



**Draft Council Tax Reduction Scheme (consultation)**

**2024-2025**

**Options 4a – c**

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## Introduction

1. Since April 2013, all council tax billing authorities in England are required to set up a scheme to help people in financial need pay their council tax. This document describes the scheme set up by Bristol City Council, for the period 1<sup>st</sup> April 2024 until 31<sup>st</sup> March 2025.
2. The scheme is called a Council Tax Reduction Scheme because any support usually takes the form of a reduction in council tax liability, and therefore a reduction in the applicant's council tax bill.
3. Although this document provides a comprehensive account of the scheme in Bristol, further information on those aspects which must be followed in all schemes can be found in the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (and subsequent amendments).

## Overview of the scheme

### *Pension-age applicants*

4. The Government has decided that pensioners<sup>1</sup> should have broadly the same level of support that they had in the old Council Tax Benefit scheme. This means that the Council must follow the rules decided by central Government and has no discretion to alter them.<sup>2</sup>
5. Subject to some overall conditions,<sup>3</sup> there are three groups of pensioners in financial need who the scheme is designed to help:
  - those whose income is no greater than the set amount allowed for living expenses; these pensioners qualify for a maximum 100% reduction on their council tax bill;
  - those whose income is greater to a certain extent than the set amount allowed for living expenses; these pensioners will have 20% of the difference between their income and the amount for living expenses deducted from the maximum amount of council tax reduction that would otherwise be payable;
  - those where there is 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; these pensioners will see a reduction in their council tax bill of either 7.5%, 15%, 25% or 100%, depending on the circumstances of the second adult living in the household (see Appendix 2).

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<sup>1</sup> See Annex 1 (Glossary) for definitions of 'pensioner' and 'working age'. A pensioner is person who has reached the qualifying age for State Pension Credit and is not (or where there is a partner the partner is not) receiving a working-age income-related benefit.

<sup>2</sup> Set out in the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (as amended from 2013 to 2021).

<sup>3</sup> See paragraph 10.

6. Where a pensioner is receiving the guarantee part of State Pension Credit,<sup>4</sup> their income and capital are ignored for the purposes of council tax reduction, so the pensioner receives a 100% reduction on their council tax bill. Where a pensioner is receiving only the savings credit part of State Pension Credit, the amount of income and capital used in the Department for Work and Pensions assessment is used for the calculation of council tax reduction.<sup>5</sup>

#### *Working-age applicants*

7. The Council has devised its own scheme for working-age applicants, but in many respects, it is similar to the scheme for pensioners. Working-age applicants qualify for a maximum [87%, 81%, 75%] reduction in their council tax bill, which means they pay a minimum of [13%, 19%, 25%] of their council tax bill themselves. However, if they are in a protected group (see paragraph 8 below), they qualify for a maximum 100% reduction.
8. The working-age Bristol scheme protects applicants who are not working (and, if they have a partner, the partner is not working) and who have a child under 5.
9. Subject to some overall conditions (see paragraph 10 below), there are two groups of working-age applicants in financial need who the scheme is designed to help:
  - those whose income is no greater than the set amount allowed for living expenses;
  - those whose income is greater to a certain extent than the set amount allowed for living expenses; these working-age applicants will have 20% of the difference between their income and the amount for living expenses deducted from the maximum amount of council tax reduction that would otherwise be payable. Unless they are protected, both these groups qualify for a maximum [87%, 81%, 75%] reduction in their council tax bill.
10. The overall conditions for applicants to receive financial assistance from the scheme are that they:
  - live in the property as their main home; and
  - are liable to pay council tax; and
  - meet the residence rules; and
  - have capital not exceeding £16,000 (£6,000 for working-age applicants); and
  - have income at or below a certain amount; and
  - have made an application for assistance from the scheme.

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<sup>4</sup> Including pensioners who would receive State Pension Credit but do not because of the 'small payment' rules.

<sup>5</sup> See paragraph 14(2) of Schedule 1 to Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 for modifications to this general rule.

## Living Allowances

11. In the calculation of council tax reduction, the amount allowed for living expenses for applicants not in receipt of Universal Credit is made up of the following components:
  - an amount for the applicant or, if they are a member of a couple, an amount for both of them;
  - if appropriate, an amount for children or young persons who are members of the applicant's family, together with an additional amount – the family premium);<sup>6</sup>
  - if appropriate, additional amounts, or premiums, as set out in Appendix 1, for example to cover expenses associated with disability.
12. There are different arrangements for applicants receiving Universal Credit which are explained in paragraphs 59-63. There are also special arrangements for polygamous marriages (see Annex 2).

## Treatment of income

13. In the calculation of council tax reduction, most income is taken into account, although some types of income are ignored in whole or in part. The definition of income includes earnings, benefits and pensions<sup>7</sup> and the following paragraphs explain how various types of income are treated in the calculation. The income of an applicant's partner is treated as belonging to the applicant.
14. Income is calculated on a weekly basis. In order to arrive at the weekly amount of earnings and other income to be taken into account, a monthly payment is multiplied by 12 and divided by 52; a three-monthly payment is multiplied by 4 and divided by 52; where the payment is for a year, the amount is divided by 52; in other cases, the amount is converted to a daily amount and multiplied by 7. Where applicable, an assumed income from capital is added (see paragraph 33) and, where relevant and subject to certain conditions, childcare charges are deducted. The weekly maximum amounts to be deducted are £175 for one child and £300 for two or more children. (For applicants receiving Universal Credit, the maximum amounts to be deducted are 85% of these figures.)
15. Where incurred, childcare charges can be deducted from income where the applicant is:
  - A lone parent who is working at least 16 hours a week;

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<sup>6</sup> The number of children or young persons included in the calculation for pensioners is limited to two from 1st April 2018, subject to transitional protection. This follows the Prescribed Requirements Regulations. However, the Council has decided not to apply the two-child limit to working-age applicants. The family premium was withdrawn for pensioners from 1<sup>st</sup> May 2016 in the Prescribed Requirements Regulations, but the Council have nevertheless decided to include it for working-age applicants.

<sup>7</sup> See paragraph 16 of Schedule 1 to the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 for a full definition.

- A member of a couple both of whom are working at least 16 hours a week;
- A member of a couple one of whom is working and the other is incapacitated, in hospital or in prison.

16. Annex 3 explains these childcare provisions in more detail and contains a definition of the childcare charges which can be deducted.

#### *Earnings from employment*

17. In the calculation of council tax reduction, an applicant's net earnings are taken into account, after deductions have been made from their gross earnings for: income tax, class 1 National Insurance contributions, and 50% of contributions to occupational or personal pension schemes.

18. Where an applicant has earnings from employment, the weekly amount of earnings is averaged over 5 weeks prior to the first week in which support is payable if the applicant is paid weekly, and 2 months if the applicant is paid monthly. However, where an applicant's earnings fluctuate, earnings can be averaged over any reasonable period. If an applicant has been working for less than 5 weeks or 2 months, the average weekly earnings are estimated based on either any earnings received, if representative of future earnings, or an estimate provided by their employer. If earnings change during the period of an applicant receiving council tax reduction, average earnings are estimated over any reasonable period but not more than 52 weeks.

19. Earnings are taken into account from the date of application even if they were not received during the week of application. Where an applicant begins remunerative work after an application for council tax reduction has been made, earnings are taken into account from the first reduction week after they began work, even if they were not actually received in that week. Similar arrangements are made when earnings change.

20. See Annex 4 for the definition of earnings as an employed earner.

#### *Self-employment*

21. Where an applicant is self-employed, weekly earnings are estimated over a reasonable period but no more than over 52 weeks. For pensioners the period is 52 weeks in most circumstances. See Annex 5 for a description of how self-employed earnings are calculated.

#### *Other income*

22. Income other than earnings is fully taken into account unless specified in Appendix 4 which lists income that is ignored. Weekly income other than earnings is also estimated over a reasonable period but no more than over 52 weeks. Any tax

payable on income is ignored. See Annex 6 for a description of how income other than earnings is calculated.

23. Benefit income is taken into account over the period in which it is paid. The period over which a tax credit payment is taken into account varies depending on whether the payment is a daily, weekly, two-weekly or four-weekly instalment. Benefit income taken into account is normally the gross amount before any deductions are made from it. If Working Tax Credit is subject to overpayment recovery, the amount of Working Tax Credit taken into account is the net amount, i.e. after the deduction for the overpayment has been made. Capital paid by instalments in some circumstances, and annuity payments, are treated as income – see Annex 7 for more details.
24. In most cases, income that the applicant has not obtained (for example, a deferred pension) but is available on application is treated as possessed by them, but only from the date on which it could be obtained.<sup>8</sup> With some exceptions<sup>9</sup>, payments made to third parties on behalf of the applicant are treated as possessed by the applicant.
25. If it appears to the Council that an applicant has come to an arrangement with a non-dependant member of the household specifically to take advantage of the council tax reduction scheme, where the income and capital of the non-dependant exceeds that of the applicant, the income and capital of the non-dependant is treated as if it were the applicant's, and the applicant's income is ignored. This rule does not apply in the case of an applicant in receipt of Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance.

#### Treatment of capital

26. Subject to paragraph 6 regarding State Pension Credit, if a pensioner applicant has more than £16,000 or a working-age applicant more than £6,000, no council tax reduction is payable under this scheme.
27. All capital is taken into account in the calculation of the award, including income treated as capital, unless it is listed in Appendix 5 in which case it is ignored. The capital of a child or young person who is a member of the applicant's family is also ignored. The capital of an applicant's partner is treated as if it belonged to the applicant.

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<sup>8</sup> See paragraph 22 of Schedule 1 to the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012.

<sup>9</sup> See paragraph 23 of Schedule 1 to the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 for a list of exceptions.

28. Certain types of income are treated as capital. See Annex 7 for a full list.

#### *Notional capital*

29. If an applicant deliberately disposes of capital in order to obtain council tax reduction, it is assumed that the applicant still possesses that capital and it is therefore taken into account. This notional capital is reduced over time by the amount that the applicant would have received in council tax reduction if they had not been treated as having that capital. With certain exceptions, where an applicant fails to realise capital which they own, that capital is also taken into account. Most payments of capital made to a third party on behalf of the applicant are taken into account.<sup>10</sup>

#### *Calculation of capital*

30. Capital which an applicant possesses in the United Kingdom is calculated at its current market or surrender value less:

- 10% if there are expenses attributable to its sale, and
- the amount of any monetary claim secured against it.

31. Capital which an applicant possesses outside the United Kingdom is treated in the same way except that it is calculated:

- at its current market or surrender value in that country if it can be transferred to the United Kingdom; or
- if it cannot be transferred to the United Kingdom, at a price which it would realise if it were sold in the United Kingdom to a willing buyer.

32. Where an applicant owns capital jointly with one or more persons, each share is treated as equal unless there is evidence to the contrary.

33. Where a pensioner has capital exceeding £10,000, income of £1 is assumed for every complete £500 up to a maximum of £16,000. In making this calculation, if the final part of the excess is not a complete £500, an income of £1 is nevertheless taken into account.

