



BRIEFING PAPER

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Council Tax Reduction Schemes

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Summary

As part of the 2010 Spending Review the Coalition Government announced its intention to localise support for Council Tax from 2013/14 and to reduce expenditure on this benefit by 10%; representing a saving of £414m for central Government excluding implementation costs.

The *Welfare Reform Act 2012* provided for the abolition of Council Tax Benefit (CTB). Provisions for the localisation of Council Tax support were included in the *Local Government Finance Act 2012*.

Since 1 April 2013 local authorities in England have been responsible for administering their own Council Tax Reduction Schemes subject to the [Council Tax Reduction Schemes \(Prescribed Requirements\) \(England\) Regulations 2012](#) (SI 2012/2885). Some authorities chose to adopt the default scheme provided for in the [Council Tax Reduction Schemes \(Prescribed Requirements and Default Scheme\) \(England\) Regulations 2012](#) (SI 2012/2886). Separate regulations apply in Scotland and Wales.

Localisation was accompanied by a switch from Annually Managed Expenditure (AME) to Departmental Expenditure Limit (DEL) funding with a 10% reduction against forecast expenditure for 2013/14. The Government used its regulation making powers to mandate that pensioners in receipt of Council Tax Benefit at April 2013, and future pensioners, would be no worse off under schemes introduced by local authorities. This has led to the charge that the funding cut has fallen disproportionately on people of working-age.

We have now entered the fifth year of Council Tax Reduction schemes – research shows that of 326 councils, only 37 have not changed the level of support available since 2013. 277 councils have reduced the amount of support available by requiring minimum payments or through band caps, 12 have made alternative changes such as removing the second adult rebate.

The *Local Government Finance Act 2012* placed a requirement on the Government to conduct a review of all local Council Tax support schemes within three years of the Act taking effect. The review was launched on 2 December 2015 and was led by former council leader and Member of Parliament Eric Ollerenshaw OBE. The review was published on 8 April 2016 and praised local councils for successful implementation of schemes. However, the review highlighted inefficiencies in the current structures, including the need for annual review of the schemes. It also recommended further devolution, including at least part of the prescribed scheme for pensioners, as well as academic research into the impact of localising support on recipients.

This briefing paper provides information on implementation since April 2013. Background on the proposal to localise this support and attempts to amend the legislation as it progressed through Parliament can be found in Library Briefing paper 06101, [Localising Support for Council Tax – background](#).

1. The rationale for localising Council Tax support

The rationale for localising assistance with Council Tax payments was set out in the August 2011 consultation paper, [Localising Support for Council Tax England](#):

- To give local authorities a greater stake in the economic future of their local area, and so support the Government's wider agenda to enable stronger, balanced economic growth across the country.
- To provide local authorities with the opportunity to reform the system of support for working age claimants. In particular it will enable local authorities to align the system of support for working age households much more closely with the existing system of council tax discounts and exemptions, simplifying the complex system of criteria and allowances.
- To reinforce local control over council tax. Enabling decisions to be taken locally about the provision of support with council tax is consistent with a drive for greater local financial accountability and decision-making, including the Government's proposals for local referendums on council tax levels.
- To give local authorities a significant degree of control over how a 10 per cent reduction in expenditure on the current Council Tax Benefit bill is achieved, allowing councils to balance local priorities and their own financial circumstances. Reducing the costs of support for council tax is a contribution to the Government's vital programme of deficit reduction. Localisation is intended to help deliver savings of around £500m a year on the current Council Tax Benefit bill across Great Britain.
- To give local authorities a financial stake in the provision of support for council tax.
- This reform will create stronger incentives for councils to get people back into work and so support the positive work incentives that will be introduced through the Government's plans for Universal Credit.¹

¹ CLG, [Localising Support for Council Tax England](#), August 2011

2. The Local Government Finance Act 2012 - overview

Section 10 of the 2012 Act added a new section 13A to the *Local Government and Finance Act 1992* so that, in respect of dwellings in England, a person's liability to pay Council Tax is reduced in accordance with the billing authority's Council Tax Reduction Scheme. Liability may be reduced "to such an extent as the billing authority thinks fit." Billing authorities can apply a reduction in particular cases or by determining a class of case. Liability for Council Tax can be reduced to nil.

Billing authorities are the default lead authorities for Council Tax support schemes although they are able, under their existing powers² to collaborate with other billing authorities to develop joint schemes, or develop schemes on behalf of one or more other authorities, or allow an upper-tier authority to develop a scheme on behalf of one or more billing authorities. They were required to have a Council Tax Reduction Scheme in place by 31 January 2013 for implementation in the 2013/14 financial year.

The framework within which billing authorities must devise their Council Tax Reduction schemes is contained in Part 1 of Schedule 4 to the Act. This Schedule provides that the following matters *must* be included in an authority's scheme:

- a description of the classes of person entitled to a Council Tax reduction;
- details of the reductions which are to apply to those classes (different classes of persons may be entitled to different reductions);
- the procedure under which a person may apply for a Council Tax reduction; and
- an appeals procedure covering decisions over entitlement to a reduction and the amount of any reduction due.

Authorities had to conduct a consultation exercise before preparing their Council Tax Reduction Schemes. Consultation had to involve any major precepting authority and such other persons "likely to have an interest in the operation of the scheme." A draft scheme had to be published.

Precepting Authority:

A precepting authority is one with the power to instruct another local authority (the billing authority) to collect an amount from Council Tax on its behalf. Precepting authorities are typically county councils.

The Secretary of State prescribed (by regulation) classes of persons that must be covered by a scheme and the reductions that must apply to

² Section 101 of the Local Government Act 1972

them: The [*Council Tax Reduction Schemes \(Prescribed Requirements\) \(England\) Regulations 2012*](#) (SI 2012/2885) came into force on 27 November 2012.

Responses to the August 2011 consultation exercise gave broad support to the retention of support for pensioners through a national 'rules-based' approach. The Government said it did not intend to use its power to prescribe support for groups other than pensioners.³

Schedule 4 sets out the type of considerations an authority might take into account in deciding which classes of person are entitled to a reduction, including:

- capital and income levels of the person liable to pay Council Tax;
- capital and income levels of other residents in the dwelling;
- the number of dependents of the person liable or other residents; and
- whether the person has applied for a reduction.
- A reduction may take the form of:
 - a discount calculated as a percentage of the amount of Council Tax due;
 - a fixed discount set out in the scheme or calculated in accordance with the scheme;
 - an amount of Council Tax to be paid (lower than that payable if not for the reduction scheme) which is set out in the scheme or calculated in accordance with it; or
- the whole amount of Council Tax (so the amount payable is nil).

The Secretary of State retained a power to prescribe (by regulation) "other requirements for schemes." This may cover matters such as classes of persons which must or must not be included; the minimum/maximum level of reductions; and matters relating to the application procedure.

The Secretary of State prescribed a default scheme which took effect from April 2013 where a billing authority failed to make a scheme on or before 31 January 2013. The [*Council Tax Reduction Schemes \(Prescribed Requirements and Default Scheme\) \(England\) Regulations 2012*](#) (SI 2012/2886) came into force on 18 December 2012. This default scheme retains the criteria and allowances previously in place for CTB (Council Tax Benefit). Authorities had an incentive to avoid the imposition of a default scheme as "this will limit their ability to adjust awards to manage the funding reduction."⁴

Authorities can revise or replace their schemes in preparation for the start of each financial year. They may not make in-year revisions. Transitional arrangements must be put in place where revisions result in a reduction or removal of assistance for a class or classes of persons.

³ CLG, [Localising support for council tax in England: Government's response to the outcome of consultation](#), 19 December 2011, para 3.9

⁴ Ibid., para 3.18

55% of respondents to the consultation exercise agreed that it should be possible to adjust schemes annually.⁵

Two or more authorities can work together to deal with deficits in the billing authority's collection fund. Arrangements can involve one billing authority making payments to another, or variations in payments or instalments due.

The Secretary of State can require billing authorities to provide information. Authorities are required to have regard to guidance issued by the Secretary of State in exercising their functions.

⁵ Ibid., para 3.15

3. Some features of Council Tax Reduction Schemes

The *Local Government Finance Act 2012* created a framework within which Council Tax Reduction Schemes must be devised.

Detailed information on aspects of the operation of these schemes, such as funding and risk sharing, were set out in [Localising support for council tax in England: Government's response to the outcome of consultation](#). Additional information was published in [Localising Support for Council Tax: Funding arrangements consultation](#) (May 2012) and in [Localising support for council tax - Council tax base and funding for local precepting authorities: Consultation](#) (August 2012). This latter paper built on the May 2012 consultation and set out the Government's proposals to provide certainty to local precepting authorities by allowing the Council Tax base for those areas to be calculated excluding localised Council Tax support reductions.⁶

November 2012 saw publication of [DCLG: Localising support for Council Tax - Update on funding arrangements](#) and an analysis of consultation responses on funding arrangements: [DCLG: Localising support for Council Tax – Council Tax base and funding for local precepting authorities – Government response to the outcome of consultation. A further analysis of responses to funding arrangements](#) was published in February 2013.

The following sections summarise the Coalition Government's approach to some specific issues. The 2015 Conservative Government did not make any changes to this approach.

3.1 Funding

Since April 2013 the Government has localised a percentage share of the business rates raised by local authorities. This has replaced the previous system, under which business rates were collected by local authorities, pooled centrally by Government and redistributed to local authorities (including police and fire and rescue authorities) through formula grant.⁷ Funding for Council Tax support schemes is now provided through the business rates retention scheme⁸ rather than through a separate grant for all authorities, except local policing bodies:

The Government is providing funding via the retained business rates system to strengthen the incentive for authorities to grow their local economy and help residents back into employment – councils will be able to benefit from an increase in business rates at the same time as reducing poverty and reliance on support for council tax in the long term. Moving funding into the business rates retention scheme also provides an opportunity for a greater overall amount in the local share to increase in line with business

⁶ Consultation on the contents of the August 2012 paper closed on 9 October 2012

⁷ Changes to this system are also provided for in the *Local Government Finance Act*.

