Cambridge City Council

Working Age Council Tax Reduction Scheme (Universal Credit)

1. Introduction

1.1 This document constitutes Cambridge City Council's Council Tax Reduction Scheme for the purposes of section 13A of the Local Government Finance Act 1992, in respect of its Council Tax Reduction Scheme ("the Scheme") for persons of working age who are in receipt of, or have an active claim for, Universal Credit ("UC").

1.2 The Scheme is made pursuant to the Council's powers under the Local Government Finance Act 1992 (as amended) and all other relevant enabling legislation.

1.3 The objectives of the Scheme are to:
a) provide financial assistance to persons on low income;
b) ensure that support is delivered in a fair and proportionate manner;
c) promote transparency, simplicity, and administrative efficiency; and
d) align, so far as practicable, with the structure and operation of Universal Credit.

1.4 This Scheme shall apply from 1 April 2026 and shall remain in force until amended or replaced by the Council.

2. Interpretation

2.1 In this Scheme:
a) "Universal Credit" means the benefit administered by the Department for Work and Pensions ("DWP") pursuant to the Welfare Reform Act 2012;
b) "Claimant" includes the claimant and, where applicable, their partner;
c) "Non-dependant" means a person who normally resides with the claimant on a non-commercial basis, but is not their partner or dependant child;
d) "Dependant" means a person below the age of 20 years, determined to be a dependant child by the DWP in respect of the associated Universal Credit claim.
e) "Open claim" means a Universal Credit claim that has not been terminated by the DWP, irrespective of whether any award is currently payable.

3. Eligibility

3.1 The Scheme shall apply to persons of working age who:
a) are liable for Council Tax in respect of a dwelling within the Council's area; and
b) have an open claim for Universal Credit.

3.2 A claimant may be eligible for a reduction under this Scheme notwithstanding that:

a) no Universal Credit payment is currently in issue; or
b) the Universal Credit award is assessed as nil,
provided the claim remains open.

3.3 Where an associated UC claim falls under circumstances outlined in 3.2, entitlement to Council Tax Reduction will continue to be calculated based on information derived from that UC claim.

3.4 Where Council Tax liability is shared between parties which constitute more than one household, that liability will be divided between the total number of households for the purpose of calculating entitlement to Council Tax Reduction.

4. Use of Information Provided by the Department for Work and Pensions

4.1 In determining entitlement under this Scheme, the Council shall rely on information provided by the DWP in respect of the claimant's Universal Credit claim.

4.2 Such information shall include, but shall not be limited to:
a) earnings;
b) other income;
c) capital; and
d) household composition.

4.3 Information supplied by the DWP shall be treated as authoritative for the purposes of this Scheme, notwithstanding any discrepancy with information obtained from other sources.

4.4 Where the claimant is in receipt of Housing Benefit in respect of the same dwelling:
a) determinations made for Housing Benefit purposes shall apply to the assessment under this Scheme; and
b) in the event of inconsistency, Housing Benefit determinations shall take precedence over DWP information.

5. Structure of the Scheme

5.1 The Council shall operate a banded Council Tax Reduction scheme for working age claimants with Universal Credit.

5.2 Under this Scheme:
a) claimants shall be placed into income bands based on assessed income;
b) each income band shall correspond to a prescribed level of Council Tax contribution by the claimant.
c) the award of Council Tax Reduction shall be determined as the difference between the prescribed contribution and the claimant's Council Tax liability, less any other applicable deductions.

6. Making a Claim

6.1 A claim for Council Tax Reduction shall be made in such form as the Council may prescribe.

6.2 Where a person has made a claim for Universal Credit, the Council may treat this as a claim for Council Tax Reduction where sufficient information is available.

6.3 The Council may require such information or evidence as is reasonably necessary to determine entitlement.

7. Effective Dates

7.1 Once an application for Council Tax Reduction under this scheme has been received, the entitlement start date shall be the first date of entitlement to Universal Credit (as determined by the DWP), or the claimant's first date of liability to Council Tax at the respective address, whichever is later.

7.2 Where the Department for Work and Pensions determines that a claimant is entitled to Universal Credit for a past period no earlier than 1 April 2020, the Council shall award a corresponding reduction for that period.

8. Assessment of Income

8.1 The income used to determine the applicable band shall be the net earned income derived from DWP Universal Credit data.

8.2 Where the claimant is treated by DWP as self-employed, the net income used may include an assumed minimum income used in their Universal Credit claim.

