

## Northampton Borough Council

### A brief guide to Council Tax Benefit

#### Background information on the old CTB scheme

##### Purpose

Council Tax Benefit (CTB), like most state benefits, was vital to the customers that needed to claim them but could often be complex in its administration and therefore not as transparent or as 'customer friendly' everybody would like.

- It was a means-tested benefit which was payable to help a customer pay their Council Tax liabilities.
- It had to be claimed as there was no automatic right to this benefit.
- It could be claimed by Single claimants; Claimants who are part of a couple, where either partner could claim; or an appointee i.e. where the customer was unable to manager his/her own affairs e.g. someone with power of attorney.
- It could be could be claimed either directly with NBC or via the Jobcentre/The Pension Services.
- There were different rules for treating working age customers and pension age customers.

##### Making an Effective or Defective claim

An effective claim was one that was made on the approved application form, completed properly, and supporting evidence had been provided. Any claim not meeting the criteria was made ineligible or deemed a defective claim.

If a new claim was made ineligible or 'defective', the customer had one month in which to supply the required supporting evidence in order for the claim to be revised. If the evidence was not supplied within one month the claim would remain ineligible for CTB.

##### An example of how it worked:

A customer submits a claim for CTB; the correct form had been completed in full, however the customer had not provided evidence of their wages. A Benefit Assessor would call and request the missing information on the 4th April 2012, and send a letter on this date to confirm this also. The customer has until the 4th May 2012 to provide the information requested. On the first working day following the 4th May 2012 the Benefit Assessor would have made the customer's claim ineligible if the information had not been received.

If a customer made an effective claim for CTB and was entitled to an award of benefit, the CTB was generally paid from the Monday following the date of receipt of the claim form.

There were some exceptions to this, which allowed us to treat the claim as if it had been received on an earlier date. These exceptions revolved around the customer claiming/being in receipt of a passported benefit or becoming newly liable to pay Council Tax.

The regulations could be quite complex but to ensure that customer's was receiving the maximum CTB they were entitled to the following was followed:

- Ensured the customer contacted NBC to make a claim as soon as they needed to claim for CTB
- Ensured that the customer made their claim for CTB within one month of claiming a passported benefit
- Ensured that the customer made their claim for CTB in the same week (Monday to Sunday) of the date they moved into their new property and became liable to pay Council Tax
- If a customer had been recently separated from their partner, or their partner had recently died and that person was receiving CTB until the death/separation then their partner needed to make their claim within 1 calendar month of the death/separation

If a customer claimed CTB in the same week (Monday to Sunday) as the date they moved in and became liable for Council Tax we paid CTB from the date they became liable – as opposed to the Monday following the date they claimed.

#### Backdates:

It was possible for a working age customer to have their claim backdated, if they did not claim when they needed the financial assistance but only up to a maximum of 6 months.

The customer had to prove they had continuous good cause for the entire period of the back date.

If a customer wanted to claim a backdate this needed to be in writing, giving the date the claim needed to be backdated to, the reasons for not claiming sooner and where applicable supply any supporting evidence.

### **Eligibility and Occupation**

The basic conditions of eligibility for CTB were:

- ✓ A claim was submitted, with all the supporting evidence.
- ✓ The claimant was liable to make payments for Council Tax.
- ✓ The claimant occupied that dwelling as their normal home.
- ✓ The claimant was not a member of an excluded group (e.g. ineligible students or recent migrants).
- ✓ The claimant's capital did not exceed £16,000.00 (unless they are on PCGC)
- ✓ The claimant's income was not too high.

Occupying the property:

The general rule for CTB was that the customer could only receive CTB on one property, the property the customer lived at as their normal home.

However there were exceptions that allowed us to pay either when the claimant was not living in the property or on two properties (although never more than two):