#### Calculation of council tax reduction

##### *Maximum council tax reduction*

34. Council tax is calculated on a daily basis. For any day for which an applicant is liable to pay council tax, the maximum amount of council tax reduction for pensioners is 100% of the amount of council tax set by the council for the applicant's dwelling, less any appropriate discount, divided by the number of days in that financial year.

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<sup>10</sup> See paragraphs 34 and 35 of Schedule 1 to the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012.

35. For working-age applicants who are in a protected group (see paragraph 8) the maximum amount of council tax reduction is also 100%; for other working-age applicants it is [87%, 81%, 75%].

*Where income is more than the amount for living expenses*

36. Where an applicant's income is greater than the amount allowed for living expenses in their case, council tax reduction is withdrawn gradually (sometimes known as the taper) as income increases, until entitlement is extinguished altogether.<sup>11</sup> This avoids a cliff-edge effect of suddenly ending all support as soon as income becomes greater than the amount for living expenses.

37. For example, if an applicant's weekly maximum council tax reduction is £15, and the amount for living expenses in their case is £100 a week, they are entitled to maximum support of £15 providing their income is not greater than £100. If their income increases to £120, a sum equal to 20% of the difference between their income (£120) and the amount for living expenses (£100) is deducted (20% of £20 = £4) from their maximum council tax reduction, so they receive £15 less £4 = £11 a week. If their income increases further to £180, the amount deducted from their maximum council tax reduction is £16 (20% of £80 is £16) and there is, therefore, no entitlement to council tax reduction because £16 is greater than the maximum of £15.

*Other aspects of the calculation*

38. In calculating the amount of council tax reduction, fractions of less than half a penny are rounded down and fractions of half a penny or more are rounded up.
39. For working-age applicants, there is a minimum weekly entitlement of £3.00 a week. This means that if the calculation results in an amount less than £3.00 a week, no reduction is awarded.
40. Where an applicant is jointly liable for council tax with other residents at the same dwelling, the council tax set by the authority (less any discount) is divided by the number of people jointly liable and the applicant's council tax reduction is based on their share.<sup>12</sup> This does not apply in the case of a student where they are excluded from entitlement to council tax reduction, or a partner of the applicant.

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<sup>11</sup> See paragraphs 5 and 9 above. Council tax reduction is withdrawn at the rate of 20% of the difference between an applicant's income and the amount allowed for living expenses. For working-age applicants, entitlement is extinguished altogether if it falls below £3.00 a week.

<sup>12</sup> For working-age applicants not in a protected group, the maximum amount of council tax reduction will be [90%, 83%, 80%] of their share.

## Non-dependant deductions

41. A non-dependant is a person living as a member of the applicant's household who is not their partner or a child/young person for whom they are responsible. There are certain exceptions such as joint-occupiers, boarders and paid carers, who are not treated as non-dependants. Non-dependants aged 18 or over are usually expected to contribute to household expenses such as council tax.
42. For pensioners, the weekly deduction for a non-dependant aged 18 or over in work is normally £14.15 and for a non-dependant aged 18 or over not in work, £4.60. However, where the applicant can demonstrate that a non-dependant in work has relatively low gross weekly earnings, the deduction is as follows:
  - less than £236.00, the deduction is £4.60.
  - not less than £236.00, but less than £410.00, the deduction is £9.40.
  - not less than £410.00, but less than £511.00, the deduction is £11.80.
43. In the case of non-dependant couples only one deduction is made, but all their gross income is taken into account.
44. Where there is joint liability for council tax in a household, other than joint liability between an applicant and their spouse or civil partner, any non-dependant deduction is divided equally between the liable persons.
45. No non-dependant deductions are applied if the applicant or their partner:
  - is blind;
  - is receiving Attendance Allowance, the care component of Disability Living Allowance, the daily living component of Personal Independence Payment, the daily living component of Adult Disability Payment, or an Armed Forces Independence Payment, including where these benefits and payments are temporarily suspended, for example through hospitalisation.
46. No non-dependant deductions are applied where the non-dependant:
  - normally lives elsewhere;
  - is receiving a training allowance paid as part of a youth training scheme;
  - is a full-time student;
  - has been a hospital in-patient for more than 52 weeks;
  - is not living with the applicant because they are a member of the armed forces away on operations;
  - is receiving a payment for a disability caused by the Thalidomide drug;
  - is receiving Income Support, State Pension Credit, income-based Jobseeker's Allowance or income-related Employment and Support Allowance;

- is entitled to an award of Universal Credit where the award is calculated on the basis that the non-dependant does not have any earned income;
- is a person disregarded for the purposes of council tax discount.

47. In calculating a non-dependant's income, the following are ignored:

- Attendance Allowance, Disability Living Allowance, Child Disability Payment, Personal Independence Payment, Adult Disability Payment or Armed Forces Independence Payment;
- payments made under certain specified trust funds<sup>13</sup> including analogous payments.

### Temporary Absences

48. An applicant can be regarded as living in their home and therefore eligible for council tax reduction even if they are temporarily absent for certain periods. Council tax reduction is payable during periods of temporary absence if the applicant:

- is liable for council tax and the address they are temporarily absent from is their sole or main residence;
- intends to return to live in their home;
- is not letting or sub-letting that part of the home that they normally occupy;
- is unlikely to be away for more than the time allowed (see below).

49. In calculating the period of absence, the first day of absence is included and the day of return is excluded.

50. With one exception (see paragraph 51), a period of absence from home must not be (or must not be expected to be) more than 13 weeks. However, this is extended to 52 weeks where the applicant is:

- a remand prisoner awaiting trial or sentence;
- living in a bail or probation hostel, or bailed to live away from home;
- a hospital patient (or similar medical institution);
- receiving (or whose partner or child is receiving) medically approved treatment or care, in accommodation other than residential accommodation;
- providing medically approved care to someone else, or caring for a child under 16 whose parent or guardian is away from home because they are receiving medically approved care;
- absent because of fear of violence in the home or domestic abuse;
- on an approved training course;
- a student who is eligible for council tax reduction (for example, if they have to study abroad as part of their course);
- in a residential care home, other than on a trial basis.

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<sup>13</sup> See paragraph 8(10) of schedule 1 to Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 for a full list of trust funds.

51. For pensioners, a period of absence from home outside Great Britain must not be (or must not be expected to be) more than 4 weeks.<sup>14</sup> However, if the applicant is absent from Great Britain because of the death of a close relative and it is unreasonable for them to return within the first 4 weeks, the Council may decide that council tax reduction can be paid for up to 8 weeks.
52. The 4-week period can also be extended to 26 weeks where the applicant is:
- a member of the armed forces on operations overseas;
  - receiving medical treatment in hospital;
  - absent because of fear of violence in the home or domestic abuse;
  - undergoing (or their partner or dependent child is undergoing) medical treatment or medically approved convalescent care in accommodation other than residential accommodation;
  - a mariner or continental-shelf worker.

#### Extended support - the run-on

53. Extended council tax reduction (sometimes known as the run-on) can be awarded to working-age people who have been (or their partners have been) receiving Income Support, income-based Jobseeker's Allowance or income-related Employment Support Allowance for at least 26 weeks, and who come off that benefit because they or their partners start employment as an employed or self-employed earner, or increase their hours or earnings, where that employment is expected to last 5 weeks or more. This also applies to those, including pensioners, who were receiving certain contributory benefits which end for the same reason. The qualifying contributory benefits are Incapacity Benefit, contributory Employment and Support Allowance, and Severe Disability Allowance. The qualifying rules are broadly the same as for those coming off income-related benefits.
54. Extended support can be made for up to 4 weeks starting from the beginning of the week after entitlement to a qualifying benefit ends. Support lasts for 4 weeks unless the applicant's liability for council tax ends first.
55. The amount of the extended payment is usually the amount that the applicant was entitled to during the last week that they were receiving a qualifying benefit. However, if for any reason entitlement to council tax reduction after the change of circumstances is higher, the higher amount is paid.

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<sup>14</sup> In the case of absences outside Great Britain, the period of temporary absence for pensioners was reduced from 13 weeks to 4 weeks by the Council Tax Reduction Schemes (Prescribed Requirements) England (Amendment) Regulations 2016. The Council decided not to apply this policy change to working-age applicants.

56. Where an applicant who is entitled to extended support moves from one local authority to another, extended support may take the form of a payment from one local authority to the other, or directly to the applicant. The amount of extended payment remains the same, that is, the amount payable in respect of the last week before entitlement to a qualifying benefit ceased. Where an applicant continues to be liable for council tax, the second authority must reduce the new amount of council tax reduction by the amount of the extended support already awarded.
57. Entitlement to council tax reduction does not end until the end of the extended support period, even if entitlement would otherwise have ended based on the applicant's new circumstances. The general rules for calculating changes of circumstances do not apply.
58. In order to ease the transition to retirement, an applicant will continue to receive a council tax reduction for a period of 4 weeks from the day after a claim for a working-age income-related benefit has ceased because they have reached the qualifying age for State Pension Credit, or for four weeks after their partner has claimed State Pension Credit.

#### Universal Credit

59. The calculation of council tax reduction for those households receiving Universal Credit is slightly different.<sup>15</sup> Income is compared to an amount for living expenses in broadly the same way as for other applicants, but the definitions are different.
60. For the amount for living expenses, the scheme uses the Universal Credit maximum award, including all elements such as housing. This ensures consistency of treatment between Universal Credit and the Council Tax Reduction Scheme in deciding what a person needs to live on.
61. For income, the scheme uses the assessment of income in Universal Credit which is provided by the Department for Work and Pensions, to which is added the actual award of Universal Credit. The way that Universal Credit works means that housing and childcare costs are taken into account under both 'income' and 'living expenses', in effect cancelling each other out. The figure for capital used in the assessment of Universal Credit is used for the calculation of council tax reduction.
62. It is also possible to treat the income as belonging to a non-dependant (and the non-dependant's income as the applicant's) if the Council decides that an arrangement has been made to take advantage of the scheme.

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<sup>15</sup> Schedule to the Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012, paragraphs 28 and 37. See also paragraph 75 regarding changes in circumstances for applicants receiving Universal Credit.