⁸ This was informed by responses to consultation on [Business Rates Retention: Technical Consultation](#), July 2012 the response to which was published in November 2012: [Business rates retention: Policy statement \(21 November 2012\)](#).

rates growth. On average, business rates growth runs at 1 per cent per annum in real terms.⁹

The Government said it would provide clarity on funding:

... by including the agreed funding allocations for local authorities as a visible line within their baseline funding levels for the first year of the new business rates system. Local authorities will therefore know what level of funding relates to council tax support schemes, to support planning for the first year of the scheme.¹⁰

Beyond 2013/14 funding for Council Tax support has not been separately identified but remains “part of the funding available to local authorities through the retained business rates retention system.”¹¹

The Local Government Association (LGA) has called for the element of settlement funding relating to Council Tax Support to be separately identified for each council, as it was in 2013/14, “in order that councils can design their schemes and consult their residents each year in full possession of the facts.”¹² This has not happened in subsequent Local Government Finance Settlements.

A safety net offers support to authorities that see their retained business rates income drop, in any year, by more than a set percentage below their baseline funding level. Annex C to [Localising Support for Council Tax: Funding arrangements consultation](#) set out detail on how the retained business rates system is intended to operate. Funding for policing bodies is provided through a separate grant.

Initial levels of funding were set through an upfront allocation for all billing and major precepting authorities from 2013 – this funding was 90% of the forecast subsidised CTB expenditure for 2013/14. The final allocations for each authority (published as part of the [Local Government Finance Settlement](#)) were based on:

- the Office for Budgetary Responsibility forecast of 2013-14 subsidised council tax benefit expenditure for England, revised for the Autumn Statement;
- 2011-12 subsidised council tax benefit expenditure by billing authority (to distribute funding between billing authority areas);
- 2012-13 Band D council tax amounts; and
- 2011-12 revenue expenditure.¹³

More information on the forecasting methodology can be found in [DCLG: Localising support for Council Tax - Update on funding arrangements](#). Chapter 4 of [Localising Support for Council Tax: Funding arrangements consultation](#) explains why the Government rejected the

⁹ CLG, [Localising Support for Council Tax: Funding arrangements consultation](#), May 2012

¹⁰ Ibid., para 5.2

¹¹ [DCLG: Localising support for Council Tax - Update on funding arrangements](#), November 2012

¹² LGA, [Council Tax Support: the story continues](#), January 2015, p4

¹³ [DCLG: Localising support for Council Tax - Update on funding arrangements](#), November 2012

option of distributing funding allocations to reflect the proportion of each authority's caseload comprising pensioners.

There are no restrictions on the amount that authorities can put towards schemes – 69% of respondents to the 2011 consultation exercise argued against the application of restrictions. Billing authorities have retained their existing powers to offer discretionary support.

The Government expected billing and local precepting authorities to work together to manage the potential impact of the Council Tax reductions on the local precepting authority Band D Council Tax level. In [Localising support for council tax - Council tax base and funding for local precepting authorities: Consultation](#) (August 2012) the Government proposed the following approach (to be achieved by amendments to the *Local Authorities (Calculation of Council Tax Base) Regulations 1992* (SI 1992/612)):

Local Precepting Authority

3.8 This would mean the council tax base for local precepting authorities would be calculated excluding council tax support reductions.

3.9 The local precepting authority's element of the council tax band D would therefore remain at the same level as now, (providing the local precepting authority does not increase their precept). Billing authorities would continue to pay the precept to local precepting authorities, and there would be no need for billing authorities to pass down funding as a separate exercise.

3.10 This approach provides certainty for local tax payers and because billing authorities are required to fund the precept, there would also be certainty over the funding of local precepting authorities.

Billing Authorities

3.11 The Government proposes to use the Secretary of State's powers under section 98 of the Local Government Finance Act 1998 to direct billing authorities to transfer an amount they estimate to be necessary to offset the cost of reductions attributable to local precepting authorities to the collection fund.

3.12 The transfer of such an amount would ensure that the billing authority can continue to calculate their council tax requirement and level of council tax as proposed in the '*Funding Arrangements Consultation*'.

3.13 This action will prevent the calculation of the billing authority's council tax requirement and the level of council tax being affected as a consequence of providing certainty for the funding of local precepting authorities.¹⁴

[The Local Authorities \(Calculation of Council Tax Base\) \(England\) Regulations 2012](#) (SI 2012/2914) came into force on 30 November 2012.

The Collection Fund (Council Tax Reductions) (England) Directions 2013 ensure only discretionary discounts under section 13A(1)(c) of the new section 13A of the *Local Government Finance Act 1992* (inserted by the

¹⁴ CLG, [Localising support for council tax - Council tax base and funding for local precepting authorities: Consultation](#), August 2012

Local Government Act 2012) continue to be borne by the billing authority.¹⁵

3.2 Managing budget pressures

The Coalition Government's aim was for local authorities to work on growing their local economies in order to reduce residents' reliance on Council Tax support. However, there was recognition that where CTB expenditure represented a high proportion of overall revenue expenditure, these authorities would find the reduction in funding more challenging in the first year. [Localising Support for Council Tax: Funding arrangements consultation](#) contained proposals to assist with these budget pressures:

... the Government proposes minor adjustments to the way funding is distributed to ensure that, in the first year of the scheme, no local authority faces a revenue budget pressure greater than a specified percentage as a result of the reduction in funding. To enable this 'ceiling' to be created, a 'floor' would also be created, setting a minimum budget pressure which a local authority will face. The Government intends the floor and ceiling to be set in such a way as to ensure there are no outlying authorities facing significant pressures, whilst maintaining a clear and straightforward approach to distribution that avoids any change to the majority of local authorities' allocations.¹⁶

[Localising support for Council Tax - Update on funding arrangements](#) confirmed the intention to set a floor and ceiling to limit the maximum budget pressure faced by local authorities. The final figure for the floor and ceiling, together with details of authorities whose final allocation was adjusted in the light of this, were included in the [Local Government Finance Settlement 2013/14](#).

3.3 Risk sharing

The localisation of support for Council Tax payments means that local authorities must be able to cope with variations in demand for assistance. Billing authorities may collect less or more Council Tax than estimated at the start of the financial year, resulting in a surplus or deficit on the collection fund (into which Council Tax and business rate revenues are paid) at year end.

The Government proposed that any deficit or surplus should be shared between the billing and major precepting authorities at the beginning of the following financial year.¹⁷

The Government said it was minded to allow billing authorities to vary the amount of precept¹⁸ to be paid to the major precepting authorities in year "to reflect any fluctuations in collection rates" Previously the

¹⁵ See: [Localising support for council tax: The Collection Fund \(Council Tax Reductions\) \(England\) Directions 2013](#), March 2013

¹⁶ CLG, [Localising Support for Council Tax: Funding arrangements consultation](#), May 2012, para 3.4

¹⁷ CLG, [Localising support for council tax in England: Government's response to the outcome of consultation](#), 19 December 2011, para 4.4

¹⁸ Levying authorities set a total amount to be collected 'the precept' from households in their area.

timing of these payments could be adjusted but the amount payable could not.

Guidance on funding for parish and town councils is provided in [DCLG: Localising support for Council Tax - Council Tax base and funding for local precepting authorities - Government response to the outcome of consultation](#).

3.4 Administration and transitional arrangements

Council Tax payers receive a demand for Council Tax which sets out how it has been calculated, including information used to calculate the amount of any Council Tax reduction. The notice includes information on how to appeal against the amount of Council Tax demanded. There is a single appeals process to resolve disputes over Council Tax support which is independent of local authorities.¹⁹

Individuals who are subject to immigration control, or who are not habitually resident in the UK, were not eligible for CTB; this continues under local schemes.

Guidance for authorities on the administration of local schemes was published in March 2013: [Localising support for Council Tax: guidance note](#).

Funding was provided to assist with the additional administrative costs.²⁰ New burdens allocations for 2013/14 were included in the [Local Government Finance Settlement](#) 2013/14.

3.5 Data sharing and fraud

The Government has facilitated information sharing between the Department for Work and Pensions (DWP) and local authorities, and between local authorities, in order to reduce complexity for claimants and administration costs.

Specifically:

- the Secretary of State (primarily the Department for Work and Pensions) has power to provide relevant information to a billing authority;
- a billing authority can provide relevant information to the Secretary of State (primarily the Department for Work and Pensions); and
- a billing authority can provide relevant information to another billing authority.

In the first year of operation local authorities were expected to use data held on entitlement to CTB and Housing Benefit to aid the design of their schemes. It was acknowledged that in future years, access to information held by the DWP would be necessary to aid authorities in

¹⁹ HL 19 July 2012 GC182-6

²⁰ [DCLG: Localising support for Council Tax - Update on funding arrangements](#), November 2012

modelling changes to their schemes as centralisation of benefit administration (with the introduction of Universal Credit) will reduce the amount of information held at a local level. The Government published a [statement of intent](#) on information sharing and powers to tackle fraud in July 2012. The [statement of intent](#) set out:

- the purposes relating to council tax for which regulations will permit information held by Her Majesty's Revenue and Customs to be supplied to billing authorities in England. It also sets out the purposes for which information may be supplied by the Department for Work and Pensions to billing authorities under existing powers in the Welfare Reform Act 2012.
- the necessary powers, offences and penalties, to allow local authorities to investigate and tackle potential fraudulent council tax support claims.

Sharing data with local authorities for the purpose of administering social security benefits is well established. Delivering assistance through a reduction in Council Tax marked a change in the purpose of data sharing – the Government acknowledged that it would “need to ensure the implications of this are fully understood in developing proposals for how data sharing will operate.”²¹

Consultation responses expressed strong support for an extension to local authority powers to investigate CTB fraud to cover the new local Council Tax Reduction Schemes. Given that this would mean an increase in local authority powers in relation to Council Tax, the Government said it would consider how best to respond.²²

The Social Security (Information-sharing in relation to Welfare Services etc.) (Amendment) Regulations 2013 came into force on 11 February 2013. They added Local Council Tax Reductions (LCTR) schemes to the list of prescribed purposes for which social security data can be used and shared. The aim is to enable authorities design and set up new local schemes; and to assess a person's entitlement to support under the new scheme.²³

²¹ CLG, [Statement of intent](#), July 2012, para 7.9

²² *Ibid.*, para 8.4

²³ [DWP Circular HB/CTB A3/2013](#)

4. Implementation and impact

For information on a particular authority's scheme it is now necessary to contact the authority directly. Most have full details or summaries of their schemes on their websites. In addition, Rightsnet has gathered information on around 300 local schemes – information can be accessed through the [Rightsnet website](#).

