
CABINET MEMBERS' ITEMS - REPORT OF THE PORTFOLIO HOLDER FOR REVENUES AND BENEFITS**83. THE LOCAL COUNCIL TAX SUPPORT SCHEME – COUNCIL TAX EXEMPTIONS AND DISCOUNTS FOR 2016/2017 AND ANNUAL MINIMUM REVENUE PROVISION POLICY STATEMENT 2016/2017 (Report A.4)**

There was submitted a report by the Portfolio Holder for Revenues and Benefits, which sought Cabinet's to agree the Local Council Tax Support Scheme 2016/2017; the Council Tax Exemptions and Discounts for 2016/2017 and the Annual Minimum Revenue Policy Statement for 2016/2017 all for recommendation to Council.

Accordingly and in order to allow these matters to progress to Council it was moved by Councillor Hughes, seconded by Councillor Turner and:

RECOMMENDED TO COUNCIL that

(a) The Local Council Tax Support Scheme (LCTS) remains the same as the current year, as set out as Appendix A and that therefore:

i) the LCTS be approved with the maximum LCTS award being 80% for working age claimants; and

ii) delegation be given to the Corporate Director (Life Opportunities), in consultation with the Revenues and Benefits Portfolio Holder, to undertake the necessary steps and actions to implement the LCTS scheme from 1 April 2016.

(b) The proposed Council Tax exemptions and discounts, as set out in Appendix B, be approved and that delegation is given to the Corporate Director (Life Opportunities), in consultation with the Revenues and Benefits Portfolio Holder, to undertake the necessary steps and actions to implement the Council Tax exemptions and discounts for 2016/2017.

(c) The Annual Minimum Revenue Provision (MRP) Policy Statement for 2016/17, as set out in Appendix C, be approved.

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

23 OCTOBER 2015

REPORT OF REVENUES AND BENEFITS PORTFOLIO HOLDER

A.4 THE LOCAL COUNCIL TAX SUPPORT SCHEME, COUNCIL TAX EXEMPTIONS / DISCOUNTS FOR 2016 / 2017 AND ANNUAL MINIMUM REVENUE PROVISION POLICY STATEMENT 2016/17

(Report prepared by Harry Bates & Paul Price)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To enable Cabinet to consider and agree the Local Council Tax Support Scheme. 2016/2017 remains the same as the current year and Council Tax Exemptions and Discounts 2016/2017 for recommendation to full Council and to seek Cabinet's approval of the Annual MRP policy statement for 2016/17 for recommendation to Council.

EXECUTIVE SUMMARY

This report outlines the proposed Local Council Tax Support (LCTS) scheme and Council Tax exemptions and discounts for 2016/2017

LCTS scheme for 2016/2017

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 (RSG) 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 further significant reductions forecast for 2016/17. However the Government maintain that the original funding for the LCTS that is included within the overall RSG remains unchanged although it is up to Council's locally to determine the level of Council tax Support provided. Furthermore, the further we move away from the year when the change was made the harder it will be to argue which elements of the RSG relate to the LCTS so an argument that is difficult to sustain in the longer term.

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, 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 2015/16 scheme as the collection and recovery rates are yet to be finalised. The up to date position as at the end of August is discussed in the Background information of this report. However indications are that the scheme will be in line with the budget, with overall collection rates remaining robust along with a reduced overall budgeted cost of the LCTS Scheme so far to date.

The proposal is that the scheme remains unchanged and that the maximum current level of LCTS remains at 80%. Taking into account the ongoing impact of welfare reforms on the working age LCTS caseload and the potential increase in the cost to the authority of collecting any additional debt, this is the preferred proposal for the 2016/17 financial year. If it is agreed that no changes are necessary, there will be no need for public consultation. However, if any amendments are proposed and approved through Councils' decision making, public consultation will be required before the final scheme can be agreed and adopted. Consequently, if later consultation is required, this Council will be notifying the precepting authorities of the Council tax base late in the budget approval process.

In respect of the potential increase in the cost to the authority of collecting any additional debt if for example the level of LCTS discount was reduced, work remains in progress across the various Essex Authorities to inform the design of the LCTS Scheme in future years as the scheme evolves and develops in the longer term.

Council Tax exemptions and discounts for 2016/2017

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 August 2015 to the 2012/13 financial year (year prior to discount/exemption changes), the overall effect of the changes has been a reduction of over £1.4m in the amount of discounts and exemptions granted.

Annually, the Council receives 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 2016/17 is the same as in 2013/14, 2014/15 and 2015/16.

Normally the Corporate Management Committee would consider the review prior to Cabinet considering the report. However, given recommendation to continue with the existing scheme it is not considered necessary to refer to Corporate Management Committee for a review.

In addition to the above, The Annual Minimum Revenue Provision Policy Statement for 2016/17 has been prepared with the associated policy set out at Appendix C which needs to be considered by Cabinet before recommending on to Full Council.

