reference to “income” in the working age scheme refers to household income (i.e. including Non-Dependants income)

Class A

To obtain support the individual must:

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

Class B

To obtain support the individual must:

- a. have not attained the qualifying age for state pension credit; or
- b. has attained the qualifying age for state pension credit if he, and his partner, is a person on income support, on an income-based jobseeker’s allowance or on an income-related employment and support allowance.
- c. be liable to pay Council Tax in respect of a dwelling in which they are solely or mainly resident
- d. be somebody in respect of whom a maximum LCTS amount can be calculated

- e. not have capital savings above the capital limit set by the Council
- f. be a person who's *income* is **more** than their living allowances (*applicable amount*)
- g. have made a valid claim for support

What LCTS will be payable to working age person?

If a person matches the criteria in Class A, including that their *income* is less than their *applicable amounts*, that person qualifies for a reduction on their council tax liability. The Council has decided that for 2015/16, the maximum council tax liability used in the calculation of LCTS, will be a Council agreed percentage of council tax the person is liable to pay.

If a person matches the criteria in Class B, it will mean the person's *income* is greater than their *applicable amount*. Twenty per cent of the difference between the two will be subtracted from the maximum council tax liability allowed. The Council has decided that for 2015/16, the maximum council tax liability used in the calculation of LCTS, will be a Council agreed percentage of council tax the person is liable to pay.

Protection for certain working age persons

Relevant income disregards in the calculation of Local Council Tax Support will be applied to the following groups:-

- Families in receipt of child benefit;
- Disabled in receipt of Disability Living Allowance (DLA) / Employment and Support Allowance (ESA);
- War widows.

The LCTS scheme for Pensioners (persons who have reached the age at which pension credit can be claimed)

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

Class A

To obtain support the person must:

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

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

Class B

To obtain support the person must:

- a. have attained the qualifying age for state pension credit;

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

Class C

To obtain support the person must:

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

What LCTS will be payable to Pension Age persons?

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

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

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

How LCTS works

Who can claim?

If you have to pay Council Tax, you may be able to get LCTS

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

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

Most full-time students are not entitled to LCTS.

How much LCTS can I get?

Maximum LCTS depends on:

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

How is maximum LCTS calculated for the Working Age Scheme

For the Working Age the maximum LCTS is set by the Council as a percentage of the council tax you are liable to pay.

For the Working Age in receipt of income-based jobseeker's allowance (JSA IB) for a period of 3 or more years the maximum council tax liability used in the calculation of LCTS may be subject to a further reduction as decided by the council.

How is maximum LCTS calculated for the Pension Age Scheme

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

Extended Payments

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

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

You do not have to claim an Extended Payment if you or your partner/civil partner (and they remain a partner throughout the claim) have stopped getting one of the benefits mentioned below because one of you is expected to do one of the following for five weeks or more:

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

And you have been getting one of the following benefits:

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

and

- you have not been getting Income Support, income-based Jobseeker's Allowance or income-related Employment & Support Allowance with your Incapacity Benefit, Severe Disablement Allowance or contributory Employment & Support Allowance when it ceased.

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

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

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

Even if you do not get Pension Credit Guarantee, Income Support, income-based JSA or income-related Employment & Support Allowance you may still get some help with paying your council tax.

This is worked out by comparing the maximum LCTS you could get with:

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

Capital

Savings and investments (capital) may have an effect on the assessment of your income. Capital will only affect your income if you have more than the capital limit set by the Council and are of working age or £10000 if you are of pension age. If you have more than £16,000, you will not normally be able to get LCTS (unless you are aged 60 or over and receive the Pension Credit Guarantee, in which case there is no limit to the amount of capital you can have).

Absences from home

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

Going away

You should normally let the council know if you are temporarily absent, for example if you go away on holiday. However the Council may not need to know if you will be absent for only a short time (for example less than 4 weeks) and your circumstances remain unchanged. If in doubt, please ask us.

- If you are temporarily absent you can normally get LCTS for a maximum of 13 weeks as long as you intend to return home; and
- in your absence you will not let or sub-let the part of your home where you normally live; and
- you will not be away for longer than 13 weeks.

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

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

How to claim

Claims for LCTS can be made in writing, by telephone and electronically. Contact the Council on the Helpline 01255 686811 for details.

