

***COUNCIL TAX SUPPORT – Information provided to the BUDGET
WORKING GROUP - 11th August 2017***

Source Information – New Policy Institute

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

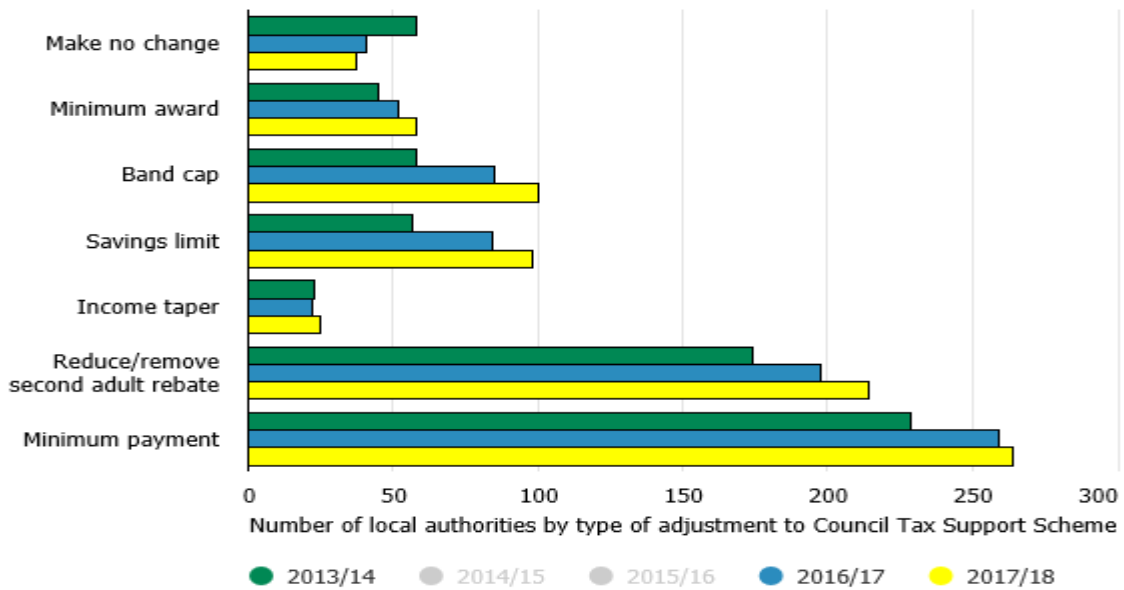
How have councils changed the support available?

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



- 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- 25 councils increased the income taper (the amount by which support is withdrawn as income increases) from the CTB rate of 20p per £1.19 councils increased the taper whilst 3 have lowered it.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

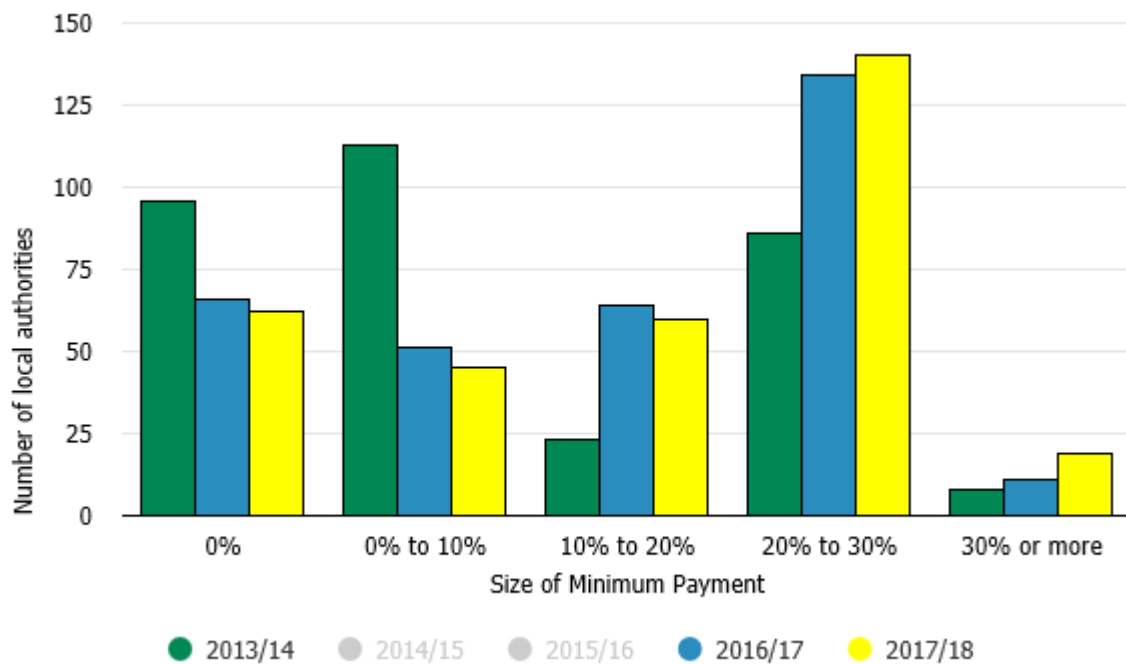
The most common change that local authorities made from the former CTB system was to introduce a “minimum payment” which requires everyone to pay at least some council tax regardless of income.