In January 2013 the Resolution Foundation published research into the likely impact of CTB reform on low income households. [This concluded](#):

...as a result of the localisation of Council Tax support many of the 2.5 million working-age recipients of CTB not in employment – those who currently receive maximum CTB and pay no Council Tax – will now have to pay some small amounts. A typical CTB recipient in this category will face annual Council Tax bills of between **£96 (£1.80 per week)** and **£255 (£4.90 per week)** a year under the reforms.

[...]

The potential social and economic implications of CTB reform are far reaching. There is a very real possibility that over the course of the next year large numbers of CTB recipients currently paying no Council Tax will struggle (or refuse) to pay the small amounts of monthly Council Tax that will be required from them. Many local authorities, already aware of the considerable difficulties of collecting Council Tax from residents on low levels of income, are making financial provisions for extensive non-payment while also preparing for an increase in the number of cases of unpaid Council Tax that require the use of bailiff powers and pursuit through the court system. But the implications of the reform are not just confined to those that currently paying no Council Tax. They will also affect low-paid workers already struggling to cope with stagnant wages, rising living costs and ongoing reductions in tax credits and other in-work support. For these low income households, who already pay some Council Tax, CTB reform looks set to undermine the improvements in work incentives that could have been expected under UC, and importantly, will hit squeezed household budgets hard in the here and now.²⁴

4.1 Legal challenges

The introduction of Local Council Tax Reduction schemes prompted several legal challenges. The details of some of the key cases are summarised below.

Stirling / Moseley –v- The London Borough of Haringey

On 12 February 2013, the High Court dismissed a claim for judicial review of Haringey's Council Tax Reduction scheme: [The Queen on the application of Sarah Stirling -v- The London Borough of Haringey](#).²⁵ Solicitors acting for Sarah Stirling argued that the council's consultation process was flawed and that Haringey's scheme breached the *Equality Act 2010*.

²⁴ Resolution Foundation, [No clear benefit](#), January 2013

²⁵ [2013] EWCA Civ 116

Following a subsequent hearing in June 2014, the Supreme Court found against Haringey in October 2014; with a Ms Moseley standing in as substitute for Ms Stirling, who had died in the interim period. The Supreme Court found that Haringey *had* acted unlawfully in its consultation on the scheme, in that it had misleadingly failed to provide alternative options for meeting the shortfall resulting from the 10% cut in Government funding for Council Tax support, other than a reduction in the support available.²⁶

The consultation document presented the proposed reduction in council tax support as if it were the inevitable consequence of the Government's funding cuts, and thereby disguised the choice made by Haringey itself. It misleadingly implied that there were no possible alternatives to that choice. In reality, therefore, there was no consultation on the fundamental basis of the scheme.²⁷

The court ruled that, on account of the time passed, Haringey was not required to go back and review its consultation; however, the ruling sets a precedent for future consultation exercises.²⁸

Winder / Downen / Hampton –v- Sandwell Metropolitan Borough Council

On 22 July 2014, the High Court in Birmingham heard a case brought against Sandwell Metropolitan Borough Council on behalf of three women: one victim of domestic violence, one sufferer from mental health problems and one widow; who had been refused Council Tax support on the basis of Sandwell's two-year residency rule: [The Queen on the application of Sheila Winder, Lisa Marie Downen and Sarah Hampton -v- The Sandwell Metropolitan Borough Council](#). The claimants held that Sandwell had been unfair in implementing a two-year residency rule in its Council Tax reduction scheme. Mr Justice Hickinbottom found in their favour, saying:

There is simply no evidence that the Council conducted any assessment at all of the race or gender impact of the residence requirement at or before it adopted the 2013-14 CTR Scheme; and scant evidence that it did so prior to the 2014-15 Scheme.²⁹

As a result of this decision, any refusal of a Council Tax reduction based on residency requirements is likely to be unlawful. Sandwell faced estimated costs of £3.6m in refunds to residents who had been disqualified under the two-year rule.

In response to the ruling, Councillor Darren Cooper, leader of Sandwell council said:

With significantly reduced government funding of around £3.2m, we wanted to make sure our local council tax reduction scheme

²⁶ *Inside Housing*, "[Court rules against town hall on council tax scheme](#)", 29 October 2014

²⁷ The Supreme Court, *R (on the application of Moseley (in substitution of Stirling Deceased)) (A) (Appellant) -v- The London Borough of Haringey (Respondent)*, 29 October 2014.

²⁸ *Inside Housing*, "[Court rules against town hall on council tax scheme](#)", 29 October 2014

²⁹ Garden Court Chambers, [\[2014\] EWHC 2617 \(Admin\)](#), 30/07/2014

would protect vulnerable residents without increasing council tax, which we haven't increased in Sandwell for four years.

We considered the borough's future needs and wanted to minimise the number of people affected by a reduction in support compared to what they would have received under the old council tax benefit scheme.

Our aim was to prioritise support to vulnerable people who've lived here continuously for two years or more at the point of making a claim, and discourage people from other parts of the country moving here to take advantage of cheaper housing and adding further demands to our reduction scheme.³⁰

Two other councils with similar residency rules, Basildon and Tendring, were required to rethink their schemes in light of the ruling.

Logan –v- The London Borough of Havering

In September 2015 the High Court rejected a claim for judicial review of the London Borough of Havering's amended scheme for 2015/16: [The Queen on the application of Mark Logan -v- The London Borough of Havering](#). Havering amended their scheme in 2015/16 to include a minimum payment of 15% for all residents of working age, rendering Mr Logan liable to pay Council Tax after having held a 100% exemption on account of his disabilities. Although Havering had offered Mr Logan discretionary exemption for that year (meaning that he remained free of any Council Tax charges); he pursued the case on the basis that he believed the new scheme was discriminatory on the grounds of disability and age under Article 14 of the European Convention on Human Rights (ECHR) and the *Equality Act 2010*. The judge, the Hon. Mr Justice Blake, found that the new scheme was neither unfairly discriminatory to the disabled or the aged:

This was a scheme that applied to all people of working age and whose income fell beneath the applicable amount; it was thus overtly neutral with respect to age or disability. Although retirement age is an age based criterion, it was not Havering's scheme that excluded pensioners from the 100% scheme but the primary legislation. The claimant has not challenged that legislation or complained that Parliament has acted incompatibly with the Convention in failing to also exclude severely disabled people below retirement age who cannot work.

[...]

The fact that the scheme impacts on disabled people is expressly taken into account in the various disregards to income made and the premiums awarded in ascertaining the applicable amount. The different situation of the able bodied and disabled with respect to access to the labour market has thus already been acknowledged in calculating the 85% scheme.³¹

The judge did acknowledge, however, that discretion would likely apply in cases of severe disability which negated the opportunity to work (as with Mr Logan):

where a severely disabled claimant who is unlikely ever to be able to access the labour market before reaching retirement age, has

³⁰ Ibid.

³¹ Ibid.

basic needs that consume all state benefits and has no reasonable way of increasing his/her resources, there is a strong case for the exercise of further discretion to grant 100% council tax support. A failure to do so may be challenged as irrational or discriminatory, particularly where budgetary expenses relate to disability such as high cost foods or supplements. It is not, however, discretionary to assess need in general and have a discretionary scheme for the particular case.³²

4.2 Cumulative impact of Housing Benefit and CTS changes 2014

The charity, Oxfam, commissioned the New Policy Institute to look at the cumulative impact of Housing Benefit changes and the localisation of Council Tax support. The research, published in April 2014, concluded:

Taking the cuts to housing benefit and council tax support together, we estimate that 1.75 million of the poorest families now have to spend some of their basic cash benefit on rent or council tax. Of these, 490,000 families have to spend it on both.³³

It was estimated that 200,000 families were affected by cuts to support with Council Tax payments and the under-occupation deduction from Housing Benefit in social housing, while 280,000 families were affected by a reduction in their Local Housing Allowance³⁴ and entitlement to support with Council Tax payments.³⁵

Another report from the New Policy Institute (NPI), published in February 2015, assessed the overlap between deductions from Housing Benefit due to under-occupation in the social rented sector (often referred to as the 'bedroom tax' or the Removal of the Spare Room Subsidy) and cuts to Council Tax support, with particular reference to the number of people adversely affected by both. The report claimed that 380,000 families had been affected by the 'bedroom tax' and 2.3 million families by cuts to Council Tax support, with 270,000 families having been affected by both.

The report noted the relatively high prevalence of people affected by Council Tax support cuts against those affected by the 'bedroom tax' on account of the former's applicability to *all* low income people of working age, against the latter's application only to those living in social housing and claiming Housing Benefit.

Further information, including graphical representations and breakdowns by region, can be found in the report: [The overlaps between the Bedroom Tax and cuts in council tax support](#).

4.3 2013/14 schemes

The NPI analysed the 2013/14 schemes published by all 326 lower tier and unitary local authorities in England. When comparing these

³² Ibid.

³³ Oxfam Research Report, [Multiple cuts for the poorest families](#), April 2014

³⁴ Housing Benefit for tenants in the private rented sector since April 2008.

