

Appendix 2

COUNCIL TAX SUPPORT

How have councils changed the support available?

From April 2013, local authorities across England were given the power to devise their own systems of Council Tax Support (CTS) for working-age adults. It replaced the national system of the Council Tax Benefit (CTB) which ensured that the poorest households did not have to pay council tax.

In the first year of CTS the funding available from central government was 10% less than that available under the former system of CTB (which central government funded in full). This central government funding for CTS has now been combined with the general grant that local authorities receive and is subject to the same cuts.

Each year the local authority decides how CTS should work in their area. Now in its fifth year, 264 (of 326) councils require everyone to pay at least some council tax regardless of income, 5 more than last year and 30 more than in April 2013.

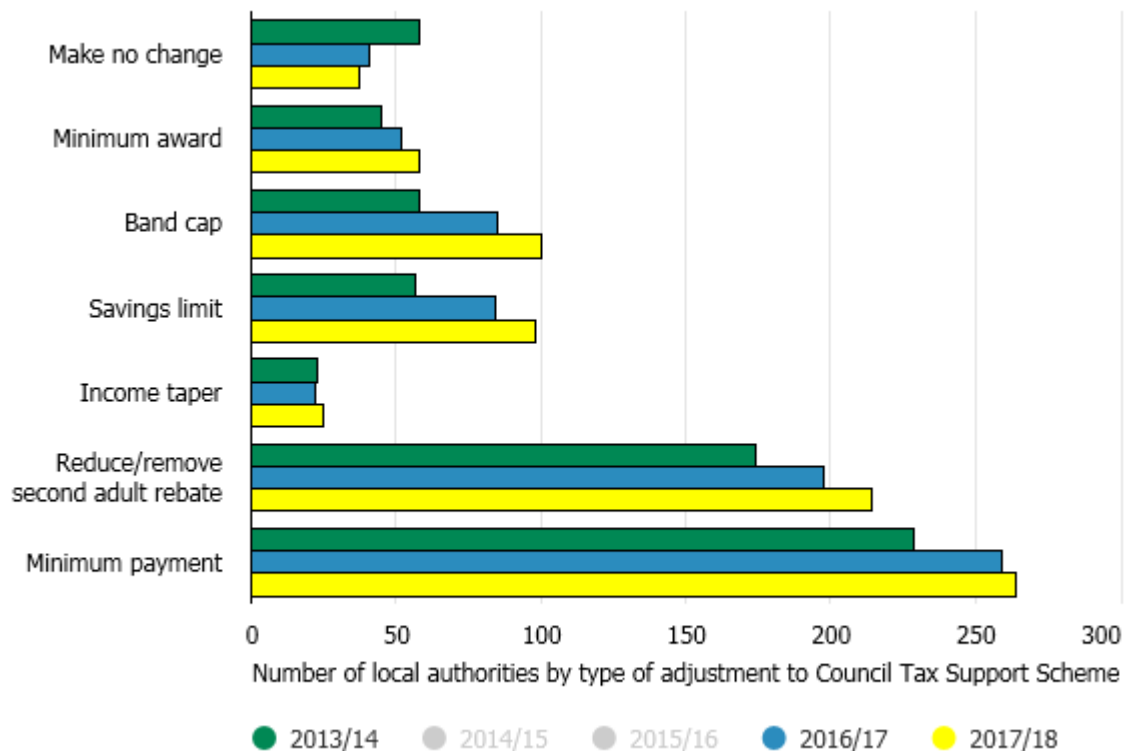
Changes over the past five years

From April 2017, only 37 councils (out of 326) are continuing to provide the levels of support available under the former Council Tax Benefit system, down from 58 in April 2013.

The most common change that local authorities have made from the former CTB system has been to introduce a “minimum payment” which requires everyone to pay at least some council tax regardless of income. From April 2017, 264 schemes include a minimum payment, up from 259 in April 2016, and 229 in April 2013.

Along with a minimum payment, councils can make other changes to CTS. The graph below shows the number of councils that have introduced a particular change.

Some local authorities introduced more than one new measure (for example reducing the second adult rebate and introducing a band cap), so councils may be counted more than once.