63. Monthly figures are converted to weekly figures by multiplying by 12 and dividing by 52.

#### People treated as not in Great Britain

64. Council tax reduction is payable only to those applicants who live in in Great Britain and, in some circumstances, people are treated as if they are not in Great Britain and are therefore excluded from the scheme. This applies where they do not satisfy the habitual residence test and where they are subject to immigration control.
65. The habitual residence test is in two parts: first, an applicant must show that they are habitually resident (intend to settle and make their home in the UK, Channel Islands, Isle of Man, or the Republic of Ireland). Secondly, EEA nationals (people from EU countries together with Norway, Iceland, Switzerland and Liechtenstein) must have a legal right to live in the UK and claim benefits, i.e. a 'right to reside' in the UK (known as the residence rules). These rules are satisfied if the applicant is, for example:
- a worker or is self-employed in accordance with the EEA regulations<sup>16</sup>;
  - a family member of such a worker or self-employed person;
  - a worker who has ceased activity, for example because of retirement or incapacity, or a family member of such a worker;
  - a family member of a deceased worker;
  - a refugee;
  - is receiving Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance or Universal Credit (but this does not apply if a new applicant is receiving income-based Jobseeker's Allowance and their right to reside was decided only on the basis that they were a jobseeker or the family member of a jobseeker).
66. However, there are some circumstances in which EEA nationals have been granted leave to enter or remain in the United Kingdom but who do not satisfy the habitual residence test for the purposes of applying for council tax reduction. An EEA national who is a jobseeker is not treated as having the right to reside for the purposes of applying for council tax reduction simply by being a jobseeker. With some exceptions in respect of Northern Ireland, EEA nationals who are granted leave to enter, or remain in, the United Kingdom solely as a result of satisfying the special immigration rules that allowed EEA citizens to remain in the UK after the withdrawal from the EU (the settlement scheme), do not satisfy the habitual residence test simply because of these provisions.<sup>17</sup>

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<sup>16</sup> The Immigration (European Economic Area) Regulations 2016. These regulations were repealed in 2020 but some provisions, including definitions, were retained under the Citizens' Rights (Application Deadline and Temporary Protection) (EU Exit) Regulations 2020.

<sup>17</sup> See regulation 12 of the Council Tax Reduction (Prescribed Requirements) (England) Regulations 2012, paragraphs 4, 4A and 4B, for a full list of circumstances where an applicant has been given leave to enter or remain in the UK but who does not satisfy the habitual residence test.

67. British citizens returning to the UK after a period of living or working abroad have an automatic right to reside in the UK, but they do need to show that they are habitually resident in the UK.
68. An applicant who has entered the UK from Afghanistan is treated as habitually resident in the UK if they:
- have been granted leave to remain in accordance with the Afghan Relocations and Assistance Policy, the Afghan Citizens Resettlement Scheme or the previous scheme for locally employed staff in Afghanistan; or
  - left Afghanistan in connection with the collapse of the Afghan government that took place on 15 August 2021.
69. An applicant who has entered the UK from Ukraine is treated as habitually resident in the UK if they:
- were living in Ukraine immediately before the 1st January 2022 and left Ukraine in connection with the Russian invasion which took place on 24th February 2022; and
  - have been granted leave to enter or remain in accordance with the immigration rules; or
  - have a right of abode in the United Kingdom because they are British or in some cases Commonwealth citizens, or do not require leave to enter or remain because they are Irish citizens.<sup>18</sup>
70. An applicant is also treated as habitually resident if they have been granted, or are deemed to have been granted, leave outside the rules made under section 3(2) of the Immigration Act 1971.
71. Non-EEA and non-UK nationals may be subject to immigration control and an applicant who is subject to immigration control is excluded from applying for council tax reduction. For example, this applies where an applicant:
- needs permission to enter or remain in the UK but does not yet have permission;
  - has permission to enter or remain in the UK, but only if they do not claim benefits or use other public services;
  - has been given permission to enter or remain in the UK because someone formally agreed to support them.

### Students

72. A property that is wholly occupied by full-time students, for example a hall of residence, is exempt from council tax. Most students are not eligible for council tax reduction but some students who are liable for council tax can get support in

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<sup>18</sup> As defined in sections 2 and 3ZA of the Immigration Act 1971.

specified circumstances. See Annex 8 for a full account, including the treatment of student income.

### Effective dates

#### *Date entitlement begins*

73. An applicant's entitlement to council tax reduction normally begins from the start of the reduction week (Monday to Sunday) which follows the date of application. However, if an applicant becomes liable for council tax for the first time in Bristol and they are entitled to council tax reduction, their entitlement begins from the first day that they are legally liable to pay council tax, providing they apply in that reduction week.

#### *Date from which changes in circumstances take effect*

74. Changes in circumstances also take effect from the Monday following the date of change, apart from these exceptions:
- changes in an applicant's income arising from legislative changes affecting rates of income tax, personal tax reliefs, National Insurance contributions, and tax credit rates are ignored for a period of up to 30 weeks;
  - where entitlement to a benefit ceases, including a Universal Credit award, the change takes effect from the first day of the reduction week following the day immediately after the benefit ceases;
  - a change in the amount of council tax payable takes effect from the date of change;
  - a change in the amount a person is liable to pay by way of council tax (for example changes to a discount) also takes effect from the date of change;
  - if the change applies to an applicant who now has a partner, or a partner has died, or they have separated, it takes effect from the date of the change;
  - backdated payments of income are generally taken into account over an appropriate period as if they had been paid on time.
75. For working-age applicants receiving Universal Credit, a change of circumstances resulting in an increase or decrease in entitlement to council tax reduction of less than £3.00 per week (£15 per week income) is not implemented. However, where further changes in circumstances occur, and together they result in a cumulative increase or decrease in the award of £3.00 per week or more, the changes of circumstances are implemented at that stage.
76. Where a non-dependant joins a pensioner household, or where the non-dependant's earnings increase, the change to that pensioner's council tax reduction takes effect 26 weeks after the date on which the change took place.

77. Where an applicant receives an increase in State Pension Credit and, as a result, their award of council tax reduction increases, the change usually takes effect from the week the amount of State Pension Credit alters. However, where an award of council tax reduction decreases, the change either takes effect from the week the authority is notified of the change in State Pension Credit or the date on which State Pension Credit changes if this later.

#### Application procedure /online applications

78. Only one partner in a couple (or a polygamous marriage) can apply for council tax reduction in respect of the same dwelling. If the partners cannot agree who should apply, the Council will decide for them.
79. Where a person who is liable to pay council tax is unable to act for themselves, and someone has been appointed to act on their behalf (for example an attorney), the person appointed can make an application on behalf of that person. Where there is no-one to act on the person's behalf, the Council may appoint someone to act. An appointee must be aged over 18 and must apply for the appointment in writing or online. The Council may accept as an appointee someone who has already been appointed by the Department for Work and Pensions to act in respect of a social security benefit. The Council has the power to revoke the appointment at any time and the appointee may resign on giving 4 weeks' notice. If, subsequently, another person is authorised to act on the applicant's behalf (for example, an attorney) the former appointeeship ceases. The appointee must take full responsibility for all aspects of the application and is made fully aware by the Council of the duties involved, including the consequences of failing to comply with those duties.
80. An application may be made:
- in writing; or
  - online; or
  - by telephone, although the applicant will subsequently need to provide a signed statement and any other documentation necessary to support the application.

If an applicant has difficulty in completing a written form, the Council can make alternative arrangements to assist.

81. Universal Credit award notices received from the Department for Work and Pensions are automatically treated as an application for council tax reduction. In certain circumstances, for example where a Universal Credit notification does not include details of housing costs or details of other adults in the property are not included, it may be necessary for the applicant to complete a supplementary form.

82. An application made in writing must be made to the designated<sup>19</sup> Council office on a form provided by the Council free of charge. Where an application is made on the correct form but is not properly completed, the Council may ask the applicant to complete the form correctly. Where an application is made in writing but not on the correct form, the Council may either supply the applicant with the correct form or ask for further information and evidence.
83. If an application is made online and the Council considers that all the required information has not been provided, the Council will give the applicant the opportunity to provide the required information.

*Date on which an application is made*

84. The date to be taken as the date on which the application is made is normally the date the application is received by the Council, or the date the applicant first notified the Council of their intention to apply, if this is followed up within one month by a properly completed application. There are some exceptions to this general rule:
- if an applicant has been awarded State Pension Credit which includes a guarantee credit, Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance, or Universal Credit and the Council tax reduction application is received within one month of the claim for any of the above-listed benefits, the date of application for council tax reduction is the first day of entitlement to one of those benefits;
  - if an applicant or their partner is in receipt of one of the above-listed benefits when they become liable for council tax for the first time, and the council tax reduction application is received within one month of becoming liable, the date of application for council tax reduction is the date they became liable;
  - where a couple's relationship comes to an end either due to the separation or death of one of them and the former partner was entitled to council tax reduction and the application is made within one month of the death or separation, the date of application for council tax reduction is the date of death or separation;
  - where an application is not properly completed and is corrected within one month (or longer if the Council considers reasonable) the date of application is the date on which the first contact is made. If the incomplete application is not corrected within one month or other reasonable period, the date of application for council tax reduction is the date when sufficient information becomes available to decide the application.

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<sup>19</sup> See glossary page 26.

### *Advance applications*

85. An applicant may apply up to 8 weeks in advance if they anticipate that they will become liable to pay council tax during that period. The application is treated as made on the day on which liability for council tax begins.
86. Other than where an applicant is a person treated as not being in Great Britain, the Council may treat an advance application as made in the reduction week before the first week of entitlement to council tax reduction. This applies where an applicant is not entitled to council tax reduction in the week after the actual date of application, but the Council considers that they will become entitled within the next 13 weeks (17 weeks for a pensioner) unless there is a change in circumstances.

### *Date applications are treated as made and backdating*

87. Where a pensioner applies and qualifies for council tax reduction, their application is treated as made 3 months before it was actually made (effectively all applications from pensioners are automatically backdated for a period of 3 months). Where an applicant applies for council tax reduction within one month of being awarded State Pension Credit including the guarantee credit, the three-month period cannot go back any earlier than the date of their State Pension Credit claim.
88. Where a working-age applicant shows a good reason for not making an application earlier, the application can be backdated to the first date that continuous good cause has been established, up to a maximum of 6 months.

### *Evidence and information*

89. Where appropriate, the Council can accept evidence submitted online or by telephone to support an application.
90. An applicant to council tax reduction must provide a National Insurance number for themselves and if appropriate, others for whom they are applying, or evidence that they have applied for a National Insurance number. This requirement does not apply to a:
  - child or young person;
  - person from abroad;
  - person subject to immigration control.
91. An applicant to council tax reduction must provide such evidence in support of their application as the Council considers reasonable, within one month of being notified of their duty to do so. This does not apply to an applicant who is a pensioner in respect of specified income which is ignored in the calculation of council tax reduction or whose income has been verified by The Pensions Service, where the Council has been notified of that income. The Council informs the applicant of their

duty to notify any change of circumstances, and if asked by the applicant, which change of circumstances must be notified.

92. The Council can require an applicant to whom council tax reduction has been awarded (or any partner) who is at least the qualifying age for State Pension Credit, to supply information about pension fund holders and suppliers of pension fund schemes.
93. Before a decision has been made on an application, an applicant may amend or withdraw the application by notifying the Council either in writing, by electronic communication or by telephone.