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

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

Appointees

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

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

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

Information and evidence

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

How long will it take to decide your claim for LCTS

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

Date of claim

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

If you change your address

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

Backdating a claim (Pension Age Scheme only)

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

Start of LCTS

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

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

Start of LCTS where a claimant acquires a partner

If you acquire a partner, you and your partner will be jointly and severally liable for Council Tax.

If you notify the Council of the change, either before, or in, the week that your partner becomes jointly and severally liable, support for you and your partner, as a couple, can be paid from the day that joint liability for Council Tax begins.

If you notify the Council of the change after the week in which your partner becomes jointly liable for Council Tax, support for you and your partner, as a couple, can only be paid from the Monday following the day you told the Council about the change. In this case, the Council will re-assess your support entitlement from the Monday following the day you and your partner become a couple, and they will take any income and capital your partner has into account and will look at your joint needs.

End of LCTS

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

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

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

People who live with you - non-dependants

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

Non-dependants for Pension Age Scheme

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

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

- carers employed by a charity that charges for the service;
- joint tenants;
- subtenants;
- boarders;
- tenants of owner occupiers; and
- Landlords and their partners.

They do not count as part of your household.

Non-dependants are people like grown-up sons or daughters and elderly relatives. If you have non-dependants living with you, your LCTS may be affected by Non-Dependant deductions for the Pension Age Scheme, or inclusion of their income in the LCTS calculation for the Working Age Scheme.

Non-dependant deductions from LCTS for Pension Age Scheme

Deductions will be made from your LCTS for non-dependants aged over 18 who normally live with you. There are four levels of deduction. If the non-dependant is working less than 16 hours a week, the lowest deduction will apply. If the non-dependant is doing paid work for 16 hours or more a week, the level of deduction will depend on the non-dependant's gross income.

A deduction will not be made from your LCTS if:

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

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

Working out the amount of LCTS

The maximum amount of LCTS depends on:

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

How is maximum LCTS calculated for the Working Age Scheme

For the Working Age the maximum LCTS is set by the Council as a percentage of the Council Tax you are liable to pay.

For the Working Age in receipt of income-based jobseeker's allowance (JSA IB) for a period of 3 or more years the maximum council tax liability used in the calculation of LCTS may be subject to a further reduction as decided by the council.

How is maximum LCTS calculated for the Pension Age Scheme

For the Pension Age Scheme the maximum LCTS is set by the Government as up to 100% of the

council tax you are liable to pay less any non-dependant deductions (see non-dependant deductions later in this document). If you are already getting or have claimed Pension Credit Guarantee the Council will grant maximum LCTS

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

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

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

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

Second Adult Discount (SAD) for Pension Age Scheme

Apart from LCTS for yourself, you may also be able to get LCTS if you share your home with one or more adults. This is separate form of LCTS for you and is called Second Adult Discount (SAD). Second Adult Discounts are intended to assist you with Council Tax if you share your home with someone who is on a low income. Second Adult Discounts may be awarded in the following circumstances:

- if you are treated as living on your own for benefit purposes, and share your home on a non-commercial basis with a person who is on a low income and who is not liable to pay the council tax;
- the second adult is aged 18 or over; and
- no other person is paying rent to you for living in your home.

In order to be classed as a second adult, they must not be:

- liable for the council tax;
- a joint owner or tenant with you;
- your married or unmarried partner;
- someone who is disregarded for the purposes of a discount; or
- living with more than one liable person.

You will need to make a claim for SAD unless you have already claimed LCTS for yourself. The gross income of the second adult will be taken into account when assessing entitlement to SAD.

Gross income includes earnings from employment, as well as other income such as social security benefits and occupational pensions and actual income from the second adult’s capital. Any Attendance Allowance or Disability Living Allowance paid to a second adult is completely disregarded. You may apply for SAD even if your own capital exceeds £16,000.