8.3 The Council shall not normally require the claimant to provide additional income evidence where such information is available from the DWP.

9. Capital

9.1 A capital limit of £16,000 shall apply.

9.2 A claimant shall not be entitled to a reduction where:
a) the claimant, or the claimant and their partner jointly, possesses capital exceeding £16,000.

9.3 For the purposes of assessment:
a) capital below £6,000 shall be disregarded;
b) where total capital is between £6,000 and £16,000, a notional £1 per £250 (or part thereof) above the lower limit shall be added to the weekly income figure used in the calculation.

9.4 Capital includes savings, investments, and other financial resources as determined by DWP.

10. Non-Dependant Deductions

10.1 Where a non-dependant resides in the dwelling, a non-dependant deduction may be applied.

10.2 The deduction shall be a standard weekly amount, determined annually by the Council.

10.3 A non-dependant shall be disregarded (and no deduction applied) where they:

a) are a full-time student;
b) are a pensioner who receives Pension Guarantee Credit;
c) are registered blind;
d) are entitled to any of the following benefits:
   a. Carer's Allowance
   b. Disability Living Allowance
   c. Personal Independence Payment
   d. Attendance Allowance
   e. Employment Support Allowance (Support Component)
   f. Industrial Injuries Benefit
   g. Armed Forces Independence Payment
   h. War Disablement Pension
   i. War Widow's/Widower's Pension
e) are under the age of 25, has no earnings, and is in receipt of Universal Credit;
f) are a care leaver under the age of 25.

10.4 No non-dependant deduction shall be taken where the claimant or partner is entitled to any of the following benefits:

a) Carer's Allowance
b) Disability Living Allowance
c) Personal Independence Payment
d) Attendance Allowance

11. Notifications

11.1 The Council shall notify a claimant of any determination under this Scheme by means of a Council Tax demand notice, or by such other written communication as it considers appropriate.

11.2 Where a reduction is awarded, the Council Tax demand notice shall specify:
a) the amount of Council Tax payable following application of the reduction; and
b) such information as is necessary to enable the claimant to understand the effect of the reduction on their liability.

11.3 The Council shall ensure that notifications issued under this section include, or are accompanied by, information as to the claimant’s right to request a review or appeal.

11.4 The issue of a revised Council Tax demand notice following a determination or change in circumstances shall constitute notification of the Council’s decision for the purposes of this Scheme.

11.5 Further details regarding the information used when making a determination may be supplied to the claimant on request.

12. Changes of Circumstances

12.1 A claimant shall notify the Council of any change in circumstances which may affect entitlement or the amount of reduction.

12.2 The Council may:
a) revise an award where a relevant change occurs; or
b) supersede a previous decision.

12.3 Changes notified via Universal Credit data supplied by the DWP will be treated as notification for the purposes of this Scheme.

13. Reviews and Appeals

13.1 A claimant may request a review of a decision made under this Scheme.

13.2 Following review, the claimant may appeal to the Valuation Tribunal for England.

13.3 The Council shall set out the procedure for review and appeal in its notifications.

14. Annual Review and Uprating

14.1 The Council shall review and update the following elements of the Scheme on an annual basis, with effect from 1 April each year:
a) income band thresholds;
b) Council Tax contribution levels;
c) non-dependant deduction amounts.

14.2 Income Bands and Contribution Levels

> 14.2.1 Income band thresholds and contribution levels shall be uprated annually.
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> 14.2.2 Uprating shall be applied proportionally in line with the percentage increase in the National Living Wage (NLW), as determined by the UK Government for the relevant financial year.

14.2.3 For the purposes of this Scheme, NLW shall mean the statutory minimum hourly rate for eligible workers as defined under the National Minimum Wage Act 1998 (as amended).

14.3 Non-Dependant Deductions

14.3.1 Non-dependant deduction amounts shall be uprated annually.

14.3.2 Uprating shall be applied in line with the Consumer Prices Index (CPI) for the 12-month period ending in September preceding the relevant financial year, as published by the Office for National Statistics.

14.4 Rounding

14.4.1 Following uprating, all income band thresholds, contribution levels, and non-dependant deduction amounts shall be rounded to the nearest £0.05.

15. Publication

15.1 This scheme shall be made publicly available on the Council's website.

15.2 Uprated figures shall be approved and published prior to the commencement of each financial year.

15.3 Publication shall include sufficient information to enable claimants to understand how their award has been determined.