**FAQs**

**Why are you considering letting some people pay no council tax when you’ve increased council tax for everyone else?**

The proposed scheme is a practical and pragmatic approach to enable us to focus on other debts, increasing the collection rate and reducing the burden on council tax. Asking the poorest households to pay 8.5% is only adding to their financial pressures and indebtedness.

**Why not reduce council tax for everyone?**

Council tax accounts for about 12% of our total budget each year. Most of our money comes from central government, but the government continues to cut our budget and by the end of 2017/18 we will have £171 million less than we did in 2010.

**Doesn’t this disincentives work?**

One in three working age CTRS claimants is in employment. Increasing the discount available by 8.5% will reduce the outgoings from earnings.

There is evidence from the Citizens Advice Bureau that our poorest residents are the most adversely affected by the current 8.5% council tax charge. Paying a minimum of 8.5% merely increases their financial pressures and adds to their wider indebtedness.

**How much will it cost council to implement?**

Based on the current number of claimants, if the discount available were increased by 8.5%, it would cost council £1.43 million.

**Why are you considering increasing council tax reduction when council is facing a tough financial challenge?**

 This option can be considered at this time as the fall in the number of CTRS claimants combined with an increasing number of homes from which we collect council tax have increased the funding available to the Council. This will also remove the administration costs related to recovering relatively small amounts from 11,500 Council Tax payers and free resources to pursue other debts. This in turn provides more council tax for the collection fund which goes to offset the cost of the extra discount.

**Will I have to reapply for a Council tax reduction?**

No. All current council tax reduction customers will be automatically reassessed when the new scheme comes into effect.

**Will the applicable amount change?**

(The applicable amount is the sum the Government sets that people need to live on dependent on their family circumstances).

No. The applicable amount will not change.

For every pound over the applicable amount claimants lose 20p of the maximum benefit. This method will not change, however as the maximum benefit will increase, the reductions will be taken from 100% of the price of council tax, not 91.5% so all recipients will pay less council tax.

This example shows how the proposed changes will affect CTR recipients’ council tax bills. The figures here are only used to explain how the changes would affect some people, and are not an actual applicable amount.

Applicable amount is £100 per week. Person A earns £120 per week. Council tax is £20.00 per week. Person A loses 20p per pound earned over £100 = £4 reduction in benefit.

If the CTRS maximum stays at 91.5%, the maximum amount of CTRS would be £18.30 less the £4 reduction. Person A would be awarded £14.30 per week in CTRS and have to pay £5.70 each week. But if CTRS maximum is increased to 100% Person A would only have to pay council tax at £4.00 per week.

**Who will get the maximum 100% benefit?**

If we change our CTRS to the proposed scheme anyone receiving income based job’s seekers allowance, income related employment and support allowance and income support claimants will receive an award equal to 100% of their Council Tax.

Pensioner’s on Pension Credit (guaranteed credit) are already receiving the maximum, 100% award.

Claimants on low income could get the 100% award but this would be dependent on the applicable amount (see above). For example a single person with an income of less than £3,800pa or a single parent with two children with an income of less than £11,900 would receive the maximum award.

There may also be a reduction in benefit if there are other adults living with the claimant.

**How many residents currently claim council tax reduction?**

As of 31 March 2016 there are 15,551 people of working age on some level of council tax support in Camden of which 11,152 receive the maximum discount of 91.5%.

In addition to this there are approximately 8,000 pensioners who receive maximum council tax support.

**Will eligibility change?**

To determine if someone is eligible for a council tax discount, we collect evidence of residency and income, including pensions, earnings and other benefits as well as proof of any savings or investments. Eligibility for council tax reduction is based on individual circumstances and may also be available to people with a disability, people who are carers and other members of our community who are in most need.