- 214 councils have reduced or removed the second adult rebate (the benefit homeowners not on a low income are entitled to if they share their home with someone on a low income), 16 more than the previous year, April 2016, and 40 more than April 2013.
- 100 councils have introduced a band cap which involves limiting the amount of benefit received in higher value properties to the amount provided to those in lower value properties, 15 more than the previous year and 41 than in April 2013. The most common band cap applied is D.
- 98 councils have lowered the maximum savings limit (the savings limit over which one is no longer eligible for Council Tax Benefit), 14 more than the previous year and 41 more than in April 2013. Most reduced the threshold to £6,000.
- 58 councils have introduced a minimum CTS entitlement, 13 more than in April 2013. A minimum CTS entitlement of £5 per week would mean that claimants entitled to less than this would receive nothing.
- 25 councils increased the income taper (the amount by which support is withdrawn as income increases) from the CTB rate of 20p per £1.19 councils increased the taper whilst 3 have lowered it.

The range of minimum payments

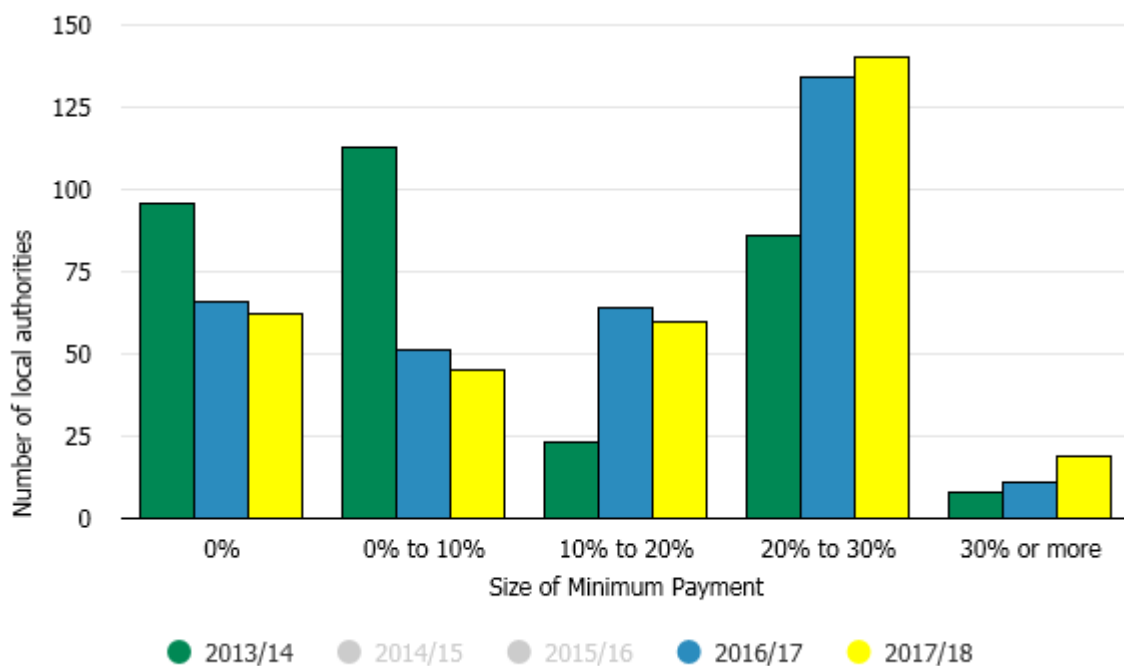
The most common change that local authorities made from the former CTB system was to introduce a “minimum payment” which requires everyone to pay at least some council tax regardless of income.

From April 2014, 245 schemes included a minimum payment, 16 more than in April 2013. From April 2015, this number increased to 250, from April 2016 it reached 259 and from April 2017 it has reached 264.

A minimum payment can be administered in a range of ways. Most local authorities with a minimum payment require all residents to pay a proportion of their council tax, and they are only entitled to council tax support for the remaining share. For example, a resident must pay 20% of their council tax liability but can apply for Council Tax Support to help pay for the remaining 80%.

The size of this minimum payment varies by area; in 50 councils it is less than 10% of council tax liability and 140 councils it is from 20% up to 29%. Whilst for 19 councils it is 30% or more.

The graph below shows the number of councils by the level of minimum payment:



- There has been a large and steady drop in the number of councils with smaller minimum payments levels (of 10% or less); from 113 in April 2013 to 45 in April 2017.
- The number of councils with a minimum payment of between 10% and 20% has fallen slightly to 60 in April 2017, four fewer than last year but up from 23 in April 2013.

- 20% to 30% is the most common minimum payment, with 140 councils choosing this level in April 2017, six more than the previous year and up from 86 in April 2013.
- The largest increase in April 2017 was among councils setting a minimum payment at 30% or above. Currently, 19 councils had a minimum payment of 30% or over, up from 11 the previous year and 8 in April 2013.

Source: <http://www.counciltaxsupport.org/schemes/>