- Temporary Absence:
  - Provided a customer intended to return to their property and did not sublet it we could continue paying the customer CTB for up to 13 weeks whilst they are absent.
  - If could have been paid up to 52 weeks, e. g. if the customer was fleeing domestic violence, was on remand in prison, or receiving medically approved care or respite care.
- Entitlement Prior to Moving In (If a customer delayed moving in for the following reasons):
  - They were a patient in hospital or residential care
  - The home needed to be adapted for the needs of a disabled member of the customer's family
  - The move was delayed pending the outcome of a Social Fund loan to help with the move or setting up the new home and the customer has a member of the family aged under 6 or gets a disability premium
  - CTB would only be payable from the date the customer moved in, as prior to this they would normally be entitled to a 100% exemption.
- Benefit on Two Homes:
  - Although Housing Benefit could be paid on two homes, so long as the claimant has a liability to pay rent on both properties in the following circumstances:
    - The customer was living elsewhere as they had a fear they may be subject to violence in their normal home – HB payable for up to 52 weeks so long as the customer intends to return to their normal home.
    - The customer had been re-housed by their housing authority in two properties as their family is too large to be housed in one property – HB payable indefinitely.
    - The customer was liable for rent on two properties at the same time due to a delay in moving into a new property as the customer of a family member required the new property to be adapted for the needs of a disabled person – HB payable for up to 4 weeks.
    - The customer had an 'over-lapping' liability because they are still liable to pay rent at their old home after they move into their new property – HB up to 4 weeks after the move so long as the over-lapping liability was unavoidable.
  - CTB would only be payable on the property actually being occupied as the customer would normally be entitled to an exemption for the other property.

**Household and Non-Dependants**

It was important to correctly identify the people living in the same dwelling/house as the claimant and to understand the impact they can have on a customer’s claim for CTB.

<u>Occupant</u>	<u>Affect on CTB claim:</u>
Single claimant	It was their circumstances that determined the applicable amount for the claim.  It was their income/savings that was used in the means-test for CTB
Claimant and Partner	It was their circumstances that determined the applicable amount for the claim.  It was their income/savings that was used in the means-test for CTB
Dependant Children	Dependant children had an affect on the applicable amount of the customer.
Boarder & Lodger	Any rent paid to the claimant or partner would have been treated as income, minus the appropriate disregards
Joint Tenants/Owners	Any Council Tax liability was split between the tenants/owners
Non-dependants (If a person was living at the property and was not one of the above people they could only be defined as a non-dependant).	If the customer had a non-dependant living with them they may incur a deduction from their benefit.

Non-Dependants:

The general rule that if there was a non-dependant in the property a deduction will be taken from the claimant’s CTB.

However, there were circumstances detailed in the table below where no deduction is made:

<u>The claimant or partner:</u>	<u>The Non-Dependant:</u>
Is registered blind;	Has a normal home elsewhere;
	Was in receipt of a training allowance paid under a YTS scheme or under S.2 of the Employment and Training Act;

	Was a full time student (but a deduction was taken if they take up remunerative work during the summer holidays – unless the claimant/partner is 65+);
Receives the care component of DLA;	Receives any form or pension credit;
	Is in receipt of IS or JSA (IB)
Receives Attendance Allowance;	Is disregarded;
	Is under 18;
	Is in prison or otherwise detained;
	Has been in hospital for 52 weeks or more.

If a deduction was to be taken then this was based on the gross income of the non-dependant.

For non-dependant couples their gross incomes were added together and a single deduction based on this combined figure was taken.

For non-dependants Child Benefits was **not** a disregarded income, but DLA and AA are.

Circumstances	Income	CTB (Weekly)
In receipt of PC and not working. On IS or JSA (IB) and under 25 In the assessment phase of ESA		Nil
Aged 25+ in receipt of IS, JSA (IB) or main phase ESA (IR)		Nil
Others aged 18+		£3.30
Gross income less than:	£124.00	£3.30
Gross Income:	£124.00 - £182.99	£3.30
Gross Income:	£183.00 - £237.99	£6.55
Gross Income:	£238.00 - £315.99	£6.55
Gross Income:	£316.00 - £393.99	£8.25
Gross income over:	£394.00	£9.90

### Applicable Amounts

An applicable amount was the amount of money that the government stated that the claimant, along with any partner or dependent child/young people, needed to cover their basic living needs each week.

It was not a financial payment received by the customer, but more a yardstick by which to measure their income against to carry out a means-test.

A customer's applicable amount was made up of personal allowances, from the table below and any applicable premiums awarded:

Claiming Unit	Rates:	Weekly Amounts
Single Claimants	Claimants aged under 25	£56.25
	Aged 25 – 59	£71.00
	Aged 60 – 64	£142.70
	Aged 65 or over	£161.25
Lone Parent	Under 18	£56.25
	Aged 18 or over	£71.00
Couple	Both under 18	£84.95
	At least one is 18 or over but under 60	£111.45
	Both 60-64	£217.90
	At least one aged 65 or over	£241.65
Dependant's allowance:	For each dependant child	£64.99

In addition to a customer's personal allowance the customer may have also been entitled to additional premiums awarded if they, their partner or any dependant children met the qualifying criteria:

- Family Premium:  
Awarded only once if there was at least one dependant child in the household = £17.40pw

- **Disability Premium:**  
If the claimant or partner were in receipt of DLA or IB3 = £43.25pw (couple – even if only one member qualified) or £30.35pw (single)
- **Severe Disability Premium:**  
If the claimant and or partner were in receipt of DLA Care (middle or higher rate) or AA and they lived alone and no one cared for them, there are three rates:
  - £58.20pw (single person),
  - £58.20pw (couple – one qualified)
  - £116.40pw (couple – both qualified).
- **Carer Premium:**  
If the claimant and/or partner were in receipt of CA or an underlying entitlement to it = £32.60pw. If both members of a couple met the criteria then this premium was awarded twice.
- **Disabled Child Premium**  
Awarded for any/all children who received DLA (any component at any rate) = £56.63pw
- **Enhanced Disability Premium:**  
Awarded to either claimant, partner and children who received DLA Care (higher rate):
  - £14.80pw (single),
  - £21.30pw (couple)
  - £22.89pw (child)

## Income and Capital

Once the customer's applicable amount had been calculated the customer's income and capital had to be established. However, certain types of income are treated differently.

### Income

The main categories of income that we dealt with were:

#### Earned Income:

Where the customer or their partner was receiving a wage we did not take their gross income. Instead we started with the customer's gross income, deducted their tax and national insurance contributions and 50% of any pension contributions they received and then convert this to a weekly figure.

Earned income then attracted a number of weekly disregards:

- 1) Standard Earnings Disregard – deducted as per the table below:

<u>Group:</u>	<u>£ per week:</u>
Lone Parent.	£25.00
A claimant eligible for a disability premium.	£20.00
Carers receiving CA.	£20.00
A couple to which the above does not apply.	£10.00
A single person to which the above does not apply.	£5.00

2) The Additional Earnings Disregard:

This is a flat rate of £17.10pw, which could also be deducted if the customer or their partner either worked 30hrs per week or if they had children or were entitled to the disability premium and they worked 16 hours a week.

(There were a large number of other criteria which allowed this disregard to be taken but the above are the most common)

3) Child Care Costs:

If a lone parent or both members of a couple were working 16 hours a week or more and paid child care costs we may have been able to have deducted their child care costs as follows:

- a) One child – maximum of £175.00pw.
- b) Two or more children – maximum of £300.00pw

If the customer paid less childcare than the allowances stated above we would have only deducted what they actually paid.

**NB: We required evidence of their childcare payments, which must have contained the OFSTED number of the childcare provider.**

Example:

A lone parent worked 20 hours a week and earned £250.00 per week, and paid £50.00 tax and £20.00 NI. The customer also paid £70.00per week in child care costs.

The calculation would be:  $(250.00 - 50.00 - 20.00) = £180.00$  per week

From the £180.00 the disregards are then deducted:  $180.00 - 25.00 - 17.10 - 70.00 = £67.90$ .

So although the customer's gross income is £250.00 per week, the total earnings that we would have used in the means test was £67.90pw.

If the customer received any other income then this would be added to the earned income.

State Benefits:

Most state benefits were taken in full as income, except the following, which were disregarded in full (i.e. we did not include them in the means test):

Child Benefit, DLA, AA, WWP/ WDP and CTC, but only where the claimant or partner have attained the qualifying age for state pension.

The following benefits are passported, which meant the customer got maximum CTB:

IS, JSA (IB), ESA (IR) and PC (GC)

Other Income:

There were a number of other sources of income that a customer could receive, the main ones are listed below:

- Income from rent (IFR) - IFR is money received from tenants or lodgers, of this we deducted £20.00 and use the rest as unearned income
- Income from board (IFB) - IFB is money received from boarders, of this we deducted £20.00 and used 50% of the rest as unearned income.
- Maintenance for children (MRC) – This was disregarded in full
- Voluntary or charitable payments (CP) - This was disregarded in full

**Capital**

Capital could have included anything from bank balances, to second properties (although never included the home the customer lived in or personal possessions).

There are a number of thresholds that are important for the assessment of capital.

Lower Thresholds:

A lower threshold is the amount of capital a customer and their partner could have before it affected their CTB:

Working Age Customers = £6,000.00

Pension Age Customers = £10,000.00

Upper Threshold:

Customers who had in excess of £16,000.00 in capital were not eligible for CTB; the single exception to this is customers in receipt of PC (GC).

If a customer held capital the total of which is above their lower threshold and below the upper threshold it was converted to a weekly income – called tariff income.