RECOMMENDATION

- a) That Cabinet agrees the LCTS scheme will remain the same as the current year, as set out as Appendix A and recommends to full Council:
- i) that the LCTS set out as Appendix A be approved with the maximum LCTS award being 80% for working age claimants.
 - ii) that subject to a) i) above, delegation be given to the Corporate Director Life Opportunities in consultation with the Revenues & Benefits Portfolio Holder
 - iii) to undertake the necessary steps and actions to implement the LCTS scheme from 1 April 2016.
- b) That Cabinet agrees the proposed Council Tax exemptions and discounts as set out in Appendix B and recommends the same to full Council for approval:
- i) that subject to b) i) above, delegation is given to the Corporate Director Life Opportunities in consultation with the Revenues & Benefits Portfolio Holder.
 - ii) to undertake the necessary steps and actions to implement the Council Tax exemptions and discounts for 2016/2017 as set out in Appendix B
- c) Cabinet recommends to Council that the Annual Minimum Revenue Provision (MRP) Policy Statement for 2016/17 as set out in Appendix C be approved.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

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

FINANCE, OTHER RESOURCES AND RISK

LCTS scheme for 2016/2017

Since 2014/15 the funding for LCTS has been provided through RSG and the business rate retention scheme. DCLG continue to maintain the argument that although it will not be identifiable within the draft settlement figures the LCTS allocation remains the same each year, although the overall package will be reduced. However it is up to each Local Authority to determine its own LCTS scheme within this overall context.

LCTS is treated as a discount within the council tax calculations which means that the council's taxbase will reduce (as will the taxbase for County, Fire and Police and Parishes). Although the link to funding through the RSG and Business rates model weakens over time, the cost of the LCTS scheme needs to be considered in the context of the Council's overall budget position like any other area of the Council's expenditure. Given the trend in the cost of the LCTS reducing and the work currently ongoing across Essex in terms of anticipating where the tipping point is where people are no longer prepared to pay a proportion of Council Tax if receiving support through the LCTS scheme in addition to the wider welfare reforms nationally, it is not proposed on changing the scheme for 2016/17 at this stage.

During the period April to August the annual awards for discounts and exemptions on Council Tax have reduced by £1.4 million compared to the 2012/13 financial year. This amount is shared between the preceptors with TDC's share representing 10%, £140,000. In addition, Essex County Council (ECC) and other major preceptors have entered into a Council Tax sharing agreement where they share any increase in their Council Tax income, such as from the application of discounts and exemptions. The proposal to keep the LCTS the same as 2015/16 also protects this sharing agreement.

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. This position is possible due to better collection rates and the cost of the LCTS being lower than budgeted.

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 their council tax. With the Government Welfare reform initiative that is currently underway it is this same group who are most affected by the Social Sector under occupancy rule and Benefit "capping" in particular.

The Proposal

- 1) Maintain current level of LCTS at 80% maximum eligible council tax

It is recommended that Tendring continues with the current scheme rules, and continues to set the maximum eligible Council Tax at a level of 80%.

Council Tax exemptions and discounts for 2016/2017

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.

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. Schedule 1A of the 1992 Act states that if a LCTS is revised or replaced, full consultation is required. As the recommendation is to continue with the current scheme for 2016/17, consultation is not required. However, should Council make any amendments to the scheme, consultation will be necessary before the scheme can be approved and adopted.

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 set out the requirements of a Minimum Revenue Provision (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)/Personal Independence Payment(PIP); 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

Not required

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 received by the Council via the RSG and retained Business rates Council to meet the cost of the Local Scheme. Given the significant reductions in RSG over recent years it is difficult to identify the funding that specifically relates to the LCTS but it is accepted that it is now significantly lower than 90% commitment originally made by the Government

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);
- 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 2016 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, Personal Independence Payment, Employment Support Allowance and War Widows.

The Pensioner age group under the Council's LCTS scheme remains unchanged.

Timetable

Authorities must adopt a new local scheme before 31st January 2016.

Impact of current LCTS scheme 2015/2016 compared to Council Tax Benefit 2012/2013

There were 17,722 households receiving Council Tax Benefit in September 2012 compared to 15,218 household receiving LCTS currently. The value of Council Tax Benefit awarded was £15.3m whereas the value of LCTS currently awarded is approximately £11.8m

The shift in support between Pensioners and Working age has changed from 54% to 46% respectively to 60% to 39% in terms of the value of awards being granted.

As at the end of August 2015 the collection of Council Tax within the LCTS affected accounts are as follows:-

<u>All LCTS related accounts</u> (including the pensioner age group)	
Total number of LCTS related accounts	= 15,218
Number of accounts with nil liability (pensioner age group)	= 5,001
Accounts with a debt	= 10,216
Paid in full	= 860
Part paid	= 7,647
No payment received to date	= 1,530
Percentage collected	= 36.32%
Value of payments	= £1.1m

The collection of Council Tax liability of the non LCTS accounts by 31 August is 54.00%. 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 3 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
2015/16	10,452*	4,277*

**For 2015/16 from April – 31 August there has been a slight dip in reminder/summonses issued over the same period in 2015/16.*

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 Essex Finance Officers Association (EFOA).

