

Corporate Services
Director of Resources and Performance



Bernard Clarke
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Contact: Claire Cook
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My ref: MP/CC/mgb
Your ref:
Date: 26 September 2012

Dear Bernard

Consultation on Proposals for Localised Council Tax Benefit Scheme

The authority welcomes the opportunity to respond to the consultation on a localised council tax benefit scheme for Watford Borough Council.

The design of a local scheme which embraces the principles agreed by the Hertfordshire Leaders at their meeting on 16th July 2012 is welcomed, in particular the objective of not passing on any increase to Council Tax payers. As you are aware, any shortfall in the implementation of the discount scheme is likely to result in either further service savings or an increase in council tax levels for this authority.

This authority's preference would be for your preferred scheme, given that any alternatives that you propose would not necessarily deliver against the principles agreed by the Hertfordshire Leaders.

There will be a requirement for all authorities to work closely together to understand and recognise the risks of managing the potential impact of reduced collection rates and further demographic growth. I welcome the opportunity to continue to work with you on these areas.

Yours sincerely

A handwritten signature in black ink, appearing to read "Mike Parsons".

Mike Parsons
Director of Resources & Performance



**HERTFORDSHIRE
POLICE AUTHORITY**

Kathryn Robson
Watford B.C.

Tel: (01992) 556621
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Date: 8 October 2012

Dear Ms Robson

Consultation on Proposals for Localised Council Tax Benefit Scheme

The Police Authority welcomes the opportunity to respond to the consultation on a localised council tax benefit scheme for Watford B.C..

The design of a local scheme which embraces the principles agreed by the Hertfordshire Leaders at their meeting on 16th July 2012 is welcomed, in particular the objective of not passing on any increase to Council Tax payers. As you are aware, any shortfall in the implementation of the discount scheme is likely to result in either further service savings or an increase in council tax levels for this authority.

This authority's preference would be for your preferred scheme, given that any alternatives that you propose would not necessarily deliver against the principles agreed by the Hertfordshire Leaders.

There will be a requirement for all authorities to work closely together to understand and recognise the risks of managing the potential impact of reduced collection rates and further demographic growth. I welcome the opportunity to continue to work with you on these areas.

Yours sincerely

James Hurley
Treasurer – Hertfordshire Police Authority

Citizens Advice Bureau

Response to Watford Borough Council Local Council Tax Support Consultation 2012.

Watford Citizens Advice Bureau appreciates that the localisation of council tax support will give the council 10% less government funding than it has presently has. We also appreciate that the timetable for implementing the new scheme is very tight as the new Local Council Tax Support Scheme must be in place by the end of January 2012. We have given consideration to each option proposed.

Option 1 – to reduce the Council Tax Support for all working age claimants

Option 2 – Identify a range of reductions to payments made to certain claimants

There has to be a trade-off between protecting those with the lowest incomes and the impact of the scheme on incentives to work. Reforms that means test aggressively lead to weaker work incentives than those that reduce support for all claimants.

Reducing entitlements for all working age claimants, even those on the lowest incomes means households who have historically been used to not paying council tax would have to pay some council tax. The poll tax experience showed how difficult this can be. Reducing or eliminating support for properties in higher council tax bands also involves starting to collect council tax from some households with little or no private income. More aggressive means testing support for council tax protects the poorest households and focuses losses on the middle income households. Working lone parents are particularly likely to lose out in this situation.

Discounts that Watford BC could introduce as part of the local CT Scheme:-

Option 1 – Level of Savings.

In our experience of households that would presently receive CTB and therefore meet the criteria of the capital threshold of £16,000, most would have non-pension financial wealth under the proposed £8000 threshold and would therefore qualify for Local Tax Support under a means testing scheme.

Option 2 – Non Dependent Deductions

We have found through our work with clients that for those households affected by non dependent deductions, this can be profound. Often the non dependent is making no financial contribution and therefore leaves the claimant with reduced income and increased financial responsibility. It is frequently the case in this situation that the claimant who is presently claiming CTB has no idea what (if any) income the non dependent actually has and so frequently the claimant is assessed at the highest rate of non dependent deduction.

Option 3 – Capping Support to the level of a Band D Property

The advantage of this option is that it concentrates on families living in higher band properties and these families tend to be better off.

This is a less regressive option which would tend to target mostly non pensioner households and families with children more than families without children. The people to lose out from this reform would be those currently claiming CTB and living in properties in bands D and above.

Option 4 – Empty Properties Needing Structural Work

Option 5 – Empty and Unfurnished Properties

Option 6 – Second Homes

Option 7 – Empty Homes Premium

The grant from government to each local authority will be based on 90% of what would have been spent on CTB in that area. As pensioners and vulnerable groups will be protected, unless councils find additional money elsewhere they will either need to make larger percentage cuts to support for working age claimants or consider options that tend not to affect Council Tax Benefit claimants. Reforms that would protect the poorest claimants and would not reduce incentives to work would be considered better options by the Citizens Advice Bureau.

Summary

The effect of localisation of Council Tax Support will be to strengthen Local Authority incentives to promote employment and growth in the local economy but will also reduce incentives to encourage low cost housing and also give a disincentive to having low income families living in the area.

The other major issue that we are concerned about is the integration with Local Council Tax Support and Universal Credit. Universal Credit is intended to simplify the benefits system and is also intended to rationalise work incentives by replacing a jumble of means tested benefits with one simple benefit that will ensure that people are always better off in work. A separate means test of Local Council Tax Support could undermine these objectives. One of the key issues for any Local Tax Support scheme has to be the consideration as to whether Universal Credit will be treated as income in the means test. Administratively it would be simpler not to but would mean that for Local Council Tax Support to be withdrawn at the same time as Universal Credit this would also cut support severely for some for whom Universal Credit starts to be withdrawn at very low income levels.

A second issue with regard to the integration of the Local Tax Support and Universal Credit is that there will no longer be passporting from means tested benefits in the way that there is presently with Council Tax Benefit.

Having schemes that vary across the country will reduce transparency and increase bureaucracy. For Citizens Advice Bureau advisers having to deal with a variety of rebate schemes across the country this will create an extra burden.