

Kirklees Council – Draft Council Tax Reduction Scheme “Universal Credit” - commencing April 2018 (summary)

The new UC scheme is for Universal Credit claimants only, and from 1 April 2018 all claimants who are already claiming Universal Credit and Council Tax Support in Kirklees will move onto the UC scheme.

Anyone else who is claiming Council Tax Support under the general scheme will move onto the UC scheme when they move onto Universal Credit, and anyone who receives Universal Credit but does not currently claim Council Tax Support, will go straight onto the UC scheme if they claim Council Tax Support in the future.

Once on the UC scheme, claimants will stay on the UC scheme even if their Universal Credit ends. The only time someone would move back to the general scheme would be if they became a pensioner.

Protections

The UC scheme does not have provisions to protect people who have a Severe or an Enhanced Disability premium, carers and lone parents of children under the age of 5. Although protection will continue for War veterans and war widows.

When claimants who are currently protected move onto the UC scheme their automatic protection will end and their maximum Council Tax Reduction will be 80% of their Council Tax Liability.

The maximum award

Apart from war veterans and widows, the maximum amount that anyone can get is 80% of their Council Tax liability. The reduction is still 20% in the UC scheme and it will still be deducted at the end of the calculation.

Changes to the calculation

a) The Applicable Amount:

There are just two rates of Personal Allowance that are based on the Personal Elements within Universal Credit.

- For single people their personal allowance is £317.82 per month or £73.34 per week
- For couples their personal allowance is £498.89 per month or £115.13 per week

The rates are not reduced for under 25s, and there are no additional premiums for disability or caring responsibilities or allowances for children.

b) Eligible Income:

All benefit and welfare payments are ignored.

The claimants and their partners if they have a partner, total net income that is not from benefits is taken into account.

There are no earnings disregards.

Childcare costs are not disregarded.

There is no tariff income for people who have capital up to £16,000 although anyone who has capital over £16,000 will not qualify.

Maintenance received for children is also not counted.

c) There are no reductions in the award to take account of non-dependants living in the household.

d) The excess Income taper (i.e the rate at which Council Tax Support is reduced) is 20%

Calculation of Eligible Income (non-benefit Income)

Earnings and other non-benefit income will be taken into account from when they are paid rather than when they are earned or accrued, this approach is consistent with how earnings and other unearned income is treated in Universal Credit.

The non-benefit income that is taken into account will normally be the non-benefit income that is included in Universal Credit assessment.

However, if the claimant provides an explanation and other evidence that will enable a more accurate assessment of their non-benefit income to be reached this will override the information in the Universal Credit assessment.

Where the claimant does not have a Universal Credit award then they must supply evidence of their non-benefit income.

Impact of a period of non-entitlement

If a Universal Credit claimant ceases to qualify for Universal Credit, their Universal Credit claim stays open for 6 months and if their circumstances change within that 6 month period and they become entitled to a Universal Credit award again within that period it is automatically paid without the need to make a new Universal Credit claim.

In the same way under the UC CTS scheme if they are not entitled to CTS but become entitled again within 26 weeks the CTS can be paid without the need for a new claim.

This prevents UC claimants with fluctuating income having to reclaim after a nil award of UC which was possibly only for a single month, but introduces a clear point at which the nil award claim is closed down.

Calculating the weekly award

The Council Tax Support award is defined as a weekly award which is awarded for any day that claimant is entitled and the Council Tax liability is usually expressed as a weekly value.

However, other components of the calculation such as the Universal Credit award and the elements of the Universal Credit award are expressed as monthly figures. All components of the calculation are converted to weekly values using the Universal Credit method which is to multiply the monthly amount by 12 and divide the result by 52.