SAD is awarded on the basis of your Council Tax bill, after any reductions that you may be entitled to, are deducted. The amount of SAD that can be awarded is as follows;

Second Adult	Alternative Maximum LCTS
(a) Where the second adult or all second adults are in receipt of income support, an income-related employment and support allowance or state pension	25 per cent of the Council Tax due in respect of that day;

credit or are persons on an income-based jobseeker's allowance;	
(b) where the gross income of the second adult or, where there is more than one second adult, their aggregate gross income disregarding any income of persons on income support, an income-related employment and support allowance, state pension credit or an income-based jobseeker's allowance—	<p>Gross Income is less than £180.00 per week; 15 per cent of the Council Tax due in respect of that day;</p> <p>Gross Income is not less than £180.00 per week but less than £235.00 per week; 7.5 per cent of the Council Tax due in respect of that day;</p>
(c) If the dwelling is occupied by a second adult/adults on state pension-credit, income-related jobseeker's allowance, income-related employment and support allowance or income support, living with a full-time student(s).	100 % of the Council Tax due in respect of that day.

Income less than applicable amount (see “Living Allowances or Applicable Amounts” below)

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

You will also get maximum LCTS as allowed under the scheme if your income is the same as your applicable amount.

Income greater than applicable amount (see “Living Allowances or Applicable Amounts” below)

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

A percentage of this difference – called a taper – is taken away from your maximum LCTS

Calculating your needs

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

Living Allowances or Applicable Amounts

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

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

Personal allowance

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

Personal allowances for children

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

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

Premiums for your family

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

Your children

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

Premiums or components for disabilities

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

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

Disabled child premium

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

- registered blind
- or receiving Disability Living Allowance.

Disability premium

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

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

Qualifying benefits

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

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

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

Severe disability premium

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

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

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

If you have a partner

You may get the severe disability premium if you both:

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

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

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

Enhanced Disability Premium

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

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

Work Related Activity Component

This is awarded where you or your partner receives main phase Employment and Support

Allowance and receives a similar component within that benefit

Support Component

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

Carer Premium

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

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

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

The carer premium continues for eight weeks after caring ceases.

Calculating your resources

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

Income

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

For the Working Age Scheme your resources and those of your partner are taken together along with any Non-Dependants income when your household income and capital are worked out.

For the Pension Age Scheme your resources and those of your partner are taken together when your income and capital are worked out.

Income from employment

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

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

- bonuses or commission (including tips);
- money you get instead of your normal pay (for example, a liquidator may give you money when your employer stops trading and you are owed some pay);
- money you get in place of notice to end your employment, or money you get to make up for losing your job;
- money you get for holidays you did not take (holiday pay) – but not holiday pay owed to you more than four weeks after you stopped work;
- money you get if you are kept on while doing no work (for example, a retainer paid to school cooks during school holidays);
- expenses you are given to cover your travel to and from work;
- expenses you are given to cover the costs of looking after someone in your family
- any expenses you are given that are not essential for you to carry out your work;
- money you get, under the Employment Protection (Consolidation) Act 1978, when you are

- not given work because of bad weather, or money you get because of unfair dismissal;
- money that an industrial tribunal orders your employer to give you if the period of notice or redundancy that is required by law has not been given;
- money you get from your former employer's redundancy funds if the business goes into liquidation;
- Statutory Sick Pay or Statutory Maternity Pay;
- Statutory Paternity Pay and Statutory Adoption Pay;
- Employer's sick pay or employer's maternity pay
- earnings from permitted work, that is, work while you are getting an incapacity benefit which your doctor thinks would benefit your health.

Earnings from employment do not include:

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

Net earnings

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

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

This gives your net earnings, which are used to work out your LCTS

Self-employed earnings

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

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

There are three stages in working out your self-employed earnings. The first is calculating the gross profit of your business. In the second stage, deductions – which are called allowable expenses – are taken away from the gross profit to give the net profit of the business. In the third stage, tax, NI, and pension payments are taken away from your net profit to give your net earnings. The Council will apply a minimum income floor calculation in such cases where the declared income is less than an amount determined as appropriate for the type of business.

Child-minders

If you are a child-minder only one third of your earnings from child-minding will be taken into account when the council works out your LCTS for the Pension Age Scheme.

For the Working Age Scheme all of your earnings from child-minding will be taken into account.

Earnings and earnings disregards

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

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

When £5 is not counted - If you are single and you cannot get a greater disregard by any of the means explained below, up to £5 of your weekly earnings will not be counted (the £5 disregard).

When £10 is not counted - If you have a partner and you cannot get the £20 disregard by any of the means explained below, up to £10 of your joint weekly earnings will not be counted (the £10 disregard).

When £20 is not counted - £20 per week of your earnings will not be counted if your applicable amount includes:

- the disability premium; or
- the severe disability premium; or
- a component with Employment and Support Allowance; or
- the carer premium (where the carer is working).