³⁵ Ibid., p13

schemes with support provided under CTB, the key points identified were:

- Of the 326 new schemes, 82% of councils reduced the level of support for CTB recipients, while 18% made no change and absorbed the entire funding cut into their council budget.
- Almost three quarters (72%) of councils introduced a minimum payment. A minimum payment could be in the form of a maximum cap on the amount of Council Tax support available to households (e.g. capping the amount available at 80% available so that all working age adults paid at least 20% of their council tax) or a uniform reduction in support (e.g. £5 per week).
- Within this, 46% of councils opted for a minimum payment of 8.5%: this meant that all working-age people had to pay at least 8.5% of their council tax liability regardless of income. Around 40% opted for a minimum payment of 10-20%, and the remainder for a minimum payment of above 20%.
- The reduction or removal of 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) was also a popular component of the new schemes (52% of featured councils).
- 34% of featured councils intended to introduce a discretionary fund for persons experiencing exceptional hardship.
- 19% intended to introduce 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 (most applied the cap at the entitlement of band D properties).
- The maximum savings limit (the savings limit over which one is no longer eligible for council tax benefit) was reduced by about 18% of councils, with most reducing the threshold to £6,000 from £16,000.
- 25% changed non-dependent deductions. Almost all councils increased the level of deductions.
- 18% changed the rules relating to back-dating.
- 13% of councils introduced a minimum CTS payment to residents (e.g. £5 per week: claimants only receive benefit payments of £5 and above). 10% began to count other benefits as income (Child Maintenance was the most common benefit to be counted as income).
- 7% of councils changed the income taper.
- 195 councils qualified for the transitional grant funding.³⁶

The NPI prepared a spreadsheet providing details of the 2013/14 Council Tax support schemes for all English local authorities: [Council tax support scheme characteristics in English local authorities 2013-14 \(XLS\)](#)

³⁶ NPI, *The story so far*, March 2013

In December 2013 **the National Audit Office (NAO)** published an evaluation of the value for money of DCLG's introduction of Council Tax support by assessing whether it achieved its policy objectives while managing the risks to implementation.³⁷ The NAO acknowledged the Department's achievement in terms of implementing the move to localisation on time, but expressed doubt over whether long-term objectives would be achieved, particularly the protection of vulnerable groups from increases in Council Tax. The evaluation also noted the increased financial risk on local authorities of providing support, which will vary based on local factors and other funding and welfare changes.³⁸

The Institute for Fiscal Studies (IFS) collated detailed information on the design of each English local authority's Council Tax Support scheme over 2013/14 and analysed the effects of their decisions – the IFS's [report](#) was published in January 2014.³⁹ The detailed findings included:

- Four in five English local authorities (LAs) reduced entitlements to council tax support (CTS) in 2013/14.
- With LAs obliged to protect pensioners, entitlements were reduced for 2.5 million working age households, by an average of £160 in 2013/14.
- The research also shows that where LAs removed full exemption from council tax for the poorest families and replaced it with a substantial minimum council tax payment, the numbers seeking advice on council tax debt increased significantly.
- Of the 2 million working-age households in England that could have claimed full relief under the previous system, 70% (1.4 million) are liable to pay some council tax in 2013/14. Half (1 million) are liable for at least £85; a quarter are liable for at least £170; and 10% are liable for at least £225.
- 70% of English LAs introduced minimum council tax payments. More deprived LAs were more likely to introduce them, because funding cuts were bigger in those areas. LAs were also more likely to introduce minimum payments if pensioners – whom LAs had to protect – accounted for a larger share of council tax benefit spending.
- Labour-majority councils were more likely than others to introduce minimum council tax payments. But this seems to be a reflection of the characteristics of LAs where Labour has a majority rather than a result of political preference. Once we account for those other LA characteristics (most importantly, the size of the funding cut), it appears that Conservative-majority councils were more likely to introduce minimum payments: 14 percentage points more likely than Labour councils, and 25 percentage points more likely than Liberal Democrat councils.
- Introducing substantial minimum council tax payments (more than 8.5% of the gross council tax bill) led to

³⁷ [HC 882, Session 2013-14, Council Tax Support](#), 13 December 2013

³⁸ [HC 882, Session 2013-14, Council Tax Support](#), 13 December 2013

³⁹ IFS Report R90, [Council Tax Support Schemes in England: What Did Local Authorities Choose, and with What Effects?](#) January 2014

increases of 30–40%, on average, in the number of people seeking advice from Citizens Advice Bureaux (CAB) about council tax debt in July–September 2013. That is an increase of about 3,000 working-age individuals seeking advice from CAB on that specific issue, in those three months, in the 113 (35% of) English LAs concerned.⁴⁰

The full report can be accessed online: [Council Tax Support Schemes in England: What Did Local Authorities Choose, and with What Effects?](#)

The Public Accounts Committee conducted an inquiry into the localisation of Council Tax support, the report of which was published in March 2014.⁴¹ The Committee was highly critical of the degree to which authorities' schemes had met the DCLG's objectives and of the Department's knowledge of the impact of local schemes on vulnerable groups. On publication of the report Margaret Hodge, then Chair of the Committee, said:

When the Government transferred responsibility for Council Tax support to 326 local authorities in April 2013 it intended that the reform supported the work incentives it seeks from its wider welfare reform.

But we found in 19 local authority areas, up to 225,000 people could lose more of their earnings – as a result of Income Tax and National Insurance contributions combined with the withdrawal of Council Tax Benefit and Housing Benefit – than under the previous national scheme.

This just goes to show, for some, work simply doesn't pay under the new scheme. For them, work incentives have actually weakened rather than strengthened – the opposite of what the Government intended.

Some of those 225,000 people stand to lose 97p for every extra £1 earned – a fundamentally perverse result.

When the scheme was introduced, local authorities were also tasked with protecting vulnerable people such as poorer families, despite the fact that savings had to be made.

However, many local authorities have passed on some or all of their reduction in funding for Council Tax support to local claimants by reducing entitlement to support.

Around 230 local authorities introduced schemes which required claimants to pay minimum Council Tax payments. Of these, 133 local authorities offered no protection to vulnerable groups, other than pensioners and war pensioners.⁴²

The Committee's recommendations are reproduced below:

Recommendation: The Department should develop a coherent set of guidelines which set out the extent of local authorities' discretions and obligations, and how the Department will respond when it considers that local authorities' actions jeopardise the achievement of its objectives, especially on welfare reform and incentives to work.

Recommendation: The Department should assess the combined impact of Council Tax support and other welfare changes on

⁴⁰ [IFS Press Release](#), 21 January 2014

⁴¹ [HC 943, Forty-eighth report of 2013-14, Council Tax Support](#), March 2014

⁴² [PAC Press Release](#), 11 March 2014

demand for local authority services and the funding of local authorities to help inform government's future decisions on funding changes affecting local authorities, including how the impact varies across local authorities.

Recommendation: The Department should work with local authorities, using data from the first year of schemes, to recalculate its funding of local authorities' additional burdens, including recurrent increases in collection costs.

Recommendation: The Department should collect information that supports a comprehensive analysis of the financial impact of Council Tax support schemes on vulnerable groups, including the number of people and types of claimants affected, and regional variations.

Recommendation: The Department and the Department for Work & Pensions must develop and publish clear plans for establishing data sharing arrangements between Universal Credit and Council Tax support schemes.

Recommendation: The Department must set out a timetable and terms of reference for the independent review, which should include coverage of the points we have raised. It must also establish and collect the information the review will need, both to answer the questions set by legislation, and to assess the extent to which the Department has met its policy objectives for this reform.⁴³

The Government's response was [published](#) in June 2014 and agreed with all six recommendations.

The Work and Pensions Select Committee conducted an inquiry into [support for housing costs in the reformed welfare system](#), including Council Tax support, over 2013/14. The Committee took evidence from local authorities with concerns about the pressure placed on their budgets by the 10% reduction in funding. The London Borough of Newham said "resources allocated to deliver this policy are insufficient in terms of both programme and administration budgets."⁴⁴ LB Camden said that if the authority had absorbed the 10% funding reduction it would have "created a permanent funding pressure of around £2.5m a year."⁴⁵ Several witnesses referred to the creation of a postcode lottery in terms of Council Tax support given authorities' discretion to design their own schemes.⁴⁶

Z2K, a charity that works with vulnerable debtors, cited June 2013 Council Tax figures which showed an increase of households in arrears of 45% compared with the same time in 2012.⁴⁷

The Committee also considered evidence on the likely interaction of Council Tax Reduction schemes with Universal Credit – an issue which the Public Accounts Committee also considered in its March 2014 report, [Council Tax Support](#). The key issue is the potential for local

⁴³ Ibid.

⁴⁴ HC 720, Fourth Report of 2013-14, [Support for housing costs in the reformed welfare system](#), 2 April 2014, para 129

⁴⁵ Ibid., para 130

⁴⁶ Ibid., para 131

⁴⁷ Ibid., para 133

Council Tax Reduction schemes to undermine the objectives of Universal Credit in terms of work incentives.⁴⁸

The Committee recommended that the Government commission research into the impact that variations in Council Tax Reduction schemes is having on levels of poverty in different areas.⁴⁹

In March 2014 the StepChange debt charity reported a “huge increase” in the number of people seeking help with Council Tax arrears in 2013: “Last year the charity helped 45,561 people in arrears on council tax, up from 25,500 in 2012, an increase of 77 percent.”⁵⁰

4.4 2014/15 schemes

Further analysis was carried out on revisions to schemes for the 2014/15 financial year. It was always likely that councils qualifying for a proportion of the £100m in transitional grant to “support them in developing well-designed council tax support schemes and maintaining positive incentives to work” would have to increase contribution rates from residents in 2014/15 as this assistance was only available in the 2013/14 financial year.⁵¹ NPI reported that 244 (of 326) English local authorities were requiring everyone of working-age to pay at least some Council Tax regardless of income, 15 more than in 2013/14. NPI’s other headline findings included:

- 45 councils have continued to provide the same level of support to residents as they did under the former Council Tax benefit system.
- 192 councils changed their system in the first year it was introduced and have not made any further changes for April 2014.
- 13 councils continued with the former Council Tax Benefit system in April 2013, but started to cut support in April 2014.
- 76 councils changed their system in the first year it was introduced and have also made further changes for April 2014.
- Of the 89 councils to change their CTS schemes in April 2014, 79 reduced the levels of support for recipients, 4 increased support and 6 councils made only small changes.⁵²

In terms of minimum payments, of the 229 councils that already had a minimum payment in place in in April 2013, 56 increased it in April 2014:

The size of this minimum payment varies by area; in 69 councils it is 8.5% or less of council tax liability and 47 councils it is over 20%. A minimum payment of 8.5% was common because grant

⁴⁸ Ibid., para 134

⁴⁹ Ibid., para 135

⁵⁰ [StepChange Press Release](#), 13 March 2014

⁵¹ Information on the grant and allocations in 2013/14 can be found [online](#).