*Duty to notify changes in circumstances*

94. An applicant, or a person acting on behalf of the applicant, has a duty to report changes in circumstances to the designated office<sup>20</sup> either before an application has been decided by the Council or after council tax reduction has been awarded. The changes to be reported are those which the applicant might reasonably be expected to know would affect entitlement, and the changes must be notified in writing, by telephone or online within a period of 21 calendar days from the day when the change occurs, or as soon as reasonably practicable afterwards. Some types of change of circumstance do not need to be reported:
  - changes in the amount of council tax payable to the council;
  - changes in the ages of the applicant and their family or any non-dependants except where someone ceases to be a child or young person;
  - changes which affect the amount of Income Support, income-based Jobseeker's Allowance, income-related Employment Support Allowance or Universal Credit but not the amount of council tax reduction, except where one of the benefits listed above ceases.
95. An applicant who receives State Pension Credit and who has been awarded council tax reduction does not need to report changes in circumstances except:
  - any changes relating to a non-dependant's income or residency;
  - any absence from the home exceeding or likely to exceed 13 weeks.
96. Where State Pension Credit comprises only of Savings Credit, the applicant does not need to report changes in circumstances except the changes listed in paragraph 95 above and in addition:
  - changes affecting a child living with them which may result in the amount of council tax reduction (but they do not need to report changes in the age of the child);

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<sup>20</sup> See Glossary page 26

- a change in an applicant's capital which takes, or may take, the total to more than £16,000;
- certain changes in the income or capital of a non-dependant or partner.<sup>21</sup>

### Decisions and awards

97. Once the Council is satisfied that an application for council tax reduction has been completed in the proper manner together with all the required evidence and information, it will make the decision within 14 days or as soon as practicable thereafter.
98. Having made the decision on an application, the Council will notify the applicant, or a person appointed to act on behalf of the applicant, immediately, and within 14 days in the case of any other decision. The notification of a decision on an application is normally in the form of a notification letter together with a revised council tax bill which includes:
- a reminder about the duty to report changes in circumstances and an explanation of the consequences of failing to do so;
  - examples of changes that might affect entitlement to council tax reduction or its amount;
  - information about the effect of the decision on the applicant's council tax liability;
  - information about appeal procedures.
99. A new council tax bill will be issued by the Council. This will include the discount awarded as a council tax reduction and information about the appeals process.
100. An applicant who receives the Council's notification of a decision may, within one month of the date of the notification of that decision, request in writing that the Council provides a written statement setting out the reasons for its decision. The Council will send this explanation to the applicant within 14 days or soon as reasonably practicable afterwards.

### Use of information

101. Where it is lawful to do so, the Council uses information provided by the Department for Work and Pensions and Her Majesty's Revenues and Customs in order to calculate entitlement to council tax reduction. Similarly, the Council shares information with those departments when it is required to do so.
102. The Council may receive, obtain, verify, record and store information relating to applications for council tax reduction, from:

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<sup>21</sup> See paragraph 9 (8) (c) of Schedule 8 to the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

- the applicant;
- other persons in connection with applications;
- other local authorities;
- central government departments.

103. The Council may forward information to anyone in the Council or others authorised to act on behalf of the Council, in processing applications for council tax reduction. This is in accordance with the Council's privacy notice and the General Data Protection Regulation (GDPR). Information on privacy notices can be found [here](#).

#### Revisions and written statements

104. The Council may change or further change a decision at any time.
105. The Council may terminate an award of council tax reduction, in whole or in part, if the Council considers that:
- the conditions of entitlement have not been met;
  - the applicant has failed to provide information requested;
  - the application is fraudulent and/or there is deliberate misrepresentation of the facts in order to take advantage of the scheme.

#### Appeals

106. If an applicant is dissatisfied with the Council's decision on entitlement to council tax reduction or the amount awarded, they may write (including by email) to the Council setting out why they are dissatisfied. The Council will then consider the matter and notify the applicant in writing (usually by email), either that they do not have a case stating the reasons why, or that action has been taken to address their concerns. If the applicant is still dissatisfied, or if the Council does not address their concerns within 2 months, they may appeal to the Valuation Tribunal.

#### Discretionary awards

107. The Council may use its discretion to reduce council tax liability because of exceptional hardship.<sup>22</sup> This is irrespective of whether an application has been made for council tax reduction under the main scheme, described in this document.
108. An application may be made in writing, online or by telephone (although the applicant will subsequently need to provide a signed statement and any other documentation necessary to support the application).

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<sup>22</sup> Under section 13A(1)(c) of the Local Government Finance Act 1992, as amended.

## Electronic communication

109. The Council may use electronic communication (for example via computer networks or mobile phones) in administering council tax reduction and may receive electronic communications including applications online, subject to the following conditions:
- there is an explicit authorisation given by the Council's chief executive;
  - there is an approved method of authentication;
  - approved forms are used;
  - records are maintained in a way specified by the chief executive.
110. Any applications which are not submitted in the approved manner are treated as invalid. The Council may authorise another person or persons to act as intermediaries in connection with the delivery of information electronically and its authentication.
111. Any information delivered electronically is treated as if it were delivered in any other way required by the Council's scheme if the above conditions are met. Information is treated as not delivered until it is accepted by the Council's official computer system. If, for legal reasons, it becomes necessary to prove the identity of the sender or recipient of information sent or received electronically, it is presumed to be the person named on the official computer system. Similarly, if it is necessary to prove that information sent electronically has actually been delivered to the Council, it is treated as received if it is recorded on the official computer system. Similarly, if it is not recorded as received on the official computer system it is treated as not received. And the time, date and content of any electronic communication is presumed to be that recorded on the computer system.

## Annex 1 – Glossary of terms

Alternative maximum council tax reduction	A way of calculating council tax reduction for pensioners where there is 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.
Amount for living expenses	An amount of money assumed to be sufficient to cover day-to-day living expenses. <sup>23</sup>
Applicant	A person who has made an application to the Council for council tax reduction.
Application	An application for council tax reduction.
Armed Forces Independence Payment	A payment made in accordance with an armed and reserve forces compensation scheme.
Attendance Allowance	A benefit for people aged 65 and over that helps with the extra costs of long-term illness or disability, which can be either physical and/or mental. It is paid regardless of income and savings and is tax-free.
Boarder	A person who resides with the applicant and who makes payments to the applicant or their partner, on a commercial basis, in return for accommodation and some meals. A boarder is not a non-dependant.
Carer's Allowance	A benefit for someone caring for another person for at least 35 hours a week. It is paid regardless of income and savings but can be taxable.
Child	A person under the age of 16.
Child Benefit	A non means-tested benefit (below income of £60k) to help with the cost of children. It is usually paid monthly to a person who is responsible for a child either aged under 16 or aged 16 to 20 in full-time education or training.
Child Tax Credit	A payment to help with the cost of children aged under 16, or 16 to 20 in full-time education or training, for whom a person is responsible. It is income-related and paid in addition to Child Benefit to people in work and out of work.
Close relative	A parent, parent-in-law, son, son-in-law, daughter, daughter-in-law, step-parent, step-son, step-daughter,

<sup>23</sup> The amounts for pensioners are set out in Schedule 2 to the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, and subsequent amendments. The amounts for working-age applications are decided by Bristol City Council. The amounts for applicants receiving Universal Credit are based on the maximum Universal Credit award (see paragraphs 59-63).

	brother, sister. Where any of these close relatives is one member of a couple, the definition includes the other member of that couple.
Concessionary payment	A payment made in certain circumstances to compensate a person for the non-payment of a benefit or a tax credit.
Council	Bristol City Council, as the billing authority.
Council Tax Reduction Scheme	A scheme designed to help people in financial need pay their council tax.
Couple	Two people living in the same household who are married to, or civil partners of, each other, or are living together as though they were married or civil partners.
Designated office	The office which the Council publicises as the office to which applications for council tax reduction should be sent.
Disability Living Allowance	A non means-tested, non-taxable benefit paid to people who need supervision or help with their daily or nightly care, or who have mobility problems. It has now been replaced for most people by Personal Independence Payment but is still paid for children.
Earnings	Any remuneration or profit derived from employment.
Employed earner	A person who is gainfully employed under a contract of service.
Employment and Support Allowance	A benefit paid to working-age people who have an illness, health condition or a disability which makes it difficult or impossible to work. Contribution-based Employment and Support Allowance is not means-tested but based on National Insurance contributions. Income-related Employment and Support Allowance is means-tested.
Estrangement	A breakdown of a relationship between 2 persons.
Extended reduction	A set amount of council tax reduction awarded for a specified period, usually 4 weeks.
Family	A couple, or a couple where one or both have responsibility for a child or young person living in the same household, or a lone parent who has responsibility for a child or young person living in the same household.
Financial or tax year	The period beginning 6 <sup>th</sup> April in one year to 5 <sup>th</sup> April in the following year.
Household	Not defined as such but is given its every-day meaning, taking account of factors such as the overall relationship between the parties, living arrangements and the degree

	to which facilities are shared. Children and young people are treated as part of the household even when temporarily absent but are not part of the household in certain specific circumstances, such as when they are living in care or formally placed with the applicant.
Housing Benefit	An income-related (means-tested) benefit paid to tenants on low incomes (either in or out of work) to help pay their rent. The scheme is administered by local authorities in accordance with national legislation.
Income Support	An income-related (means-tested) benefit paid to working-age people on low income such as carers and lone parents. It is not usually paid to someone receiving Jobseeker's Allowance or Employment and Support Allowance.
Jobseeker's Allowance	A benefit paid to working-age people who are not working (or working less than 16 hours a week) and who are available for, and actively seeking full-time work. Contribution-based Jobseeker's Allowance is not means-tested but depends on National Insurance contributions. Income-based Jobseeker's Allowance is means-tested.
Joint occupier	A person who is either the co-owner (with the applicant or their partner) of the residence or liable (with the applicant or their partner) to pay council tax. A joint occupier has a legal right to occupy the property. A joint occupier is not a non-dependant.
Local authority	An authority responsible for issuing council tax bills and providing a scheme for council tax reduction.
Lone parent	A person who has no partner and who is responsible for a child or young person living in the same household.
Macfarlane Trust	A charitable trust established to help relieve poverty or distress among those suffering from haemophilia.
Maternity leave	A period during which a woman is absent from work because she is pregnant or has given birth to a child, and after which she has the right to return to work.
Medically approved	Certified by a medical practitioner.
National Minimum Wage	The minimum amount that legally must be paid to an employed earner.
National Insurance	A form of taxation on earnings and self-employed profits paid into a fund from which some social security benefits are paid. The Department for Work and Pensions issues National Insurance numbers which are unique to each

	person and are required when applying for council tax reduction.
Net earnings	The amount of earnings after specified deductions such as income tax and National Insurance contributions.
Net profit	The amount treated as self-employed earnings which is the applicant's total profit less specified deductions such as allowable expenses.
Non-dependant	A person living as a member of the applicant's household who is not their partner, or a child or young person for whom they are responsible, with certain exceptions such as joint-occupiers, boarders and paid carers.
Non-dependant deduction	A set amount deducted from an applicant's council tax reduction as a contribution made by a non-dependant towards household expenditure.
Occupational pension	Any pension or other periodical payment made under an occupational pension scheme.
Official computer system	A computer system maintained by or on behalf of a local authority for sending, receiving, processing or storing of any information.
Paid carer	A person who lives with the applicant in order to care for them or their partner, who is employed by a charity or voluntary organisation, and where a charge is made for their services. A paid carer is not a non-dependant.
Partner	The person who is the other member of a couple.
Paternity leave	A period of leave during which a father or partner is absent from work in order to care for their new-born or newly-adopted child, after which they have the right to return to work.
Pensioner	A person who has reached the qualifying age for State Pension Credit and is not (or where there is a partner the partner is not) receiving a working-age income-related benefit.
Personal Independence Payment	A replacement benefit for Disability Living Allowance designed to provide help to people over 16 who need care or who have mobility needs. It is not means-tested or taxable.
Personal pension scheme	A pension that a person arranges individually which is based on how much is paid into the scheme and how successful the pension provider's investments are.