If both you and your partner are carers, the total disregard cannot be more than £20. The carer premium and this earnings disregard can continue for a further eight weeks after caring ceases.

If you have a partner, your earnings are added together when your LCTS is worked out.

If you cannot get the £20 disregard under the above categories, you may still be able to get it if you are:

- a part-time fire-fighter; or
- an auxiliary coastguard; or
- a part-time member of a crew launching or manning a lifeboat; or
- a member of the Territorial Army or the Reserve Forces.

Additional disregard

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

Childcare charges

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

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

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

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

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

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

Notional Earnings

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

Other income

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

State benefits

The following benefits are counted in full as income for LCTS:

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

Unearned income that is not counted

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

- any income you get if you are getting the Guarantee Credit of Pension Credit, Income Support, income related Employment and Support Allowance (ESAIR) or income-based Jobseeker's Allowance (JSA);
- Disability Living Allowance (DLA);
- Attendance Allowance (AA) or Constant Attendance Allowance (CAA);
- Attendance allowances paid as part of a War Disablement Pension or Industrial Injuries Disablement Benefit;
- Child Benefit;
- Child Maintenance (spousal maintenance is taken into account in part or in full depending on whether you have a child) for the Pension Age Scheme;
- money you get which takes the place of DLA, AA, CAA, or Income Support;
- war pensioners' mobility supplement;

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

Some types of income may be counted as capital.

Unearned income that is counted in part

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

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

Notional income

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

Parental contributions to students

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

Capital

Your capital includes savings and investments held by yourself in any form (for example, bank and building society accounts, investment trusts, and shares) from any source (for example, inheritance, redundancy payments, and irregular payments from a charitable or voluntary source).

It will normally also include the net sale value of land and housing that you do not occupy, after deducting 10% for expenses of sale.

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

Capital outside the United Kingdom

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

Capital for Working Age

The first £6,000 of capital is not counted. Capital over £6,000 up to £16,000 will be taken into account at £1 a week for each £250 (or part of £250) of capital over £6,000. Actual interest payments or dividends are not counted as income but as capital.

Capital for Pension Age

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

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

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

Personal possessions

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

If you own your home

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

Property you own but do not occupy

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

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

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

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

If you are carrying out essential repairs or alterations so that you can live in the property, its value may not be counted for a period of 26 weeks from the date you first arranged for repairs to be carried out. It may not be counted for longer than this if you are finding it difficult to finish the work.

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

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

Deposits on your accommodation

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

Earmarked capital

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

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

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

Valuation of property

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

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

National Savings Certificates

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

Life assurance policies

The surrender value of life assurance policies is not taken into account when assessing LCTS.

Arrears of benefits

Any arrears of Disability Living Allowance, Attendance Allowance, Pension Credit, Income Support,

income-based Jobseeker's Allowance, Working Tax Credit and Child Tax Credit that you get are not counted for up to 12 months.

Lump sum payment of deferred State Pension

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

Compensation payments

For LCTS purposes, compensation payments will normally be counted in full as capital. Capital will not be counted if it is held in trust or by the 'Court of Protection' as a result of a personal injury payment – for example, a criminal injury payment or a vaccine damage payment. For persons of Pension Age compensation payments made as a result of personal injury are ignored whether or not placed in a trust.

Business assets

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

Notional Capital

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

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

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

How LCTS is paid

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

How you will be notified about your LCTS

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

How can I appeal?

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

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

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

Changes of circumstances

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

This will include:

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

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

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

Students

LCTS is not normally available for students. The exceptions are:

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

Students who are liable to pay the Council Tax may claim Second Adult Discount (SAD) if they are of pension age.

Loan and grant income

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

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

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

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

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

- tuition and examination fees;

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

Students and partners

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

Other income

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

Loans from the Student Loans Company

The maximum loan available to you will be taken into account regardless of whether you have borrowed up to your limit or not. The loan will be divided by the number of weeks between the beginning of September and the end of June to arrive at a weekly figure for assessment purposes. Up to £10 a week of the loan may be ignored.