The customer's tariff income would be added to total of all the customer's earned and unearned income to give a total income figure for assessment purposes.

- **Example – Pension Age:**

72-year-old claimant had a total of £12,600.00; their tariff income was calculated as follows:

$$(12,600.00-10,000.00)/500=£5.20$$

This was then rounded up to the nearest whole £1.00 giving a total tariff income of £6.00 p/w.

- **Example – Working Age:**

42-year-old claimant had a total of £12,600.00; their tariff income was calculated as follows:

$$(12,600.00-6,000.00)/250=£26.40$$

This was then rounded up to the nearest whole £1.00 giving a total tariff income of £27.00 p/w.

### **Council Tax Liability**

The level of Council Tax used in the assessment of Council Tax Benefit was based on the valuation band given to the property being claimed for.

### **Calculation**

To calculate CTB the following information first needed to be established:

- The applicable amount for the claimant, partner and any dependant children.
- The weekly income of the claimant and partner, including tariff income.
- The customer's weekly Council Tax liability.
- The amount of any non-dependant deduction.

### Maximum Benefit

If a customer was on a passported benefit or their income was less than or the same as their applicable amount the customer would receive maximum CTB. This is would be the customer's weekly Council Tax liability less any non-dependant deductions.

### Tapers:

If a customer's income was above their applicable amount their CTB was reduced by 20% for Council Tax Benefit based on the customer's excess income.

Excess income was the amount of income the customer had above their applicable amount. This basically meant that for each £1 of excess income the customer's maximum benefit entitlement to CTB was reduced by 20p.

### An Example of a Council Tax Benefit Calculation (weekly income):

Weekly Income (£105.15), less Applicable Amount (£88.15) = Excess Income of £17.00

Weekly eligible Council Tax(£9.60), less N-D Deduction (£4.60) = Maximum benefit available of £5.00

Taper = Excess Income £17.00/ 100 \* 20 = £3.40

Deduct Taper from maximum benefit £5.00 - £3.40 = **CTB award = £1.60 per week**

## Changes

Once a claimant had been awarded CTB they had a duty to notify us of any change in their circumstances that may affect the following:

- The amount of CTB they received
- Their entitlement to CTB

### Changes the claimant must have notified:

#### **Claimant and any partner under pension age:**

- The end of his or her (and any partner's) entitlement of JSA (IB) or ESA IR.
- Changes where a child/young person ceases to be a member of the claiming unit e.g. Child Benefit ceases or the child leaves the household
- Changes relating to any child living with the claimant if this would affect their entitlement of CTB.
- Changes to capital, which takes the total over the £6,000.00 lower limit and £16,000.00 upper capital limit.
- Changes relating to the joining/leaving of a non-dependant to the household and changes in the income of the non-dependant.

#### **Claimant or any partner of pension age:**

- Changes relating to the joining/leaving of a non-dependant to the household and changes in the income of the non-dependant.
- Absences exceeding or likely to exceed 13 weeks.
- Changes relating to any child living with the claimant if this would affect their entitlement of CTB.
- Changes to capital, which takes the total over the £10,000.00 lower limit and £16,000.00 upper capital limit.
- Changes relating to the joining/leaving of a non-dependant to the household and changes in the income of the non-dependant.
- Changes to a partner ignored in the assessment of PC (SC) but needs to be included in an assessment of CTB.

### Changes the claimant does not need to notify:

- The start/end or change of any Pension Credit award – either element.
- Changes, which affect JSA (IB) or IS but not CTB.
- Changes in Council Tax.
- Changes in the age of any member of the family or non-dependant.
- Changes in CTB regulations.

Notification of Changes:

The customer must notify us of any changes within 1 calendar month of them being aware of the change.

If the customer failed to inform us of a change, which led to them receiving less CTB an overpayment of benefit was calculated and the customer may be liable to repay this.

If the customer failed to inform us of a change, which led to them receiving more CTB they may forego receiving this 'underpayment' and end up receiving less benefit than they were actually entitled to.

## Overpayments and Recovery

### Overpayments

An overpayment of benefit is benefit which the customer had received, to which they were not entitled to.

All overpayments, which had resulted because of customer error were recoverable, however if the overpayment had occurred because of an error made by the local authority the overpayment may still have been recoverable if the claimant could reasonably have been aware they were being overpaid.

### Recovery

If an overpayment was recoverable, it was charged to the claimant's Council Tax account so they received a revised demand that they needed to pay.