Polygamous marriage	Any marriage where one party is married to more than one person, and the ceremony of marriage took place under the law of a country which permits polygamy.
Public authority	A body or organisation which has a public function, for example the NHS and local authorities.
Relative	A close relative (as defined above) as well as a grandparent, grandchild, uncle, aunt, nephew or niece.
Remunerative work	Where a person is working for at least 16 hours a week (which may be an average) for which payment is made or which is done in expectation of payment.
Resident	An applicant is resident in a dwelling if they occupy it as their sole or main home.
Residence rules	Qualifying conditions whereby an applicant must establish that they have the right to live in the UK and intend to settle in the UK, Isle of Man, Channel Islands or Ireland and make it their home.
Second adult reduction (or second adult rebate)	Another term for alternative maximum council tax reduction (see above).
Self-employed earner	A person who is gainfully employed in Great Britain otherwise than in employed-earners employment.
Service user	A person who is consulted by, or on behalf of, certain public bodies.
State Pension Credit	An income-related (means-tested) benefit paid to pensioners on a low income. It has two components: the minimum guarantee and an additional 'savings credit' designed to reward those who have put by savings and income for retirement.
Sports award	An award made by certain specific sports councils from funds derived from the National Lottery.
Student	A person who is attending or undertaking a course of study at an educational establishment or on a qualifying course. <sup>24</sup>
Support or reduction week	A period of 7 days commencing on a Monday and ending on a Sunday.
Temporary absence	A period not exceeding a specified number of weeks where a person is temporarily absent from their home

<sup>24</sup> A qualifying course as defined for the purposes of parts 2 and 4 of the Jobseeker's Allowance Regulations 1996. The course must be employment-related which helps a person to acquire or enhance skills for employment, for seeking employment, or for a particular occupation. It must last for no more than 12 consecutive months and it must be a course at an appropriate level.

	and intending to return to that home and has not sub-let that part of the home they normally occupy.
The Trusts	The Macfarlane Trust, the Macfarlane (Special Payments Trust) and the Macfarlane (Special Payments) (No.2) Trust.
Universal Credit	An income-related (means-tested) benefit for people of working-age who are on a low income. It replaces four existing means-tested benefits, including Housing Benefit, and two tax credits.
Voluntary organisation	A body other than a public or local authority whose activities are carried out on a not-for-profit basis.
War Disablement Pension	A payment paid to people who have been injured or disabled as a result of any service in Her Majesty's Armed Forces. The amount paid depends on the severity of the disablement.
War Widow's Pension	A pension payable to the widow, widower or in some circumstances the children of someone killed in the Armed Forces or who died later because of injury in the Armed Forces.
Working-age applicant	A person who has not reached the qualifying age for State Pension Credit or who has reached that age but is receiving (or where there is a partner the partner is receiving) a working-age income-related benefit.
Working Tax Credit	An income-related payment made to someone in paid work but on a low income. Different qualifying conditions apply depending on age and hours worked.
Young person	A person who is a qualifying young person for Child Benefit purposes. The young person must be over 16 and under 20 and on a course of full-time, non-advanced education or in approved training, or in appropriate full-time education.

### Annex 2 - Polygamous marriages

A polygamous marriage means any marriage where one party is married to more than one person, and the ceremony of marriage took place under the law of a country which permits polygamy. The amount for living expenses for polygamously married couples is calculated by awarding the highest amount applicable to the applicant and one of their partners. An additional amount is awarded for each other partner and is the difference between the

allowance for a single person aged 25 or over and a couple aged 18 or over (see Appendix 1). The amounts awarded for children and other components are the same as for other applicants.

Where an applicant is polygamously married they are treated as possessing the income and capital of all partners to the marriage with whom they share the household.

Where a person who is polygamously married lives as a non-dependant member of an applicant's household, only one non-dependant deduction is made, but the amount deducted is the highest applicable after taking account of the circumstances and income of all partners in the marriage.

### Annex 3 - Childcare charges

Where incurred, childcare charges can be deducted from income where the applicant is:

- A lone parent who is working at least 16 hours a week;
- A member of a couple both of whom are working at least 16 hours a week;
- A member of a couple one of whom is working and the other is incapacitated,<sup>25</sup> in hospital or in prison.

For the purposes of childcare charges an applicant can be treated as working during the first 28 weeks of a period of sickness, providing they were in work immediately before getting a specified sickness or disability benefit (or appropriate National Insurance credits). Also, an applicant can be treated as working if they are absent from work, on maternity, adoption, parental bereavement leave, shared parental or paternity leave, providing they were in work immediately before the leave began and is entitled to statutory, maternity, adoption, paternity, or shared parental pay; or maternity allowance.

To be eligible, the childcare charges must be:<sup>26</sup>

- paid by the applicant or their partner;
- in respect of a child who is a member of the applicant's family;
- in respect of a period from the birth of a child until the day before the first Monday in September following the child's 15<sup>th</sup> birthday (16<sup>th</sup> birthday if the child is disabled);
- for care provided by specified care providers, for example registered child minders;
- for care provided out of school hours by a school, on school premises, or by a local authority. This applies to children aged from 8 years until the day before the first Monday in September following their 15<sup>th</sup> birthday (16<sup>th</sup> birthday if disabled).

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<sup>25</sup> For a definition of 'incapacitated', see regulation 25 (10-12) to schedule 1 of the Council Tax Reduction (Prescribed Requirements) (England) Regulations 2012. This definition applies to both pensioners and working-age applicants in the Bristol scheme.

<sup>26</sup> See regulation 25 (5-8) to schedule 1 of Council Tax Reduction (Prescribed Requirements) (England) Regulations 2012 for a full list of eligible charges and care providers.

The following childcare charges are ineligible:

- payments in respect of the child's compulsory education;
- payments made by an applicant to their partner (or vice versa) in respect of any child for whom they are responsible;
- payment for care provided by a relative of the child which wholly or mainly takes place in the child's home.

Childcare charges are estimated over an appropriate period of no more than one year in order to arrive at an accurate average weekly charge.

#### Annex 4 - Definition of earnings as an employed earner

The definition of earnings includes the following:

- any bonus or commission;
- payments to compensate for loss of earnings but not redundancy payments;
- payments in lieu of notice or payments intended as compensation for loss of employment;
- holiday pay but not if it is paid more than 4 weeks after employment ends;
- payments made for a period when no actual work has been carried out, for example a retainer;
- any expenses which are not 'wholly, exclusively and necessarily incurred' in connection with employment such as travelling expenses between home and work;
- compensation for unfair dismissal from work and any other payment made under employment rights legislation;
- any statutory sick pay, maternity pay, paternity pay, adoption pay, and statutory parental bereavement pay;
- payments made by or on behalf of an employer to an applicant who is on maternity or paternity leave, adoption leave or is absent from work because of illness;
- non-cash vouchers which have been counted when calculating liability to pay National Insurance contributions.

The definition of earnings does not include:

- payments in kind except for non-cash vouchers as above;
- expenses which are 'wholly, exclusively and necessarily incurred' in connection with employment;
- any occupational pension;
- expenses arising from participation in consultation exercises on behalf of specified public authorities;
- In respect of pensioners, any payment of compensation from an employment tribunal in respect of unfair dismissal or unlawful discrimination.

## Annex 5 - Calculation of self-employed earnings

The earnings of a self-employed earner are the gross income from the employment. Local authority payments to foster parents, and certain kinship carers, are not treated as self-employed earnings but as income other than earnings.<sup>27</sup> The following are also not regarded as self-employed earnings: payments by a boarder living in the applicant's accommodation, and sports awards.

Royalties, copyright, design, patent, trademark and Public Lending Right Scheme payments are taken into account over a set period of weeks. The number of weeks is obtained by dividing the amount of the payments by the amount of council tax reduction which would be payable had the applicant not received the payments, plus the amount that would normally be ignored in their case.

The earnings to be taken into account are the net profit from the business less any amount which is ignored under Appendix 3. Where a self-employed applicant is a partner (or a share fisherman) the net profit is their share of the profit.

In order to arrive at a figure for net profit, the following expenses are deducted from gross earnings:

- any expenses 'wholly and exclusively' incurred including repayments of capital on business loans for the replacement of equipment or machinery, or the repair of existing business assets (after any insurance payments);
- appropriate income tax and National Insurance contributions;
- one half of any sum paid periodically in respect of a personal pension scheme;
- net payments of VAT and interest payments on loans taken out for the purposes of the applicant's business.

The following items are not considered to be expenses:

- capital expenditure;
- depreciation of any capital asset;
- any sum earmarked for setting up or expanding the business;
- losses incurred before the period over which the earnings are calculated;
- repayment of capital on business loans;
- any debts owed to the business except certain irrecoverable debts;
- expenses that the Council consider have not been reasonably incurred.

Special arrangements apply in assessing the net profit of childminders. The net profit is one third of the earnings less income tax, National Insurance contributions and one half of the payments to a personal pension scheme.

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<sup>27</sup> See paragraph 21 of Schedule 1 to the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 for a full definition.

Where an applicant has more than one employment as a self-employed earner, any losses incurred in any one of their employments cannot be offset against their earnings in any other of their employments.

#### Annex 6 - Calculation of income other than earnings

The following are examples of how an applicant's income other than earnings is calculated:

- where a benefit payment, for example Income Support, includes a deduction to recover an overpayment, it is the gross amount of the benefit that is taken into account;
- where an applicant is receiving a reduced rate of contributory Employment and Support Allowance because of a sanction, it is the full amount that is taken into account;
- where tax credit for the current tax year includes a deduction to recover an overpayment of tax credits for the previous year, it is the tax credit less the deduction that is taken into account;
- where a student applicant in receipt of a student loan leaves their course prematurely, they are treated as having the same weekly income from the loan as if they had completed the course, but only for the period during which they attended the course.

#### Annex 7 - Income which is treated as capital and capital treated as income

The following income is treated as capital:

- occasional bonus payments to part-time coastguards, fire-fighters, and those manning lifeboats;
- refunds of income tax deducted from profits or emoluments chargeable to income tax under Schedule D or E;
- any holiday pay which is paid more than 4 weeks after the employment ends;
- with some exceptions (see Appendix 5) any income derived from capital but only from the date it is normally due to be credited to the applicant's account;
- any advance of employed earnings or any loan made by the applicant's employer;
- except for payments made by certain specified<sup>28</sup> trust funds, any charitable or voluntary payment which is not made, or due to be made, at regular intervals;
- the gross receipts of any commercial activity undertaken by a self-employed applicant receiving council tax reduction, but only if those receipts were payable into a special account;
- any arrears of subsistence allowance which are paid to an applicant as a lump sum;

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<sup>28</sup> For the full list of specified trusts, see Appendix 5 to this scheme under 'Compensation' on page 50.

