

Key Changes to Council Tax Support in 2016/17

April 2016 marks the beginning of the fourth year since Council Tax Benefit (CTB), a national system of support for council tax bills, was localised and replaced by Council Tax Support (CTS). Since April 2013, councils have had the freedom to devise their own schemes for working-age residents, but full protection for pensioners is required across all schemes. Councils initially received a funding cut of 10% in the move from CTB to CTS, while the funding for CTS is now part of a larger pot of central government funding that is reducing each year.

This document summarises the key findings from our analysis of the schemes across the 326 English unitary and lower tier local authorities for 2016/17 and the impact of those schemes on claimants, as well as how things have changed over the first four years of local CTS.

All data for local Council Tax Support schemes in England since April 2013 is available on www.counciltaxsupport.org/

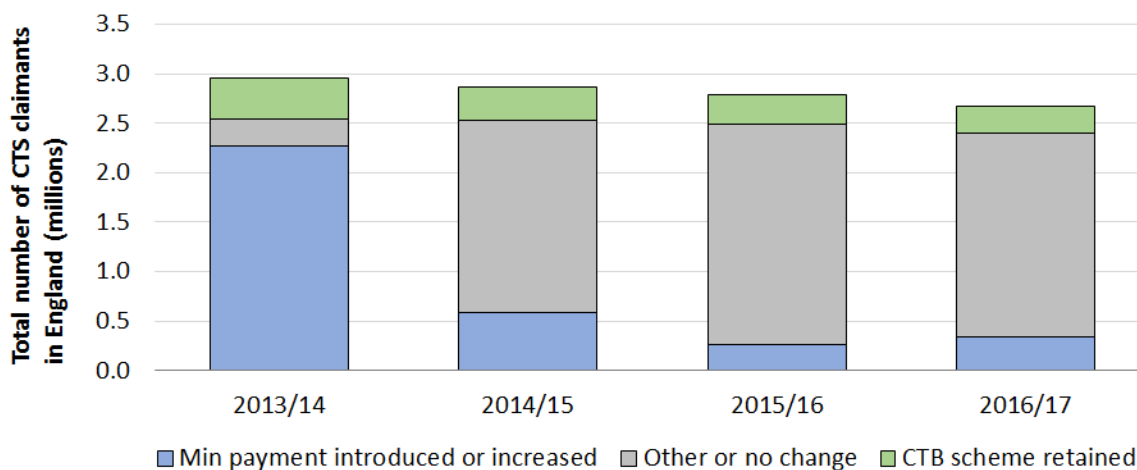
The website includes analysis of the impacts of schemes, including analysis of council tax arrears across local authority areas.

Key changes to schemes in April 2016

- 66 councils changed their schemes in April 2016, a slight increase on the 50 that changed their schemes in April 2015. This number does not count councils that made changes mirroring changes to Housing Benefit, for instance around limiting backdating to four weeks, or removing the Family Premium to new claimants.
- Of the councils that changed their scheme, 42 changed or introduced a “minimum payment”, a proportion of council tax liability that all working-age residents are required to pay, regardless of income. Among these, 30 increased an existing minimum payment, 9 introduced them for the first time, and 3 reduced an existing minimum payment.
- Other changes include 12 councils that introduced a band cap (2 changed existing caps and 1 removed a cap), 11 that reduced the amount of savings allowed (the majority from £16,000 to £6,000), and 6 that reduced or abolished the second adult rebate. 6 introduced protections for specific vulnerable groups, while 7 removed them (in 2 cases replacing protections with discretionary hardship funding).