⁵² NPI, [Council Tax Support update](#) (accessed 8 May 2014)

funding was available to councils that did not withdraw support from claimants by more than 8.5% in the first year.⁵³

The other changes to Council Tax Reduction Schemes in 2014/15 included:

- 186 councils have reduced or removed the second adult rebate - 13 more than in April 2013.
- 84 councils have changed non-dependent deductions - 7 more than in April 2013.
- 74 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 in April 2013. The most common band cap applied is D.
- 67 councils have lowered the maximum savings limit (the savings limit over which one is no longer eligible for council tax benefit), 10 more than in April 2013. Most have reduced the threshold to £6,000 from £16,000
- 48 councils have introduced a minimum CTS payment to residents, 3 more than in April 2013. A minimum CTS payment of £5 per week means that claimants entitled to less than this receive nothing.
- 35 councils are counting more benefits as income when they calculate how much a family can afford to spend on council tax, 5 more than in April 2013. Counting child maintenance as income is the most common change.
- 22 councils changed the income taper (the amount by which support is withdrawn as income increases). This is 1 less than April 2013 and is the only change where the number of councils with this measure fell.⁵⁴

The NPI's website ([Council Tax Support update](#)) carries graphical representations of these changes. In addition, the NPI has prepared a spreadsheet providing details of the 2014/15 Council Tax support schemes for all English local authorities: [Council tax support scheme characteristics in English local authorities 2014-15 \(XLS\)](#).

4.5 2015/16 schemes

The NPI's annual analysis of Council Tax Support (CTS) was published on 2 April 2015 for the 2015/16 financial year. As well as an increase to 250 (of 326) English local authorities now requiring all residents of working-age to pay some Council Tax regardless of income, an increase of 6 on the previous year and 21 since 2013/14, the NPI detailed the following headline changes: for the year:

- In April 2015 50 councils are changing their CTS schemes, 30 of which are altering or introducing "minimum payments" for residents. These minimum payments mean that all working-age residents pay a share of their Council Tax liability regardless of income.

⁵³ Ibid.

⁵⁴ Ibid.

- 20 councils increased, 5 introduced and 5 decreased their “minimum payments” for 2015/16. 250,000 low income families will see their council tax payments increase substantially because they live in one of the 25 areas that are increasing or introducing the minimum payment. One of the councils reducing its minimum payment cited increasing Council Tax arrears a major concern.
- Other ways that councils reduced support in 2015/16 include: 3 increased the rate at which income is tapered; 5 reduced the maximum savings a family can have to be eligible; 5 reduced or removed the second adult rebate; 2 introduced a property band cap; 3 changed their means-test components to assume self-employed people earn at least the minimum wage.
- But some councils increased support in 2015/16: 1 council returned to the CTB rate at which income is tapered of 20 per cent; 1 returned to the CTB savings limit of £16,000; 1 removed an existing property band cap; 6 disregarded child maintenance allowance within their means-test; 5 introduced a hardship fund.⁵⁵

In addition to the changes listed above, the report, [Key changes to Council Tax Support in April 2015](#), included an analysis of trends since CTS replaced Council Tax Benefit (CTB) in April 2013. The results of this show that 2.3 million low income families have been adversely affected by the change from CTB to CTS. On average, each family is paying £167 more Council Tax in 2015/16 than they did under CTB; an increase of £7 on average in 2014/15 and £22 in 2013/14 at the scheme’s inception.⁵⁶ Minimum payment levels have increased year on year, with 129 councils requiring residents to pay at least 20% of their liability, up from 115 in 2014/15 and 95 in 2013/14. Further, the number of local authorities retaining all of the features of CTB dropped to 42 in 2015/16, 3 fewer than in 2014/15 and 16 fewer than in 2013/14.⁵⁷

As in previous years, the NPI’s website carries graphical representations of these changes: [Council Tax Support update](#).

January 2015 saw publication of the Local Government Association’s report [Council Tax Support: the story continues](#). This survey of local authorities’ reactions to the abolition of CTB concludes:

Looking to the future, with a lack of transparency over council tax support funding, it is almost inevitable that, if the funding regime remains the same, reductions in general council funding will lead to reductions in council tax support. This will make the council tax more regressive.⁵⁸

The LGA called on the next Government to:

1. Fully fund council tax support, acknowledging that the scheme to date has taken millions of pounds out of funding for council services, and has increased the cost of living for some of the poorest.

⁵⁵ NPI, [Key changes to Council Tax Support in April 2015](#), 2 April 2015

⁵⁶ Ibid.

⁵⁷ Ibid.

⁵⁸ LGA, [Council Tax Support: the story continues](#), January 2015, p14

2. Make transparent each council's allocation of funding for council tax support in future settlements, so that councils can design their schemes, and consult with their residents, in full possession of the facts.
3. Work with the LGA and councils reform the council tax system and place more control locally, including over all aspects of the council tax support scheme and council tax discounts such as the single person discount. The debate on fiscal devolution has moved on in the year since our last council tax support analysis. There has been a call from all sides to devolve power because placing local decisions in the hands of those who understand local circumstances will contribute to economic growth and prosperity nationally.
4. Analyse the combined impact of all welfare reforms, including council tax support, at a local level, publish the results of this work, and take this impact into account in any future welfare reforms, and future local government funding settlements.⁵⁹

The Work and Pensions Select Committee again considered Council Tax reduction schemes as part of its enquiry into [The local welfare safety net](#); the report of which was published on 6 January 2016 (the enquiry looks primarily at the Discretionary Housing Payment). The report states that some of the potential benefits of localising welfare schemes are being realised, namely tailoring support to local need. However the report highlights the 'postcode lottery' in available support, and notes an increase in the number of Council Tax arrears cases where councils required a minimum payment of more than 8.5% of Council Tax liability.

The report also highlights the implications that the variation in support, particularly differences in income tapers, could have for work incentives in Universal Credit, stating that:

Policy experts therefore believed there was a strong case for amalgamating Council Tax support into Universal Credit. It was not clear to them that any benefits of localising support outweighed the case for amalgamation into the national benefits system.

Lord Freud confirmed that it was originally his intention that Council Tax support be included in Universal Credit. He told us that local schemes were instead introduced because the Coalition Government's "localism agenda" had taken precedence at the time. He said that there was still the option to bring Council Tax support into Universal Credit in the future. He believed this might become a stronger possibility once the Universal Credit system was fully operational "by the end of this Parliament."⁶⁰

The Government response to this report was [published](#) on 30 March 2016.

4.6 2016/17 schemes

The NPI's analysis of Council Tax Support (CTS) for the 2016/17 financial year was published on 5 April 2016. Nine additional councils introduced

⁵⁹ LGA, [Council Tax Support: the story continues](#), January 2015, p15

⁶⁰ Work and Pensions Committee; [The local welfare safety net](#). 8 January 2016

a “minimum payment” for all working-age residents, taking the total number to 259 (of 326) local authorities. In addition;

- 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).⁶¹

The analysis also considers the impact on claimants and trends since April 2013 and found that:

- 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.
- 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, 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
- 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. The range has existed each year, but the higher average reflects a shift towards harsher schemes.

⁶¹ NPI, [Key Changes to Council Tax Support in 2016/17](#), 5 April 2016

- the most common financial impact of CTS changes on claimants in 2013/14 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 690,000.⁶²

4.7 2017/18 schemes

The NPI's analysis of CTS schemes for the 2017/18 financial year was published in April 2017.⁶³ The key findings include:

- 74 councils had changed their schemes for 2017/18. This did not include changes made to reflect new national benefit changes such as the introduction of the Minimum income floor for the self-employed.
- Out of 326 councils, 37 local authorities have kept their CTS the same since 2013, 277 have reduced the amount of CTS available through minimum payments or band caps, and 12 have made alternative changes such as removing the second adult rebate.
- In the latest changes for the financial year 2017/18, 33 LAs have increased the minimum payment, 5 have introduced one and 2 have reduced theirs.
- The most common band cap remains band D. For 2017/18, 15 councils created a band cap and 2 changed theirs.
- The savings limit at which a claimant can no longer receive CTS was changed in 15 councils.
- 16 LAs reduced or abolished the second adult rebate.⁶⁴

The report also analyses the impact on claimants since April 2013 and concludes:

In the fifth year of local CTS, 2.0 million families have been adversely affected by the change from CTB. On average these families will have to pay £191 additional Council Tax in 2017/18 in comparison to what they would have paid under CTB. This is up from £145 in the first year of CTS, and up from £175 in 2016/17.

Many councils have made their schemes harsher by raising the minimum payment or changing the band cap, but in 2017/18 part of the increase in the amount that families will have to pay is due to an increase in the overall council tax rates. Out of 326 local authorities 22 will keep council taxes as they are, one will decrease the rates and the remaining 303 will increase Council Tax rates. This is the first time since the end of CTB that there has been such a large and widespread increase in the amount of council tax that all residents will have to pay.⁶⁵

The number of claimants has fallen slightly. The NPI attributes this to both rising employment and more restrictive rules for CTS making some households no longer eligible for support.

⁶² NPI, [Key Changes to Council Tax Support in 2016/17](#), 5 April 2016

⁶³ NPI [Key Changes to Council Tax Support in 2017/18](#), 5 April 2017

⁶⁴ Ibid.

⁶⁵ Ibid.

In 2017/18, 320,000 low income families will either be paying Council Tax for the first time, or find that their contributions must increase.