- in the case of pensioners, any arrears of working tax credit, child tax credit or state pension credit paid after an award of council tax reduction has been made;
- in the case of working age applicants, any arrears of working tax credit and child tax credit;
- any payment made through an approved trust for providing assistance to a disabled person whose disabilities were caused by the Thalidomide drug.

The following capital is treated as income:

- capital paid by instalments outstanding at the date the application is made (or treated as made) which, together with other capital, would take the applicant over the capital limit;
- payments received under an annuity;
- a career development loan paid under section 2 of the Employment and Training Act 1973;
- periodic payments to the applicant as a consequence of personal injury.

### Annex 8 - Students

Pensioner students are eligible for council tax reduction if they are liable for council tax and satisfy the other eligibility conditions. The student income of a pensioner is not taken into account in any award.

To be eligible for council tax reduction, a working-age student must be liable for council tax and be in one of the following categories:

- receiving Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance;
- a lone parent;
- a student who has a full-time student partner one of whom has responsibility for a child or young person;
- disabled and would be entitled to a disability premium or a severe disability premium;
- a single foster carer;
- treated by the Department for Work and Pensions as incapable of work (or having limited capability for work) for a continuous period of at least 196 days;
- under 21 and not in higher education;
- under 20 and someone receives Child Benefit for them;
- receiving a Disabled Student's Allowance for deafness;
- have interrupted their course due to illness or caring responsibilities (with the approval of their college or university) for the period between their illness or caring responsibilities ending when they return to University, but only if they do not receive student finance during that time;
- covered by medical evidence saying that they have not been able to work due to illness or disability for at least 28 weeks;

- a part-time student.

#### *Calculation of grant income*

A student's grant income is taken fully into account, except payments for the following:

- tuition or examination fees;
- in respect of disability;
- residential study away from their normal place of study;
- maintaining a home away from their normal place of study;
- £390 for the cost of books and equipment, £303 for travel expenses (but only where the student does not have or is not treated as having a student loan);
- childcare costs for a dependent child;
- higher education bursary for care leavers;
- the grant for dependants known as the parents' learning allowance.

Grant income is normally apportioned on a weekly basis over the period of study (see definition below) for which it is paid.<sup>29</sup> This generally means the period beginning with the start of the course and ending with the last day of the course. If the grant is paid for a different period to the period of study, it is taken into account over that different period. In the case of a sandwich course, any periods of work experience are excluded from this calculation.

A student may receive other income (for example a gift) to cover expenditure necessarily incurred in respect of the above items. However, where that income is greater than the cost of the item(s) for which it is intended, any excess is taken into account as income. For example, if a student is given £400 for the cost of books, £390 would be ignored and £10 taken into account.

#### *Calculation of student loans*

A student loan (or a postgraduate master's or doctoral degree loan) is treated as income. This also applies where a student does not have a loan but could obtain one. If a student is treated as having a loan it is the maximum amount available (or in the case of a postgraduate master's or doctoral degree loan 30% of the maximum available) which is treated as income.

£10 of the weekly amount is ignored. A fixed amount of £390 towards the cost of books and equipment, and £303 towards the cost of travel is deducted from the loan income, whether or not the costs are actually incurred.

Any loan taken out by a student to pay their fee contribution to an educational establishment is ignored.

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<sup>29</sup> The main exception relates to grants for dependants in certain circumstances. These are divided equally over 52 or 53 weeks as appropriate.

Any special support loan to defray the cost of books, equipment, travel or childcare incurred for the purpose of attending a designated course, is ignored in calculating a student's income.<sup>30</sup>

Loan income is calculated by dividing the amount of the loan, less any amount that is ignored, by the number of weeks in the period of study for which it is paid. This means:

(a) where the course is of a single academic year's duration or less, from the first day of the single academic year, or the first day of the course, and ending with the last day of the course.

(b) where the academic year of the course starts other than on 1<sup>st</sup> September, from the first day of that academic year, ending with the last day of that academic year, but excluding weeks falling entirely within the long vacation.

(c) in respect of the final academic year of a course which is not of a single year's duration, from the beginning of either (i) the first day of that academic year, or (ii) where the final academic year starts on 1st September, the earlier of 1st September or the first day of the autumn term and ending with the last day of the course.

(d) in any other case, from the first week in September or the first day of the autumn term and ending with the last day of June.

#### *Other issues*

Any discretionary access funds paid periodically by a college or university are ignored unless intended for and used for specified basic needs,<sup>31</sup> in which case the funds are fully taken into account, less £20 a week. In particular, access funds are ignored as income where they are paid after 1<sup>st</sup> September or after the first day of the course in anticipation of a student receiving a student loan, or are paid before the first day of the course in anticipation of the applicant becoming a student.

Where access funds are paid by way of a lump sum, the lump sum is treated as capital. However, where the lump sum is used for items other than specified basic needs it is ignored for a period of 52 weeks from the date of payment.

Where a student's partner has been assessed for a contribution to his grant or loan, that contribution is taken into account as income, but an equal amount of the partner's income is ignored.

For the purposes of this scheme, the following definitions apply:

**Academic year** - the period of twelve months beginning on 1<sup>st</sup> January, 1<sup>st</sup> April, 1<sup>st</sup> July or 1<sup>st</sup> September, according to whether the course begins in the winter, the spring, the summer or

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<sup>30</sup> See regulations 2(5), 3(5), 4(5) and 5(5) of the Social Security (Treatment of Postgraduate Master's Degree Loans and Special Support Loans) (Amendment) Regulations 2016.

<sup>31</sup> The basic needs are food, ordinary clothing or footwear, household fuel or rent, or any council tax or water charges for which the applicant (or a member of their family) is liable.

the autumn. But if students are required to begin attending the course during August or September and continue attending through the autumn, the academic year of the course begins in the autumn rather than the summer.

Course of study - any course of study, whether or not it is a sandwich course, and whether or not a grant is made for undertaking or attending it.

Full-time student - a person who is attending or undertaking a full-time course of study, including a student on a sandwich course. A funded course of study is usually regarded as full-time if it involves over 16 hours of guided learning a week. Whether or not an unfunded course is full-time depends on the nature of the course as a whole.<sup>32</sup>

Grant - any kind of grant or award other than a payment from access funds. It includes any scholarship, studentship, exhibition, allowance or bursary. It does not include an educational maintenance allowance (or analogous payments).

Period of study - this is defined as follows:

- a) in the case of a course of study for one year or less, the period beginning with the start of the course and ending with the last day of the course;
- b) in the case of a course of study for more than one year, in any year other than the final year of the course, the period beginning with that year's start and ending with either: (i) the day before the start of the next year of the course in a case where the student's grant or loan is assessed at a rate appropriate to their studying throughout the year; or (ii) in any other case, the day before the start of the normal summer vacation appropriate to their course;
- c) in the final year of a course of study of more than one year, the period beginning with that year's start and ending with the last day of the course.

Qualifying course - as defined for the purposes of parts 2 and 4 of the Jobseeker's Allowance Regulations 1996. The course must be employment-related which helps a person to acquire or enhance skills for employment, for seeking employment, or for a particular occupation. It must last for no more than 12 consecutive months and it must be a course at an appropriate level.

Sandwich course<sup>33</sup> – consists of alternate periods of full-time study in an institution and periods of work experience. The student attends full-time study for at least 18 weeks in each year.

Student - a person who is attending or undertaking a course of study at an educational establishment or who is on a qualifying course.

Student loan – a loan towards a student's maintenance.

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<sup>32</sup> For a fuller definition of full-time course of study used in this scheme see regulation 53 (1) of the Housing Benefit Regulations 2006.

<sup>33</sup> See regulation 2(9) of the Education (Student Support) Regulations 2008 for more detail.

## Appendix 1 - Living expenses

This appendix does not apply to applicants receiving Universal Credit – see paragraphs 59-63.

The amounts for living expenses consist of amounts for the applicant and, where appropriate, their partner (known as personal allowances), amounts for children and young people, and additional amounts, known as premiums, mainly for disability and caring responsibilities.

<b>Amounts for the applicant</b>	<b>£ per week</b>
Single person aged between 18 and 24	67.20
Single person (any age) on full Employment and Support Allowance	84.80
Single person aged between 25 and pension age	84.80
Lone parent below pension age	84.80
Couple below pension age	133.30
Single person or lone parent who has reached pension age before 1 <sup>st</sup> April 2021	217.00
Single person or lone parent who has reached pension age on or after 1 <sup>st</sup> April 2021	201.05
Couple, where one or both members have reached pension age before 1 <sup>st</sup> April 2021	324.70
Couple, where both members have reached pension age on or after 1 <sup>st</sup> April 2021	306.85
<b>Amounts for children, young people</b>	<b>£ per week</b>
Dependent child/young person aged under 20 <sup>34</sup>	77.78

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<sup>34</sup> This was limited to 2 children/young persons from 1st April 2018 in the prescribed scheme which applies to pensioners. The Council has decided not to limit the number of children/young persons for working-age applicants.

<b>Premiums</b>	<b>£ per week</b>
Family premium	18.53
Family premium (lone parent in certain circumstances)	22.20
Disabled child premium (for each child)	74.69
Carer premium	42.75
Disability premium for a single applicant	39.85
Disability premium for a couple	56.80
Enhanced disability premium for a single applicant	19.55
Enhanced disability premium for a couple	27.90
Enhanced disability premium for a child	30.17
Severe disability premium for a single applicant	76.40
Severe disability premium for a couple (one qualifies)	76.40
Severe disability premium for a couple (both qualify)	152.80
<b>For certain applicants in receipt of Employment and Support Allowance</b>	<b>£ per week</b>
Work related activity component <sup>35</sup>	33.70
Support component	44.70

A brief explanation of qualifying conditions for the various premiums:

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<sup>35</sup> The work-related activity component was withdrawn from April 2017 and is only now payable to those applicants who are transitionally protected.

### *Family Premium*

This applies where the applicant's family includes at least one child or young person. It was abolished from 1<sup>st</sup> May 2016 in the prescribed pensioner scheme, but the Council has decided to retain it for working-age applicants.<sup>36</sup>

### *Disabled child premium*

This applies where an applicant or partner is responsible for a child or young person living in their household who meets at least one of the following conditions:

- is blind;
- receives Disability Living Allowance;
- Receives Child Disability Payment
- receives Personal Independence Payment;
- receives the Adult Disability Payment;
- receives an Armed Forces Independence Payment; or
- would receive one of these benefits if they were not in hospital.

The disabled child premium is paid for each child who satisfies one of the above conditions. It is also paid for a period of 8 weeks following the death of child or young person, provided that Child Benefit is paid following the death.