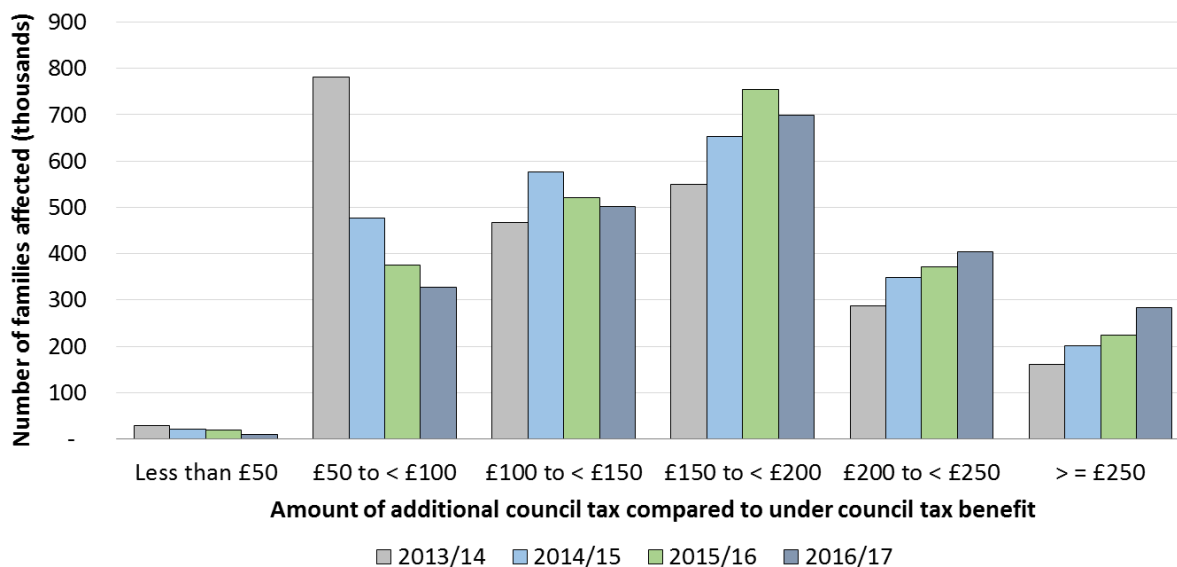
Impacts on claimants and trends since April 2013

Figure 1. Total Council Tax Support claimants and those affected each year by an increase or introduction of a “minimum payment”



- In the fourth year of local CTS, 2.2 million families have been adversely affected by the change from CTB. On average these families will be required to pay £169 additional council tax in 2016/17 in comparison to what they would have received under CTB. This is up from £145 in the first year of CTS, but only slightly up on £167 in 2015/16.
- Figure 1 shows that the total number of families affected has slightly reduced as the number claiming CTS overall has fallen, largely as a result of changing circumstances, particularly falling unemployment, although in some cases former claimants will have become ineligible due to local changes (for instance, a change in the savings limit, or the introduction of a minimum CTS award).
- Despite the relatively small increase in the average hit, Figure 1 also shows that 340,000 low income families will see their council tax payments increase substantially because they live in one of the 39 areas where a minimum payment is being increased or introduced. 70,000 of these families live in the areas where they were introduced for the first time, and will pay on average £171 more council tax in 2016/17 than they would if CTB were still in place.

Figure 2. Additional council tax paid, compared to what would have been the case under Council Tax Benefit



- Local variation in schemes, as well as in council tax levels and the proportion of claimants in different council tax bands, means that the £169 average hit figure for 2016/17 hides a great deal of variation, as Figure 2 shows. The range has existed each year, but the higher average reflects a shift towards harsher schemes.
- The most common financial impact of CTS changes on claimants in 2013/14 (indicated by the tallest bar on the graph) was an additional £50 to £100 per year to pay in council tax than they would have under CTB; in 2016/17 this will be £150 to £200. 2016/17 was the first year that the number of claimants paying £150 to £200 fell; this was countered by an increase in claimants paying at least £200, which has reached 690,000.

The research was conducted by the New Policy Institute with funding from the Joseph Rowntree Foundation. Further analysis plus a list of all the schemes and their impacts for April 2015 is available at www.counciltaxsupport.org/