The NPI highlights that while there is a great deal of variation in CTR schemes, the trend is towards 'harsher schemes':

The most common financial impact of CTS changes on claimants in 2013/14 [...] was an additional £50 to £100 per year to pay in council tax than they would have under CTS; in 2017/18 this will be £150 to £200. Although the total number of CTS claimants fell the number of claimants paying £200 or more has increased to 825,000 in 2017/18 from 690,000 in 2016/17.⁶⁶

The NPI also points out that as funding for CTS is not ring-fenced, councils may feel obliged to pass cuts in overall funding for local government to their CTS schemes.⁶⁷

4.8 Council Tax arrears

In November 2016 the NPI published a study into the link between Council Tax Support changes and rising Council Tax arrears. The importance of this link is explained by the author:

For many councils, lacking clarity about how else to fund CTS, there has been a sense of inevitability about the introduction of and increases to a minimum payment. But the relationship with arrears raises important questions about whether this is effective or fair. If it is too high it will increase the amounts of uncollected tax and the administration and court costs associated with recovering unpaid Council Tax. It can also push low income families into debt and is an additional financial pressure suffered by both in work and out-of-work families on a low income.⁶⁸

The research found that as the net collectible debit has risen from £22.7 billion in 2011/12 to £25.5 billion in 2015/16, arrears (including court fees and administration costs) have increased from £2.4 billion to £2.7 billion. The collection rate has fallen from 97.3% to 97.1%, dropping significantly in the year that CTB was replaced by local CTS schemes. This was only the second time since the introduction of Council Tax in 1993/94 that collection rates had fallen.

To establish a link between CTS schemes and arrears the study grouped together those local authorities with similar CTS schemes. Within these groups, the NPI considered the growth in Council Tax arrears experienced by the authorities. The study then considered whether the authorities' policies on CTS were contributing to a growth in Council Tax arrears. The results can be seen in the graph reproduced below:

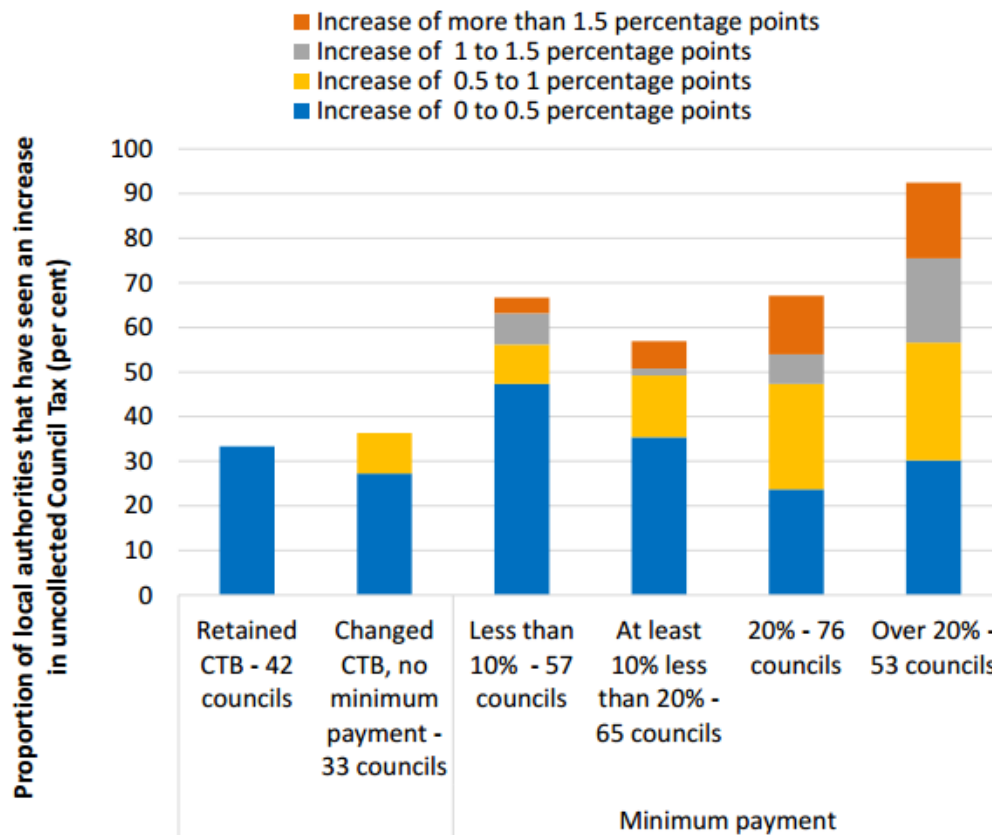
The **net collectible debit** is revenue that would be generated if everyone manages to pay their Council Tax

⁶⁶ Ibid.

⁶⁷ Ibid.

⁶⁸ Carla Ayrton, [Have cuts to Council Tax Support in England led to rising council tax arrears?](#), NPI, November 2016.

Figure 1. Proportion of local authorities that have seen an increase in uncollected tax in and 2015/16 when compared with 2012/13.



Source: NPI analysis of collection rates and receipts of council tax and non-domestic rates in England, DCLG; the data is a comparison of 2015/16 with 2012/13.

The results led the NPI to conclude that authorities with the highest minimum payments had experienced the largest increases in uncollected Council Tax:

Local authorities with a minimum payment of more than 20% had an additional £45.0 million in uncollected taxes in 2015/16 when compared with 2012/13. In contrast, local authorities who retained CTB have seen a decrease of £10.6 million.⁶⁹

4.9 CTR schemes in London

In September 2016, Child Poverty Action Group (CPAG) and Z2K, two anti-poverty charities, published [Still Too Poor to Pay](#), which analysed the impact of Council Tax Reduction schemes across London. The key findings included:

- In 2016/17, 26 out of the 33 London boroughs charged council tax to those previously deemed too poor to pay. This is an increase from 24 councils in 2015/16.
- Eight London boroughs increased their minimum payments for 2016/17. Two London boroughs introduced charges for disabled and/or unemployed households for the first time for 2016/17.

⁶⁹ Ibid.

- In 2015/16, over 19,000 claimants were referred to bailiffs. This is a 51 per cent increase on 2014/15.
- In 2015/16, 81,000 claimants were charged a total of £8.9 million in court costs. Since 2014/15, this is an increase of 10,000 claimants and £400,000 in court costs.

Since local council tax support schemes were introduced in April 2013:

- London's boroughs have instructed bailiffs to recover outstanding council tax from over 48,000 households.
- At least 318,000 court summonses have been issued to London's poorest households after falling into arrears with their council tax.
- Almost 250,000 low-income Londoners have been charged over £27 million in court costs.
- Hardship funds are only rarely helping a significant number of claimants in arrears.⁷⁰

The report underscores the downward trajectory of CTS amongst most London boroughs. Initially most authorities offered 100% support or required a minimum payment of less than 10% but now:

[...] there are now only seven authorities (City of London, Hammersmith and Fulham, Kensington and Chelsea, Kingston upon Thames, Merton, Tower Hamlets and Westminster) that still offer 100 per cent support. Four boroughs (Camden, Islington, Hounslow and Richmond) have minimum payments under 10 per cent, 10 authorities have a 10–20 per cent payment, while 12 have a minimum payment over 20 per cent.⁷¹

Changes in minimum payments and exemptions in each London borough are tracked on pages 12-13 of the report.

As with the national NPI studies, [Still Too Poor to Pay](#) notes that the **number of CTS claimants in London fell** between February 2013 and March 2016 from 823,900 to 706,500. The number of working-age claimants remained the same at 62%. An increased percentage of claimants are receiving partial support – up from 38% to 50%. CPAG and Z2K attribute this to households in part-time and/or low-paid work, which corresponds with current estimations of poverty in London.⁷²

The report notes that **all London authorities**, including to a lesser degree those that have not reduced the level of support, **have seen a reduction in CTS costs.**

Court summonses, issued following a failure to pay Council Tax, were found to have fallen in London but the researchers identified variations in practice – not all authorities provided data. The authors thought that the fall might be explained by better collection methods and an overall fall in the number of claimants. Claimants may be getting used to making minimum payments and therefore budgeting more effectively.

⁷⁰ CPAG and Z2K, [Still Too Poor to Pay: three years of localised Council Tax Support in London](#), September 2016

⁷¹ Ibid.

⁷² Ibid.

[Still Too Poor to Pay](#) points out that despite a fall in court summonses, stricter enforcement of new council tax regimes is on the rise:

- 10,000 more claimants were charged court costs in 2015/16 compared to 2014/15. A greater percentage of those issued with a court summons were charged, rising from 70% in 2014/15 to 83% in 2015/16. This increases claimants' levels of debt. CPAG/Z2K believe that councils should follow the example of Islington, which does not charge court fees and yet has not seen a corresponding drop in collection rates.
- In 2015/16 there were 19,212 cases in which a bailiff was involved, whereas deductions from benefit were used in only 11,000 cases. The report suggests why benefit deductions might be a less attractive option for authorities:

One of the main reasons for this is that authorities adopt in-year collection policies, meaning they aim to collect all council tax owed within the year for which the liability is for. At £3.70 a week, the maximum level of deduction from benefits does not allow this target to be achieved for authorities with higher minimum payments, particularly where costs have been added. For example, in Harrow, where the 30 per cent minimum payment now equates to £459 per year, the maximum in-year attachment of benefits of £192 would leave £267 in outstanding debt.⁷³

There is concern that increased use of bailiffs exposes claimants to more debt and 'aggressive bailiff behaviour.' Deductions from benefits are seen as increasing the risk that claimants are left without sufficient resources. CPAG/Z2K favour use of payment plans and Council Tax clinics as the most sustainable approaches to arrears.⁷⁴

[Still Too Poor to Pay](#) found that in the 10 London boroughs that supplied information about their **hardship funds**, most of these funds were underspent. The report concluded that this is either due to a lack of promotion or highly restrictive eligibility criteria.⁷⁵

CPAG/Z2K concluded that "council tax support should be reinstated as a national benefit providing up to 100 per cent support for those people not in work."⁷⁶ The report contains several **additional recommendations** based on a continuation of localised CTR schemes:

- Ring-fencing of Council Tax Support to improve transparency.
- DCLG to issue guidance for authorities on the collection of data on the impact of CTR schemes as recommended by the Ollerenshaw review (see section 6 of this paper).
- Guidance to authorities to refrain from the use of enforcement agencies to recover debt as recommended by the Work and Pensions Select Committee.
- Retain minimum payments of 10% or less.

⁷³ Ibid.

⁷⁴ Ibid.

⁷⁵ Ibid.

⁷⁶ Ibid.