### *Carer Premium*

This applies where an applicant or partner is entitled to Carer's Allowance (including where Carer's Allowance is not paid because of overlapping benefit rules). The applicant must have made a claim for Carer's Allowance in order for the premium to apply.

Entitlement to the carer premium continues for eight weeks after caring or entitlement to Carer's Allowance ceases, or where the person being cared for has died. The period of eight weeks begins on the Sunday following the death, or from the date of the death if this is a Sunday.

If entitlement to Carer's Allowance ends for any other reason, the premium will continue to apply for eight weeks.

If both the applicant and their partner qualify for a carer premium, two premiums are paid.

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<sup>36</sup> The higher rate of family premium for lone parents was abolished in April 1998 but, because of transitional provisions, it still applies to a lone parent who was entitled to Council Tax Benefit on 5<sup>th</sup> April 1998, has remained a lone parent, and has continuously been entitled to Council Tax Benefit and, from April 2013, a reduction under this scheme.

### *Disability premium*

This applies where an applicant or their partner is under the qualifying age for State Pension Credit and either registered blind or receiving:

- Disability Living Allowance;
- Personal Independence Payment;
- Armed Forces Independence Payment;
- Adult Disability Payment;
- Working Tax Credit with a disability element;
- Attendance Allowance;
- Constant Attendance Allowance;
- War Pensioners' Mobility Supplement;
- Severe Disablement Allowance;
- Incapacity Benefit.

It is also paid where the Department for Work and Pensions has decided that an applicant has been treated as incapable of work continuously for a period of not less than 196 days where they are terminally ill, or 364 days in any other case.

### *Enhanced disability premium*

This applies where an applicant or their partner or a member of their family is under the qualifying age for State Pension Credit and receiving the disability premium or income-related Employment Support Allowance, and one of the following:

- Personal Independence Payment daily living component at the standard or higher ('enhanced') rate;
- Armed Forces Independence Payment;
- Disability Living Allowance care component at the highest rate;
- The care component of Child Disability Payment at the highest rate;
- The daily living component of the Adult Disability Payment at the enhanced rate.

Or an applicant is in the support group for income-related Employment Support Allowance.

### *Severe disability premium*

This applies where an applicant is receiving the disability premium or income-related Employment Support Allowance, and one of the following qualifying benefits:

- Personal Independence Payment daily living component;
- Armed Forces Independence Payment;
- Disability Living Allowance care component at the middle or highest rate;
- Attendance Allowance (or Constant Attendance Allowance paid with Industrial Injuries Disablement Benefit or War Pension).

- The daily living component of Adult Disability Payment at the standard or enhanced rate.

A further condition is that there are no non-dependants aged 18 or over is living with the applicant, unless they are in one of these situations:

- they receive a qualifying benefit;<sup>37</sup>
- they are registered blind;
- they are a boarder or sub-tenant (but not a close relative);
- they make separate payments to the landlord.

The severe disability premium is not paid if someone is receiving Carer’s Allowance, or the carer’s element of Universal Credit, for looking after the applicant.

Couples receive the higher amount of severe disability premium if both of them are eligible, or the lower amount if:

- someone receives Carer’s Allowance, or the carer’s element of Universal Credit, for looking after only one member of the couple; or
- only one member of the couple meets the eligibility criteria and the other is registered blind.

#### Appendix 2 - Alternative Maximum Council Tax Reduction (or Second Adult Reduction)

(This appendix applies only to pensioners.)

Applicants may qualify for council tax reduction through the alternative maximum council tax reduction route, sometimes known as the second adult reduction or rebate. This is where there is a second adult (or adults) sharing the household who would normally be expected to contribute towards the council tax bill, but who cannot afford to do so. The amount of the reduction depends on the income of the second adult:

Where the second adult or all second adults are in receipt of Income Support, income-related Employment and Support Allowance, income-based Jobseeker’s Allowance or State Pension Credit.	25% <sup>38</sup>
Where the gross income of the second adult, or where there is more than one second adult, their aggregate income (ignoring income from income-related benefits) is less than £244 per week.	15%

<sup>37</sup> The qualifying benefits are Attendance Allowance, the care component of Disability Living Allowance at the highest or middle rate, or the daily living component of Personal Independence Payment at the standard or enhanced rate.

<sup>38</sup> Where an applicant is jointly liable for council tax with one or more persons in the household (other than their partner), the amounts in this table are divided by the number of persons who are jointly liable.

As above, but where the income is £244 per week but less than £317 per week.	7.5%
Where a dwelling would be wholly occupied by students (who are not entitled to council tax reduction under the main scheme) but for the presence of one or more second adults in receipt of an income-related benefit.	100%

In calculating a second adult's gross income, payments of Attendance Allowance, Disability Living Allowance, Personal Independence Payment or Armed Forces Independence Payment are ignored. Payments from certain specified trusts such as the Macfarlane Trust are also ignored.

### Appendix 3 - Earnings that are ignored fully or in part

#### *Earnings paid before the first day of entitlement*

Where an applicant ceases employment as an employed earner because of retirement and is entitled to retirement pension (or would be if they satisfied the contribution conditions), their earnings are ignored from the date after the employment has been terminated.

Where an applicant ceases employment as an employed earner, for reasons other than retirement, before the first day of entitlement to council tax reduction, their earnings are ignored except for certain specified payments.<sup>39</sup>

Where an applicant has not ceased employment, but their working hours have decreased to fewer than 16, or they are ill or on maternity leave before the first day of entitlement to council tax reduction, the earnings are ignored other than specified payments such as statutory sick pay, statutory maternity pay, paternity or shared parental pay.

The above paragraphs also apply when an applicant has been working part-time (fewer than 16 hours a week) and that employment either comes to an end or is interrupted.

Similar arrangements apply when employment or part-time employment as a self-employed earner comes to an end: earnings, other than royalties or analogous payments, are ignored from the date the employment ended.

#### *Earnings paid when council tax reduction has been awarded*

The applicant's earnings which are ignored are shown in the table below. The amounts shown are not cumulative.

<sup>39</sup> The specified payments are retainers, compensation for unfair dismissal, payments deemed to be earnings, guarantee payments, and remuneration on suspension from work on medical or maternity grounds following a complaint to an employment tribunal.

Amount ignored	Circumstances which must apply
All	Where the applicant is receiving Income Support, income-based Jobseeker's Allowance, or income-related Employment and Support Allowance, because earnings will already have been taken into account in assessing entitlement to these benefits. <sup>40</sup>
£20	Entitled to a disability or severe disability premium, work-related activity or support component of Employment and Support Allowance or a carer premium. (NB £20 in total for couples.)
£25	Lone parent.
£10	Couples where £20 is not ignored.
£20	Where the applicant receives earnings from employment as a part-time fire fighter, auxiliary coastguard, manning or launching a lifeboat or being a member of any territorial or reserve force. (NB £20 in total for couples if they are both employed in this way.)
£5	Single person where £20 is not ignored.
All	Earnings of a child or young person.

Where £20 of an applicant's earnings are ignored under the above provisions within a period of 8 weeks of reaching pension age, and they continue in employment, £20 of their earnings continue to be ignored, providing there is entitlement to council tax reduction. This also applies if there is a break which does not exceed 8 weeks in either their employment or entitlement to council tax reduction, following the first day in respect of which an award of council tax reduction is made under this scheme.

If earnings are paid abroad and cannot be transferred to the United Kingdom they are ignored whilst the situation exists. If earnings paid in a different currency have to be converted into sterling, any banking charge or commission is ignored.

In addition to the amounts listed in the table above a further £17.10 is ignored where the applicant:

- qualifies for a 30-hour element in the calculation of their Working Tax Credit;
- is aged at least 25 and who works for at least 30 hours a week or who has a partner who does so;
- has a partner and one of them is working 16 hours or more a week and whose family includes at least one child or young person;
- is a lone parent working 16 hours a week or more;
- is working or their partner is working 16 hours or more a week and is entitled to a disability premium, a work-related activity component or a support component of Employment and Support Allowance.

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<sup>40</sup> See paragraphs 59-63 of this scheme for the treatment of earnings where applicants receive Universal Credit.

## Appendix 4 - Income other than earnings that is ignored fully or in part<sup>41</sup>

### *Income wholly ignored – benefit payments:*

- Attendance Allowance, Disability Living Allowance, Personal Independence Payment Armed Forces Independence Payment and any mobility supplement paid to members of the armed forces;
- all income where the applicant is receiving Income Support, income-based Jobseeker's Allowance, or income-related Employment and Support Allowance;<sup>42</sup>
- any concessionary payment made to compensate for non-payment of any of the benefits mentioned above, or Universal Credit;
- War Disablement Pension, a War Widow's or War Widower's Pension and certain analogous payments;
- Christmas bonus for pensioners;
- Guardian's Allowance;
- Child Benefit;
- Child Disability Payment;
- Housing Benefit;
- Discretionary Housing Payments;
- payments made under a local welfare provision (formerly part of the Social Fund);
- any increase in the rate of social security benefits for a dependant who is not a member of the applicant's family.

### *Income wholly ignored – expenses:*

- any payment made for travelling or other expenses relating to participation in a recognised work programme;
- any payment made for expenses incurred for unpaid voluntary work;
- payments arising from participation in consultation exercises undertaken by certain public bodies;
- payments for expenses to attend a court of law (for example, travel, subsistence and accommodation), for example to attend jury service or when acting as a witness;
- payments for NHS travelling expenses and remission of charges made by the NHS;
- any payment of expenses in respect of an employed earner that is 'wholly, exclusively and necessarily incurred'.

### *Income wholly ignored – other:*

- charitable and voluntary payments, but not where the payment is made by a former partner of the applicant, or former partner of any member of the applicant's family

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<sup>41</sup> See Schedule 5 to the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 for a full list.

<sup>42</sup> See paragraphs 59-63 of this scheme for the treatment of income where applicants receive Universal Credit.

or the parent of a child or young person where they are a member of the applicant's family;

- any of the following payments made to the applicant in consequence of their personal injury: from a trust, from an annuity following any agreement or court order or from funds derived from a payment made, or from a payment received under any agreement or court order; but not where the payment is made by a former partner of the applicant, or former partner of any member of the applicant's family or the parent of a child or young person where they are a member of the applicant's family;
- any payment made to the applicant as a holder of the Victoria Cross, the George Cross or any analogous payment;
- payments made from the Macfarlane and similar trusts, and certain analogous payments;
- any payment made under the Assisted Prison Visits Scheme set up to help relatives or other persons to visit persons in custody;
- payments akin to education maintenance allowance;
- training allowances paid under section 2 of the Employment and Training Act 1973 except where they are paid instead of a social security benefit or they are paid for cost-of-living expenses;<sup>43</sup>
- any payment made under the Employment Services Access to Work scheme for disabled people;
- direct payments made to disabled people to buy services and direct payments in lieu of health care;
- payments made by a local authority to enable the applicant or their partner to live independently;
- payments made in consequence of a reduction in council tax;
- a parental contribution taken into account in calculating a student's grant or loan, and payments where there is not a grant or loan up to a limited extent;
- payments made to the applicant by a child, young person or non-dependant;
- child maintenance payments except when paid by the applicant or their partner (working-age applicants);
- certain payments made in respect of adoption, fostering and provision of respite care;
- payments made in lieu of vouchers for Healthy Start food and vitamins or for milk tokens;
- income in kind;
- income derived from capital in most circumstances;
- income from abroad that cannot be transferred to the United Kingdom;
- any banking charges or commission to convert a payment of income into sterling;

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<sup>43</sup> These cost-of-living expenses are for food, ordinary clothing or footwear, household fuel or rent, or any council tax or water charges for which the applicant (or a member of their family) is liable.