Access funds

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

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

Information and information sharing

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

The Council may receive and obtain information and evidence relating to claims for LCTS from–

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

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

Counter Fraud and Compliance

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

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

Under the Council Tax (Prescribed Classes of Dwellings) regulations the following discounts will apply for the 2015/2016 financial year:-

Class A – Unoccupied and furnished dwellings with a planning restriction preventing occupation for at least 28 days.

0% discount (on the days when the property cannot be used due to a planning restriction an exemption is allowed under Class G).

Class B – Unoccupied and furnished dwellings without a planning restriction preventing occupation for at least 28 days.

0% discount

Class C – Unoccupied and substantially unfurnished dwellings.

0% discount

Class D – Unoccupied and unfurnished requiring major repairs or alterations.

(a) which satisfies the requirement set out in the regulations unless it has been such a dwelling for a continuous period of twelve months or more ending immediately before the day in question;

(b) the requirement referred to in paragraph (a) is that the dwelling is vacant and—

(i) requires or is undergoing major repair work to render it habitable, or

(ii) is undergoing structural alteration; or

(iii) has undergone major repair work to render it habitable, if less than six months have elapsed since the date on which the alteration was substantially completed and the dwelling has continuously remained vacant since that date;

(c) For the purposes of paragraph (b) above “major repair work” includes structural repair work.

100% discount up to 12 months

ANNUAL MINIMUM REVENUE PROVISION POLICY STATEMENT for 2015/16

The Council is required to have a policy on providing a prudent minimum revenue provision which must be approved by Full Council each year.

Unlike a mortgage where amounts of principal are repaid each month, the borrowing undertaken by this Council is usually repayable on maturity at an agreed future date. To reflect this, the minimum revenue provision (MRP) exists which is a concept whereby an amount is charged to revenue each year in order to have sufficient monies set aside to meet the future repayment of principal on any borrowing undertaken.

The regulations require Local Authorities to set aside as its annual MRP an amount that it considers to be “prudent”. The aim of the regulations is that the period over which an MRP is calculated closely relates to the life of the asset.

However in the case of the Housing Revenue Account (HRA) it has been the Council’s policy not to make any MRP charge to the HRA because the level of borrowing relating to the HRA is significantly less than the value of the housing stock. Following the implementation of the new self financing arrangements from April 2012, the structure of the borrowing to fund the associated HRA debt settlement was based on principal being repaid over the 30 years of the HRA business plan. Therefore this principal is in effect the amount set aside to repay debt and will therefore be treated as HRA MRP. In terms of MRP for ‘old’ HRA debt, this will be reviewed as part of future HRA business planning processes.

The options applicable in calculating MRP are as follows:

Where Capital Expenditure is financed by Government Supported Borrowing

- **Regulatory Method** – This is where borrowing is supported by the Government through the Formula Grant and Local Authorities can continue to use the existing approach as set out in the old regulations.
- **Capital Financing Method** – Similar to the above, Local Authorities can continue to set aside 4% of their General Fund capital expenditure financed by borrowing each year as MRP. The difference compared with the regulatory method is that it excludes a transitional adjustment that relates to the regulations that were applicable before the current regulations. As this adjustment does not apply to TDC, the two approaches are essentially the same.

Where Capital Expenditure is financed by Prudential Borrowing

- **Asset Life Method** – Two alternatives are provided within the guidance. The first is that MRP can be calculated by taking the amount borrowed and dividing it by the associated assets useful life – equal instalment method. The second is based on a more complicated annuity basis although based on the same principle.
- **Depreciation Method** – This requires that an MRP is made in accordance with current rules for depreciation accounting whereby an amount would be charged equal to the annual depreciation of the specific asset which could differ from the previous options given the alternatives for calculating depreciation.

A significant advantage of the asset life method over the depreciation method is that MRP does not have to start until the year the related asset becomes operational which may be different to the year in which depreciation would be charged.

It is important to note that subject to the type of asset acquired there may be a significant impact on the revenue budget, which would need to be taken into account in any future spending / borrowing decisions.

Having reviewed the position for 2015/16, no changes compared to 2014/15 are proposed. Therefore the Annual Minimum Revenue Provision Policy Statement for 2015/16 is as follows:

In accordance with the Local Authorities (Capital Finance and Accounting)(England)(Amendment) Regulations 2008, the Council's policy for the calculation of MRP for 2015/16 shall be the Capital Financing Requirement Method for supported borrowing and the Asset Life (equal instalment) Method for prudential borrowing.