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.

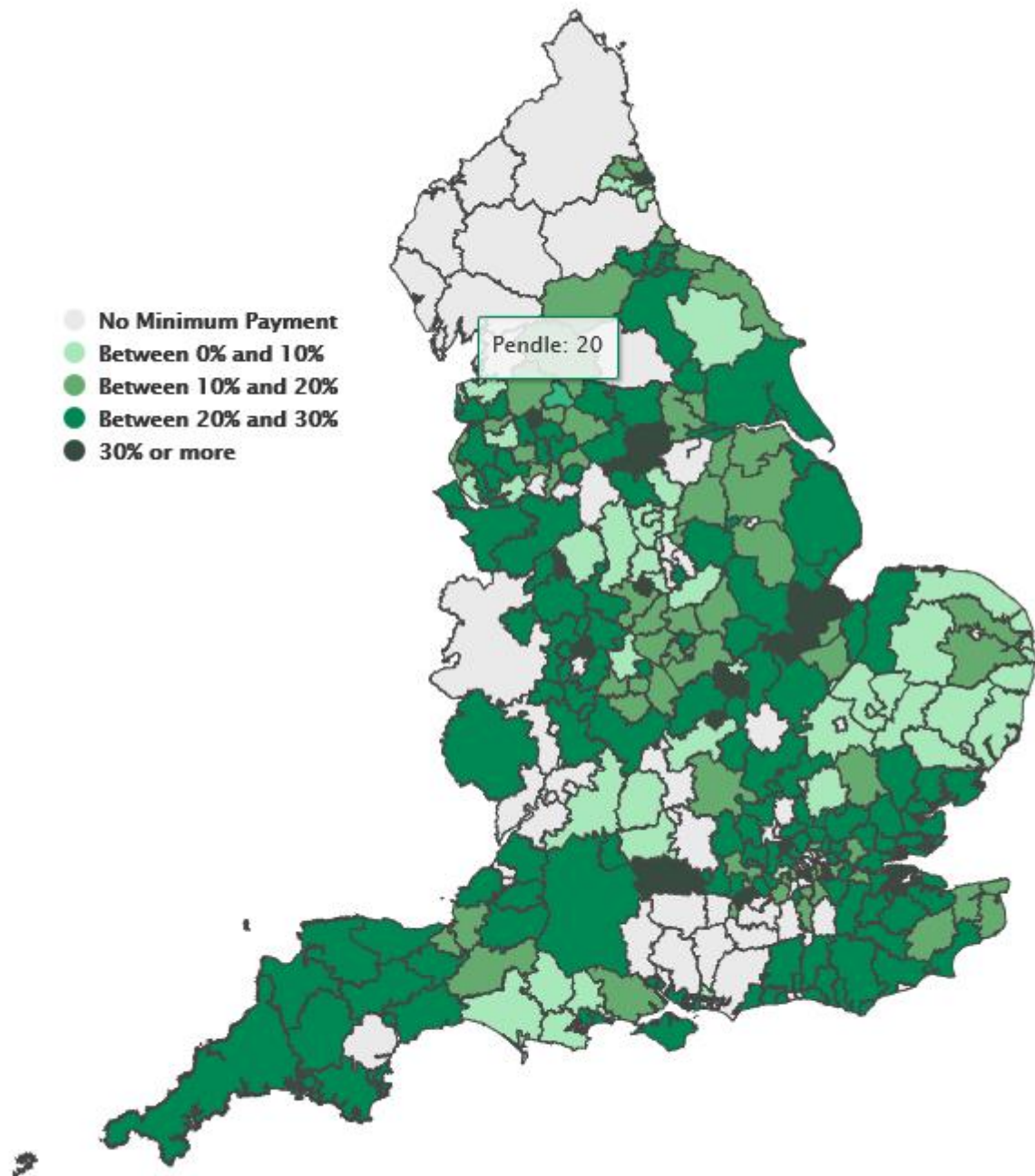
A minimum payment can be administered in a range of ways. Most local authorities with a minimum payment require all residents to pay a proportion of their council tax, and they are only entitled to council tax support for the remaining share. For example, a resident must pay 20% of their council tax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



Minimum payment for each local authority in England in 2017/18



Band cap in each local authority in England in 2017/18

