

Housing Benefit and Council Tax Benefit Circular

Department for Work and Pensions

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HB/CTB S6/2012

SUBSIDY CIRCULAR

WHO SHOULD READ	Housing Benefit and Council Tax Benefit managers and staff. Officers preparing subsidy claims and estimates
ACTION	For information
SUBJECT	Abolition of Council Tax Benefit and its impact on the 2013/14 claim form and guidance notes

Guidance Manual

The information in this circular does not affect the content of the HB/CTB Guidance Manual.

Queries

If you

- want **extra copies of this circular/copies of previous circulars**, they can be found on the website at <http://www.dwp.gov.uk/local-authority-staff/housing-benefit/user-communications/hbctb-circulars/>
- have any queries about the
 - **technical content of this circular**,
Email: hbctb.subsidyqueries@dwp.gsi.gov.uk
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Changes to Council Tax Benefit (CTB) Subsidy from 2013/14

Introduction

1. From 1 April 2013, CTB will be abolished and will be replaced by localised council tax reduction schemes, designed and administered by local authorities (LAs).
2. This circular contains details of changes to the subsidy arrangements for CTB from the 2013/14 financial year. Provision for the 2013/14 arrangements are being made by a Commencement Order that will amend the Income-related Benefits (Subsidy to Authorities) Order 1998.

CTB Abolition

3. As CTB will be abolished from and including 1 April 2013 there will be no overlap between entitlement to CTB and entitlement to council tax reductions. LAs will need to ensure that entitlement stops on 31 March 2013, including where the same IT system is being used to administer new schemes.

Changes to CTB Subsidy

4. The current payment of CTB subsidy is covered by the the Income-related Benefits (Subsidy to Authorities) Order 1998 in its amended form.
5. Under this system, prior year adjustments identified in current year are reported on current year subsidy claims. So in previous years LAs have made adjustments to their subsidy claim forms to account for changes in entitlement for the previous year.
6. The adjustments take the form of claims for additional subsidy, where additional entitlement is established during the following financial year, and reductions to subsidy, where CTB previously thought to be paid correctly is discovered to have been overpaid and therefore subject to a lower rate of subsidy.
7. In most circumstances, the value of overpayments identified exceeds the additional underpayments, although this varies across LAs.
8. Following consultation with the Local Authority Associations, the Department for Work and Pensions (DWP) has decided that all subsidy adjustments for CTB will cease in 2013/14 and subsequent years. DWP will not accept claims for additional subsidy but will not ask for downward subsidy adjustments where overpayments are identified. LAs will continue to

be able to recover overpayments using the existing methods prescribed in the CTB regulations.

9. DWP will look to remove CTB cells from subsidy forms with effect from 2014/15. The 2013/14 initial estimate, mid-year estimate and final subsidy claim forms will all have CTB cells as previously. As all subsidy adjustments for CTB will cease from 2013/14, LAs should enter zero in all CTB cells.
10. DWP will issue a further circular regarding operations in due course.