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

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

LOCAL COUNCIL TAX SUPPORT SCHEME FOR TENDRING

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

The proposed 2016/17 LCTS for Tendring is a continuation of the Council Tax Benefit that was carried forward into the Year 1, 2 and 3 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 allow 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.
- the precepting authorities of Essex County Council, Fire and Police have been involved in the development of the scheme from the beginning of the LCTS scheme.

The Tendring LCTS scheme for 2016/2017 continues as in 2015/2016 with the following elements :-

- Include all child minders income
- Include all household income (i.e. remove deductions for non-dependents)
- No backdating of claims
- No underlying entitlement
- No 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% 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 2016/17 budget which also takes into account changes in council tax discounts introduced in previous years 2015/2016 and that are being proposed to be carried forward into 2016/17.

Position in respect of other Essex Authorities

Essex Authority	Current 2015/16 working age maximum award
Tendring	80%
Basildon	75%
Braintree	80%
Brentwood	(Working Age employed) 100% maximum award up to band D. Maximum award will therefore be 100% of a Band D equivalent. (Working age 'Other') 80% up to Band D, with Band F, G, H owner occupiers excluded.

Castle Point	70%
Chelmsford	77%
Colchester	80%
Epping	80% of maximum band D property
Harlow	76%
Maldon	80% restricted to the maximum amount payable for a band D property
Rochford	80% restricted to the maximum amount payable for a band D property
Southend	75%
Thurrock	75%
Uttlesford	87.50%

Annual Minimum Revenue Provision Policy Statement (AMRP)

Attached as **Appendix C** is the proposed Annual MRP policy statement for 2016/17 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 2015/16, 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 2016/17.

BACKGROUND PAPERS

None

APPENDICES

Appendix A Local Council Tax Support Scheme (summary)
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Appendix B Council Tax Discounts

Appendix C Annual Minimum Revenue Provision Policy Statement 2016/17

DRAFT



Local Council Tax Support Scheme (LCTS) 2016/2017

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

DRAFT

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DRAFT

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, on maximum Universal Credit or 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), on maximum Universal Credit 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, on maximum Universal Credit 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 2016/17, 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 2016/17, 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) / Personal Independence Payment (PIP)
- 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, on maximum Universal Credit 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, on maximum Universal Credit 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, on maximum Universal Credit 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, on maximum Universal Credit 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, on maximum Universal Credit, 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, maximum Universal Credit or income related Employment and Support Allowance?

If you do not get Pension Credit Guarantee, income Support, income-based JSA, maximum Universal Credit 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	25 per cent of the Council Tax

<p>second adults are in receipt of income support, maximum Universal Credit, an income-related employment, and support allowance or state pension credit or are persons on an income-based jobseeker's allowance;</p>	<p>due in respect of that day;</p>
<p>(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, maximum Universal Credit an income-related employment and support allowance, state pension credit or an income-based jobseeker's allowance—</p>	<p>Gross Income is less than £187.00 per week; 15 per cent of the Council Tax due in respect of that day;</p> <p>Gross Income is not less than £187.00 per week but less than £243.00 per week; 7.5 per cent of the Council Tax due in respect of that day;</p>
<p>(c) If the dwelling is occupied by a second adult/adults on state pension-credit, income-related jobseeker's allowance, maximum Universal Credit income-related employment and support allowance or income support, living with a full-time student(s).</p>	<p>100 % of the Council Tax due in respect of that day.</p>

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 / Personal Independence Payment

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
- Personal Independence Payment
- 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, Personal Independence Payment, 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, Personal Independence Payment, 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, Personal Independence Payment, Attendance Allowance (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, Personal Independence Payment, 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), Enhanced

component of Personal Independence Payment or where the claimant is in receipt of Employment and Support Allowance Support Component. This premium will remain in payment if the DLA/PIP 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/ Enhanced component of Personal Independence Payment;
- a rate for a single person who receives the highest rate of DLA/ Enhanced component of Personal Independence Payment;
- a rate for couples where at least one member of the couple receives the highest rate of DLA/ Enhanced component of Personal Independence Payment.

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
- 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 £350 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)/ Personal Independence Payment (PIP);
- 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;
- 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, Personal Independence Payment, Universal Credit, 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, Universal Credit 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.

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APPENDIX B TO REPORT A.4

Under the Council Tax (Prescribed Classes of Dwellings) regulations the following discounts will apply for the 2016/2017 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 2016/17

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 2016/17, no changes compared to 2015/16 are proposed. Therefore the Annual Minimum Revenue Provision Policy Statement for 2016/17 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 2016/17 shall be the Capital Financing Requirement Method for supported borrowing and the Asset Life (equal instalment) Method for prudential borrowing.