- payments received under an insurance policy taken out against the risk of being unable to maintain certain loan repayments, but only to the extent that the payments cover the applicant's loan commitments together with any premiums;
- income from an annuity purchased with a loan, taken out by a pensioner and secured on a home in which the applicant lives;
- discretionary payments made to a pensioner by a trust (unless paid to meet living expenses or housing costs in which case only up to £20 of the income is ignored);
- tax on income which is otherwise taken into account;
- payments of income which are treated as capital under this scheme;
- payments in respect of certain NHS charges, for example dental treatment;
- sports awards, unless they are intended for specified basic needs;<sup>44</sup>
- payments made in connection with the Homes for Ukraine scheme;<sup>45</sup>
- any payments made by the government to help with the cost of living.

#### *Income partially ignored*

- £15 of any Widowed Mother's Allowance or Widowed Parents' Allowance;
- £15 of maintenance payments other than child maintenance (working-age applicants);
- £15 of maintenance payments in respect of a child or young person (pensioners);
- £20 of payments to the applicant made by sub-tenants of the applicant's home with a formal liability to pay rent;
- £20 of payments made by a boarder plus half the amount in excess of £20;
- payments of Working Tax Credit up to £17.10 where the full £17.10 cannot be ignored under Appendix 3 of this scheme (see page 41).

(Some income ignored is subject to an overall maximum of £20.)

#### Appendix 5 - Capital that is ignored<sup>46</sup>

##### *Property*

- the dwelling normally occupied by the applicant as their home including any garden, garage and outbuildings;
- premises occupied wholly or partly by a partner, relative or any member of the applicant's family as their home where that person has attained the qualifying age for State Pension Credit or is incapacitated;<sup>47</sup>

<sup>44</sup> See footnote 43 above for the definition of basic needs.

<sup>45</sup> the Homes for Ukraine scheme means the Homes for Ukraine sponsorship scheme which was announced in Parliament on 14<sup>th</sup> March 2022. See regulation 17 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, inserted by the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2023.

<sup>46</sup> See Schedule 6 to the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 for a full list.

<sup>47</sup> The term 'incapacitated' is not defined but should be given its broad meaning.

- premises occupied by a former partner as their home providing that the applicant is not estranged or divorced from their former partner, nor where the applicant had formed a civil partnership that has been dissolved;
- any premises that the applicant acquires, or is taking legal advice or proceedings to possess, and intends to occupy as their home within 26 weeks from the date of acquisition, or from the date on which they took legal advice or proceedings, or within a longer period if the Council considers reasonable;
- any sum solely attributable to the sale of premises formerly occupied by the applicant as their home which is to be used for the purchase of other premises that they intend to occupy as their home within 26 weeks of the sale, or a longer period if the Council considers reasonable and necessary to secure the purchase;
- the applicant's former home which they left following estrangement, divorce or dissolution of a civil partnership for a period of 26 weeks from the date on which the applicant left the home. Where the applicant's former home is occupied by the former partner who is a lone parent, the value of the home is ignored so long as the former partner continues to occupy the home;
- for 26 weeks or longer if reasonable, the value of any premises which the applicant is taking reasonable steps either to dispose of, or to obtain possession of, or which they intend to occupy after essential repairs or alterations;
- for 26 weeks or longer if reasonable, any grant made by a local authority in order to help purchase premises that an applicant intends to occupy as their home or for essential repairs or alterations to be carried out and make fit for occupation;
- deposits held by a housing association, and (for 26 weeks or a longer period if the Council considers reasonable) deposits that were so held and earmarked for buying a home;
- for a period of 52 weeks, any sum of money paid to, or on behalf of, the applicant for the sole purpose of buying a property which they intend to occupy as their home, or to meet the cost of essential repairs or alterations to that home;
- any future interest in property (for example where a person has been left property for life that the applicant is due to inherit on their death) but not where the applicant has granted a lease or tenancy including sub-leases or sub-tenancies;
- payments for repair to, or replacement of, personal possessions, repairs or improvements to the home, for a period of 26 weeks or a longer period if the Council considers it reasonable;
- for a period of 52 weeks, payments under an insurance policy for the loss or damage to the property, occupied by the applicant as their home, and their personal possessions;
- the business assets owned wholly or partly by the applicant while working for the business, but where they cease working, the value of the business assets are ignored only for a period in which the Council decides is reasonable to allow for the disposal of such assets;
- the business assets owned wholly or in part by the applicant where they would be working but for an illness or disability, and intends to re-engage in that business on

recovery, for a period of 26 weeks, or within a longer period that the council considers reasonable.

### *Benefits*

- capital already taken into account when the applicant is receiving Universal Credit, Income Support, income-based Jobseeker's Allowance, or income-related Employment and Support Allowance;<sup>48</sup>
- payments of arrears or compensation in respect of any specified benefit, discretionary housing payment, and tax credit, for a period of 52 weeks from the date of receipt of those arrears;
- payments made under a local welfare provision (formerly part of the Social Fund) sometimes known as occasional assistance;
- any payment to rectify or compensate for an official error relating to specified social security benefits, but where the payment is £5,000 or more, only as long as the payment is made on or after the date on which council tax reduction is awarded and only for the duration of that award;
- where an applicant is entitled to council tax reduction solely through the alternative council tax reduction route (see Appendix 2), all their capital is ignored.

### *Compensation*

- any payments made from the Macfarlane Trust, the Macfarlane (Special Payments) Trust, the Macfarlane (Special Payments) (No. 2) Trust, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation, the Scottish Infected Blood Support Scheme, an approved blood scheme, the London Emergencies Trust, the We Love Manchester Emergency Fund, the Windrush Compensation Scheme, the National Emergencies trust or the London Bombings Relief Charitable Fund; any Grenfell Tower support payment, a historical child abuse payment or a Windrush payment.
- any payment made to the applicant or their partner as a result of personal injury but only for a period of 52 weeks;
- compensation paid to children and young people for personal injury, or the death of a parent, while the capital is held by a court or administered by a responsible person;
- any £10,000 ex gratia payment made as a result of imprisonment or internment by the Japanese during the Second World War;
- the value of certain trust funds derived from payments made as a result of personal injury;
- certain trust payments made to the applicant or a member of their family to compensate those who suffer from or who have died from variant Creutzfeldt-Jakob disease;

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<sup>48</sup> See paragraphs 59-63 of this scheme for the treatment of capital where applicants receive Universal Credit.

- payments made to people who were slaves or forced labourers, suffered property loss or personal injury, or who were parents of a child who died during the Second World War;
- payments made to those with an annuity policy from the Equitable Life Assurance Company.

#### *Other*

- personal possessions unless they have been bought to secure or increase entitlement to council tax reduction;
- cash payments made by a local authority to help children in need;
- payments made by a local authority to a person aged 18 or over who was formerly in the applicant's care and continues to live with the applicant and who gives the payments to the applicant;
- payments made by a local authority under the Energy Rebate Scheme 2022<sup>49</sup>
- any other payments made by the government to help with the cost of living;
- any payment made in connection with the Homes for Ukraine scheme;<sup>50</sup>
- any payments in kind made by a charity, or made from the MacFarlane Trust, the Macfarlane (Special Payments) Trust, the Macfarlane (Special Payments) (No. 2) Trust, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation, the Scottish Infected Blood Support Scheme, an approved blood scheme, the London Emergencies Trust, the We Love Manchester Emergency Fund, the Windrush Compensation Scheme, the National Emergencies trust or the London Bombings Relief Charitable Fund; any Grenfell Tower support payment, a historical child abuse payment or a Windrush payment.
- any payment other than a training allowance made to assist disabled people to obtain or retain employment;
- any payment made for travelling or other expenses relating to participation in a recognised work programme;
- payments made to help people select, train for, obtain and retain employment under the Employment and Training Act 1973;
- for 52 weeks, any payment to a self-employed person in order to establish or develop their business;
- any payment made by a local authority to a blind homeworker under specified provisions;

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<sup>49</sup> The Energy Rebate Scheme 2022 means the scheme to provide financial support in respect of energy bills which was announced in Parliament by the Chancellor of the Exchequer on 3rd February 2022. See regulation 16 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, inserted by The Council Tax (Demand Notices and Reduction Schemes) (England) (Amendment) Regulations 2022 – SI 2022/127.

<sup>50</sup> the Homes for Ukraine scheme means the Homes for Ukraine sponsorship scheme which was announced in Parliament on 14<sup>th</sup> March 2022. See regulation 17 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, inserted by the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2023.

- any payment made to the applicant as holder of the Victoria or George Cross;
- payments akin to an education maintenance allowance;
- for 52 weeks, any arrears of subsistence allowance;
- for 52 weeks, payments made by a local authority intended to enable an applicant or their partner to live independently in their accommodation;
- any direct payments for health care;
- certain payments made in respect of adoption, fostering and guardianship support;
- for 52 weeks, payments made in respect of certain NHS charges, hospital travel costs, payments in lieu of Healthy Start food vouchers, milk tokens or the supply of vitamins, and for assisted prison visits;
- the surrender value of annuities or the right to receive income under them;
- the surrender value of any life insurance policy;
- where a payment of capital is made by instalments, the value of the right to receive outstanding instalments;
- for 26 weeks, sports awards unless intended for basic needs;<sup>51</sup>
- the value of the right to receive any income payable abroad which cannot be transferred to the United Kingdom;
- any banking charges or commission to convert a payment of capital into sterling;
- the right to receive any income under a life interest or life rent;
- the value of any funeral plan contract;
- the value of the right to receive an occupational or personal pension;
- the value of the right to receive any rent except where the applicant has a reversionary interest in the property where rent is due;
- the value of any funds held under a personal pension scheme;
- any lump sum payments of retirement pension, graduated retirement benefit, or state pension when entitlement to a pension has been deferred, for as long as the applicant chooses the lump sum option.<sup>52</sup>

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<sup>51</sup> The basic needs are food, ordinary clothing or footwear, household fuel or rent, or any council tax or water charges for which the applicant (or a member of their family) is liable.

<sup>52</sup> The circumstances where a lump sum option is available are set out in Schedule 5 and 5A to Social Security Contributions and Benefits Act 1992, Schedule 1 to the Social Security (Graduated Retirement Benefit) Regulations 2005, and section 8(2) of the Pensions Act 2014.