

## **ESSENTIAL REFERENCE PAPER C**

### **CONSULTATION ON A NEW COUNCIL TAX SUPPORT SCHEME**

The council is facing some tough choices over who will receive help towards their council tax in the future and before a final decision is taken we want your views.

#### **What is changing?**

- At the moment the government sets the rules for council tax benefits and councils decide individual cases within those rules.
- From next April councils like East Herts who collect the council tax will set the rules for new council tax support schemes.
- Within these new rules the government has told councils they must continue to support pensioners as now but as regards those of working age councils can make changes that suit their local area whilst having regard to those who are vulnerable.

#### **Who will be affected by the change?**

- Any one of working age who currently qualifies for council tax benefit or who would have qualified in the future. At any one time there are about 3,500 families of working age receiving council tax benefits in East Herts.

#### **Why can't the Council continue the current arrangements for everybody not just for pensioners?**

- If the council does nothing and keeps the rules the same for every body then council tax payers in general would see a £700,000 increase in their tax bill because East Herts, the County Council and the Police Authority would be forced to put up the rate of council tax – if other services were not to be reduced. The reason for this is that the government wants to see a 10% reduction in spending on support for council tax and is therefore contributing only 90% of the existing cost towards the new scheme.
- East Herts Council is committed to not increasing the council tax and will therefore need to change the rules for working age claimants.

#### **On what basis has the Council decided what rules to apply?**

In considering its scheme the Council has been guided by the following principles

- The Council will ensure support for pensioners is not reduced
- The Council will find other ways of meeting the cost of not reducing support for pensioners. It will not reduce support for working age claimants further than the 10% reduction sought by government.
- The Council will be fair to all working age claimants
- The council will not adjust those factors which provide a higher level of support for vulnerable groups such as families with a member who has a disability
- The changes should be clear and as easily understood as possible
- Keep the changes as simple as possible. The service to customers should not be put at risk by the Council seeking to implement lots of changes which might get in the way of processing applications.
- Take time to evaluate more radical changes which might be put in place to make the system more efficient.

### **So what are the changes?**

- Currently, some claimants can get all their council tax paid by benefit; **in future every working age claimant will be expected to pay the first 10% of their council tax bill.** (For single people this will be after deducting the current 25% discount) The remaining 90% of the tax bill may then be subject to a discount and all the 90% might be discounted which would leave nothing to be paid (other than the first 10%).

**BUT EVERYTHING ELSE IS UNCHANGED**

In particular

- Rules about who can claim will not change
- The way we will decide the amount of discount on the 90% of the

bill will be on exactly the same basis as now. So, for example, where a family member has a disability that will continue to be taken into account.

### **What does this mean in financial terms?**

- Council tax bills vary depending on the tax band of the house in question and single occupiers pay less than couples but most typically for those who receive benefits now couples will pay about £11 per month more and a single person £8 per month more.

### **What does the Council want to know?**

The council welcomes general comments on the proposals but specifically we would like to know:

1. Do you agree that the guiding principles set out here are a good basis for deciding on the changes?
2. Do the changes appear fair for all working age claimants?
3. Other than pensioners, are there any claimants who should be able to pay no council tax or less than 10% of the tax bill - even if this means that for other claimants the minimum payment towards their council tax would have to be more than 10%?
4. If there were no changes in respect of working age claimants every household would have to pay an average of an extra 50p per month in council tax. Would you prefer this approach?

### **What happens next?**

- The Council will undertake wide consultation of which this is part
- The Council will consider responses to consultation and agree its final proposals by 31 January 2013.