- Exemptions for those in receipt of disability benefits and income support and claimants affected by other aspects of welfare reform.
- Hardship funds to be established and promoted.
- Introduce a vetting stage prior to issuing a court summons to encourage further engagement with the debtor.
- Refrain from using bailiffs.
- Waive court costs for CTS cases.⁷⁷

⁷⁷ Ibid.

5. Social Security Advisory Committee review 2015

Between 18 November and 12 December 2014, the Social Security Advisory Committee ran a [consultation, seeking views on understanding of 'localisation' and its effects on benefits and services](#). This resulted in the [SSAC Occasional Paper 14: Localisation and social security review](#) (May 2015). The review claimed that local authorities, in principle, "seem to have welcomed the opportunity to take on greater responsibility"⁷⁸ however noted their warnings on clarity around the definition of a 'local area'; the reduced right of appeal for citizens; the loss of economies of scale and expertise, and the potential for local schemes to undermine national policy.⁷⁹ The charity, Homeless Link, made the point that "the greater autonomy councils had been given over the past five years had in fact led to cuts in services," and argued that vulnerable groups could be marginalised in local politics.⁸⁰

A number of stakeholders reported concerns over a 'postcode lottery', with variations in schemes across the country rendering a higher level of service in some areas than others. Social Security Advisers in local government said such a problem was evident in the USA and warned of "clear implications for ghettoisation [and] weakening of family and community links."⁸¹

The domestic violence charity, Women's Aid, highlighted concerns over local connection requirements causing difficulties for specialist refuge services, which they said were "in their very essence a national service."⁸² Homeless Link summarised the concern for vulnerable groups as follows:

Whether somebody can receive assistance varies across local authority boundaries and the gatekeeping a particular council [has] put in place [...] It is hard to see how a completely localised system of rules is compatible with an emergency resource, which we believe should be allocated on the basis of need rather than postcode.⁸³

Concerns were also raised around the prospect of "creating differential outcomes for different types of people within the same area."⁸⁴ This was in reference to the imposed exemption of pensioners from the changes to Council Tax support, against the applicability to all people of working-age. The Local Government Association (LGA) warned that any future cuts "would be borne in part by the working-age poor through a

⁷⁸ Social Security Advisory Committee, [Localisation and Social Security: A Review](#), May 2015

⁷⁹ Ibid.

⁸⁰ Ibid.

⁸¹ Ibid.

⁸² Ibid.

⁸³ Ibid.

⁸⁴ Ibid.

reduction in Council Tax support, making the Council Tax more regressive.”⁸⁵

The Social Security Advisers in local government further cautioned that reductions in funding were limiting the options open to local authorities in localising support provisions:

Whilst ‘localism’ is and has been frequently accompanied by some level of discretion, the reduction in funding could actually mean local authorities find it difficult to exercise that discretion in a way that supports the most vulnerable. These reductions in the funding levels could therefore result in there being a perception of localisation of welfare support as a means to an end and a cost cutting exercise.⁸⁶

The report concluded with a call for a cross-departmental approach to social security, away from being handled solely by DWP. It recommended that DWP lead a policy initiative with DCLG and HMRC (and the devolved administrations) to oversee the design and implementation of localised benefits. It advocated drawing up guidelines in order to minimise unfair variations in schemes as well as an analysis of the financial impact on vulnerable people and local authorities. The report further called on the National Audit Office (NAO) to conduct an audit on schemes every three years and for DWP and DCLG to clarify long-term funding plans up to 2020 to afford local authorities the capacity to plan effectively.

The Coalition Government responded to the report in September 2015, [Social Security Advisory Committee review of localisation and social security: Government Response](#), saying it “agrees with the Committee on the importance of localism and the advantages it can bring.”⁸⁷ It accepted the benefit of cross-departmental working but noted that:

The government does not currently have any plans to design and implement newly designed or localised benefits, we would consider options to do so if they offered an opportunity to provide service users with better targeted help and support, while offering efficiencies to the taxpayers such as the better targeting of provision.⁸⁸

The Government said it “continue[d] to put in place safeguards to manage vulnerable claimants”⁸⁹ and said that “the new arrangements have [...] removed unnecessary reporting burdens [and therefore it does] not expect or require local authorities to replicate the previous reporting arrangements” in response to the call for centrally produced guidelines.

It said that it was “the responsibility of local authorities in England to determine appropriate arrangements, to monitor the impact of their arrangements and publish the results to ensure that their arrangements are fair and impartial”⁹⁰ and referred to the Government Review, to be

⁸⁵ Ibid.

⁸⁶ Ibid.

⁸⁷ Gov.uk, [Social Security Advisory Committee review of localisation and social security: Government Response](#), 1 September 2015

⁸⁸ Ibid.

⁸⁹ Ibid.

⁹⁰ Ibid.

completed by March 2016, which it said would “consider the effectiveness, efficiency, fairness and transparency of such schemes, as well as their impact on the localisation agenda.”⁹¹

In terms of residency qualifications in funding decisions, the Government said that “the decision will ultimately be for the local authority itself to make.”⁹² It referred to the independence of the NAO in response to the suggestion of a 3 yearly audit, and added that “the DWP will be strongly recommending to the relevant authorities that they put in place rigorous systems for assessing the efficacy of the programmes they run.”⁹³

⁹¹ Ibid.

⁹² Ibid.

⁹³ Ibid.

6. Government review 2016

The *Local Government Finance Act 2012* placed a requirement on the Government to conduct a review of all local Council Tax support schemes within three years of the Act taking effect (i.e. by October 2015). In evidence to the Public Accounts Committee, the Department said the review would look at “the effectiveness and efficiency of the scheme, its impact in terms of localism, and the relationship with Universal Credit.”

The Committee’s March 2014 report was critical of the Department’s planning around the conduct of the review: “The Department was unclear, however, about its preparations for this review, and about when exactly it would begin.”⁹⁴

The review was eventually launched on 2 December 2015 with former council leader and Member of Parliament, Eric Ollerenshaw OBE being tasked with leading it.⁹⁵ The review was charged with looking at:

whether the schemes are efficient, effective, fair and transparent, consider their impact on the localism agenda, and to make recommendations as to whether or not the schemes should be brought within Universal Credit.⁹⁶

[The review was published](#) on 8 April 2016 and praised the effective implementation of schemes by local government, despite difficult circumstances. It recommended devolving at least part of the prescribed scheme for pensioners (noting the additional cost burden this places on low-income working-age residents) and the single person discount, in order to improve councils’ ability to manage financial risk and provide targeted support to residents in need. In addition, it highlighted a lack of evidence on the impact of schemes on recipients, and particularly the collective impact when considered alongside other welfare reforms. The review also concluded that reduction schemes should not be moved into Universal Credit at present, as it would cause disruption to Universal Credit rollout and create unnecessary financial risk for councils.⁹⁷

The review found that collection rates of Council Tax declined with the introduction of local Council Tax support, although they were slowly improving. However, where there is a minimum payment required by the council, the staff time and administrative costs sometimes required seemed disproportionate to the amount being chased. Other inefficiencies included the January 31 deadline for setting schemes being out of sync with financial cycles, and the legislative requirement to review schemes each year being onerous, rigid and costly.

The review highlighted the three main policy aims of local Council Tax support;

⁹⁴ [HC 943, Forty-eighth report of 2013-14, Council Tax Support](#), March 2014, para 22

⁹⁵ Gov.uk, [Launch of review into Council Tax support](#), 2 December 2015

⁹⁶ Gov.uk, [Local Council Tax support schemes: an independent review](#), 8 April 2016

⁹⁷ [Three Years On: An independent review of local Council Tax Support schemes](#), 8 April 2016.

to bring deficit-reduction savings, to increase local powers over local areas, and to support work incentives. The effectiveness of LCTS [local Council Tax saving] schemes is assessed against these initial objectives.⁹⁸

The review found that an estimated £490 million of savings were made in the first year alone. However beyond this, some councils said the schemes introduced many hidden costs. Caseloads have been decreasing, which has helped councils manage the cost of their schemes so far; this decrease is likely a reflection of national economic improvements.

The review noted that the potential “to have a positive impact on localism has not yet been fully realised” as councils have to work within the parameters of budgets, the set scheme for pensioners, and decision-making deadlines.

The review also found that work incentives in Council Tax support schemes do not, by themselves, appear to have an impact on local employment levels. However it may have encouraged:

...some councils to be more proactive in helping residents into work or better paid work. Examples of this include joining up council services and working with partner organisations.⁹⁹

The review made 17 recommendations in total;

Recommendations to Government

1. Government should remove the January 31st deadline for schemes to be agreed on, and replace it with a condition that councils have an LCTS [Local Council Tax Support] scheme agreed and in place by the end of March each year.
2. Multi-year or rolling schemes should be allowed. Councils should be required to review their schemes at Full Council only when changes are being proposed.
3. The statutory consultation requirements should be clarified by Government, so that councils can take a less risk-averse approach. This should make consultations less burdensome on councils, and more engaging to residents.
4. DCLG should issue updates to the prescribed regulations sooner in the year, so as to inform local consultation. This could be a two-stage process, with policy intent provided in summer, and details and updates to regulations confirmed after the Autumn Statement.
5. Government should enable LCTS recipients to pay off arrears through a voluntary attachment to benefits agreed with the council, without the requirement to obtain a liability order. Safeguards should be put in place to ensure that individuals have had the time, information and capacity to consider the option and make an informed decision.
6. Government should work closely with councils to rectify data-sharing issues between council systems and Universal Credit systems, and to address concerns about how critical Government-

⁹⁸ [Three Years On: An independent review of local Council Tax Support schemes](#), 8 April 2016.

⁹⁹ *Ibid*, p13

held data will be shared with councils as Universal Credit is rolled out to LCTS recipients.

7. Government should consider localising at least part of the LCTS scheme for pensioners, allowing councils to decide how much support they wish to provide for all low-income residents.

8. Government should consider granting more local flexibility over other nationally-set council tax discounts, such as the single person discount.

9. Government should take steps to better understand the impact of LCTS on individuals and councils, widening the data it holds on LCTS. This will enable future policy evaluation.

10. Government should commission in-depth academic research on the impact of LCTS within the wider context of other welfare and socioeconomic changes.

11. Government should be transparent about how much funding for LCTS is paid through Revenue Support Grant, and it should be explicit about the future funding of LCTS schemes, including any expectations on how LCTS should be locally funded.

12. Government should require councils to clearly state how much funding they intend to pass on to parishes as part of their consultation on LCTS schemes.

13. Government should improve its engagement and ongoing dialogue with local government on LCTS. This could be done via an updated and more transparent Council Tax Partnership Forum, or by setting up another forum for this purpose.

14. Government should confirm that LCTS will remain a local discount scheme for a local tax, and that it will not be rolled into Universal Credit.

Recommendations to councils

1. Where possible, councils should work in partnership in designing future schemes. Councils should consider options around joint procurement of software providers, and joint schemes with neighbouring councils, where appropriate.

2. Councils should ensure their debt collection practices remain in line with latest Government guidance, and that their processes are proportionate to the debt involved. Councils should consider signing up to the Citizens Advice "Council Tax Arrears: Good Practice Protocol", developed in partnership with the Local Government Association.

3. Departments and teams within councils should work closely with each other and with partner organisations to develop a holistic approach to LCTS council tax collection, identifying and supporting people who are struggling to pay.¹⁰⁰

In response to a PQ, Marcus Jones, Minister for Local Government, said that the Department for Communities and Local Government will "consider these recommendations carefully"¹⁰¹. No formal response has yet been published.

¹⁰⁰ [Three Years On: An independent review of local Council Tax Support schemes](#), 8 April 2016.

¹⁰¹ [PQ](#), 25 May 2016

The Government review attracted criticism in research conducted by Child Poverty Action Group (CPAG) and Z2K into the impact of local CTR schemes in London: [Still Too Poor to Pay](#) (September 2016).

One issue concerned the level of independent scrutiny. CPAG and Z2K felt that appointing Eric Ollerenshaw, a former MP who had voted for the *Local Government Finance Act 2012*, undermined the independence of the report. CPAG and Z2K also argued that:

The review was undermined from the outset by the government's refusal to require local authorities to provide any data on the number of claimants in arrears and facing enforcement action to recover the debt. This deficit was highlighted by the Public Accounts Committee two years ago, and so there was plenty of time to rectify it.

2 The report itself admits that 'this lack of national data is in contrast to the approach taken by the Welsh Government, which collects sophisticated data relating to [localised council tax support] and reports on it annually'.

3 These disadvantages might have been overcome by the review had it specifically requested the data from local authorities. However, it chose not to. And while many authorities did respond to the call for evidence, much of the information provided seems to have been a description of their experiences of implementing the policy, collection rates and costs incurred, rather than the impacts on claimants.¹⁰²

[Still Too Poor to Pay](#) is critical of the review's recommendations, which, the authors believe, do not reflect the conclusions in the body of the paper itself. For instance:

- Recommendation 9 of the Government review suggests that the Government needs to better understand the impact of localisation policy. CPAG and Z2K argue that this was the original aim of having a Government review.
- Despite evidence that the overuse of bailiffs to recover Council Tax arrears is counter-productive, the Government review says little about this or how bailiff usage can be monitored by Ministers.¹⁰³

The authors expressed support for the recommendation that funding through the Revenue Support Grant should be clearer. They called for support to be ring-fenced for CTS.¹⁰⁴

¹⁰² CPAG and Z2K, [Still Too Poor to Pay: three years of localised Council Tax Support in London](#), September 2016

¹⁰³ Ibid.

¹⁰⁴ Ibid.

7. Scotland & Wales

In [Localising Support for Council Tax England](#) the Government advised that the Devolved Administration Governments would be expected to bring forward their own proposals:

As local government finance is devolved to Scotland and Wales, the Government expects that the Devolved Administration Governments will put forward their own proposals. The Department for Communities and Local Government, HM Treasury and the Department for Work and Pensions will continue to work with the Devolved Administration Governments to ensure that schemes can be developed within the appropriate framework of powers.

The Convention of Scottish Local Authorities (COSLA) saw advantages in devolving CTB to local authorities – the key associated risks were viewed as financial.¹⁰⁵

During the House of Lords Report stage of the *Welfare Reform Bill* Lord German asked several questions about the impact on the devolved administrations. Lord Freud responded thus:

CTB is not being devolved. Under Clause 33, it will be abolished and funding made available for local schemes in England. The devolved Administrations will be funded through the Barnett formula to bring forward new schemes within their existing competence. If a future Government so decided, Clause 11, which covers housing costs, is sufficiently broad to give legislative cover to include support for council tax costs in universal credit.

Scotland and Wales already have the executive powers to establish schemes based on applying discounts to council tax. I can assure my noble friend that social security remains absolutely reserved as a UK matter and that localisation funding does not affect this.¹⁰⁶

In 2013/14 the [Scottish](#) and [Welsh](#) Governments decided to devise centralised Council Tax support schemes rather than devolve policy to local authorities. Administration of the schemes still rested with local authorities.

The Scottish Government and CoSLA provided £40 million of additional funding for a transitional year in 2013/14 in order to protect those who previously qualified for CTB from the 10% reduction in expenditure. On 2 February 2014, as part of a Council Tax freeze announcement, the Scottish Government confirmed that it was “working with local government to support council tax benefit reform and welfare reform.”¹⁰⁷ The freeze and additional funding continued up to and including 2016/17. Deputy First Minister John Swinney said of the freeze:

This partnership approach with local government is delivering real benefits for the people of Scotland in the face of the biggest

¹⁰⁵ [Written evidence](#) submitted by COSLA to the Communities and Local Government Select Committee (LWR 16), June 2011

¹⁰⁶ HL Deb 12 December 2011 c1068

¹⁰⁷ [Council Tax freeze continues](#), 21 February 2014 (accessed on 12 May 2014)

reduction in public spending imposed by Westminster on any Scottish Government.¹⁰⁸

The Scottish Government is continuing to make additional funding available in 2017/18 to protect claimants from the 10% cut but this financial year will see changes to the calculation of Council Tax:

From 1 April 2017, council tax rates and the way in which council tax is calculated will change. Properties in Bands E, F, G and H will be charged a higher percentage of the Band D rate than previously. However, households in these bands whose net income is below the Scottish median for their household type (£16,750 for single person households and £25,000 for others) may be entitled to claim an exemption from the increases to the banding system through the Council Tax Reduction Scheme. Entitlement is dependent on a number of factors, including any capital held and the composition of the household.¹⁰⁹

The Welsh Government provided an extra £22 million in 2013/14 “to support local authorities in providing all eligible claimants with their full entitlement to support, despite the shortfall in funding transferred from the UK Government.”¹¹⁰ The additional support was matched in 2014/15 and subsequent years. The Welsh Government has committed to continue this funding in 2017/18.¹¹¹

A review of funding arrangements was published on 5 June 2014;

Following the review, Welsh Ministers have decided to continue with the arrangements currently in place for providing Council Tax Support through our Council Tax Reduction Scheme and are therefore continuing to protect low income and vulnerable households, by ensuring all eligible applicants receive their full entitlement to Council Tax support.

The Welsh Government intends to continue to fund Council Tax Reduction Schemes at current levels, whilst Local Government will need to plan for any additional costs arising from local increases in Council Tax. This arrangement reflects the shared responsibility for the schemes.¹¹²

From 2014/15 the Welsh Government made Regulations under which each Welsh local authority is required to adopt its own Council Tax Reduction Scheme. The Regulations are closely based on previous Council Tax Benefit rules but authorities have been given some areas of discretion to enable them to take account of the needs and priorities within their local areas.¹¹³

December 2013 saw publication of an interim report analysing Council Tax Reduction Schemes in Wales by the Welsh Government: [Council Tax Reduction Schemes in Wales. Annual reports](#) have subsequently been

¹⁰⁸ Ibid.

¹⁰⁹ [Council Tax Reduction Scotland](#) [accessed 29/5/17]

¹¹⁰ Welsh Government, [New council tax support arrangements will protect 330,000 households in Wales](#) (accessed on 24 June 2013)

¹¹¹ Welsh Government, [Council Tax Support](#), 20 September 2016

¹¹² [Council Tax Support – Review](#), 5 June 2014

¹¹³ *Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013* (SI 3029/2013); *Council Tax Reduction Schemes (Default Scheme) (Wales) Regulations 2013* (3035/2013); *Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2014* (SI 66/2014)

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published for 2013/14, 2014/15 and 2015/16 containing information on the caseload of people accessing reduction schemes in Wales. The [2015/16 report](#) noted a 2.6% reduction in the number of households in Wales receiving a Council Tax Reduction in 2015/16 compared with 2014/15.

[The independent review conducted by Eric Ollerenshaw OBE](#) also considers schemes in Wales.

8. Statistics – Council tax support in England, 2014/15 and 2015/16

The table, [Council tax support: number of claimants, council tax foregone and total amounts paid to parishes. Budget estimates for the financial year April 2014 to March 2015, England \(Revised\)](#) contains experimental data published by the DCLG which shows the number of claimants receiving Council Tax Support in each local authority area in England in 2014/15, and the Council Tax revenue foregone in each local authority as a result. These statistics are produced using information provided by local authorities on their Revenue Budget returns.

[Local Council Tax Support: Number of Claimants, Amount of Council Tax Foregone, Total amounts paid to parishes and Number of changes in circumstances. Budget Estimates for the financial year April 2015 to March 2016, England](#) contains the same information for the following financial year.

[Local Council Tax support, Q3 2016 to 2017](#) provides the most recent numbers of Council Tax Support claimants, broken down by authority and defined as either working-age (a discretionary reduction) or pensioner (a statutory reduction).

[Local authority revenue expenditure and financing](#) tracks local government spending and income. For the years 2015-17 the tables include a section on the council tax foregone to working-age and pensioner claimants:

- [Local authority revenue expenditure and financing England: 2015 to 2016 individual local authority data - outturn](#) provides the figures for 2015-16 at a local level.
- [Local authority revenue expenditure and financing England: 2016 to 2017 budget individual local authority data](#) provides the figures for 2016-17 at a local level.

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