

# Council Tax Support Schemes in England: What Did Local Authorities Choose, and with What Effects?

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# Preface

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# Executive Summary

Council tax benefit (CTB) was abolished in April 2013 and local authorities in England were charged with designing their own council tax support (CTS) schemes in its place. Although these must maintain support for pensioners at its previous level, local authorities have had wide discretion to design their own schemes for working-age families. This report analyses the CTS schemes that local authorities adopted in the first year of the new policy.

## Local authorities' choices of council tax support schemes

- In response to a 10% reduction in funding for these new schemes, more than 80% of local authorities made changes to the old CTB system that reduced entitlements for working-age families, with the remaining 20% choosing to absorb the cut in funding entirely through other spending cuts or council tax increases.
- Minimum council tax payments were introduced by 70% of local authorities, meaning that 1.4 million more low-income households now had to pay some council tax. More deprived local authorities were more likely to introduce minimum payments, because CTB spending was higher, and therefore funding cuts bigger, in those areas. Local authorities were also more likely to introduce minimum payments if making up the funding shortfall would require larger percentage cuts to working-age CTS (that is, if pensioners – whom local authorities had to protect – accounted for a larger share of CTB 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 local authorities where Labour has a majority rather than a result of political preference. Once we account for those other local authority characteristics (most importantly, the size of the funding cut), it appears that Conservative-majority councils were much the most likely to introduce minimum payments: 14 percentage points more likely than Labour councils, 25 percentage points more likely than Liberal Democrat councils and 22 percentage points more likely than councils under no single party's control.
- District councils, which are typically less well resourced and largely collect council tax on behalf of larger precepting authorities, were more likely than others to make no changes from the old CTB system.

## Consequences for household incomes and work incentives

- Entitlements to CTS fell by 8% overall or by 14% for working-age households. About 2.5 million households saw their CTS entitlements fall, by an average of £160 per year. That is an aggregate reduction in entitlements of about £400 million in 2013–14. However, because only around two-thirds of those entitled to support take up their entitlement, the actual reduction in CTS received will have been less than this.
- Of the 2.0 million working-age households in England that could previously have had their council tax fully rebated, 70% (1.4 million) must pay some council tax in 2013–14; 50% must pay at least £85; 25% must pay at least £170; and 10% must pay at least £225.
- As we would expect from a cut to a means-tested benefit, the biggest losers are low-income households where no one is in paid work. But workless households have seen their entitlements reduced by less than they would have done from a flat percentage cut in support for all claimants, and working households correspondingly more (though working households were less likely to take up their entitlements in the first place). This is because the chosen schemes tend to reduce support by a larger percentage for those receiving partial CTS than for those entitled to maximum support; and because some local authorities have explicitly protected families containing an unemployed or disabled person.
- The reforms strengthen the incentive for individuals to undertake paid work very slightly on average. But here again there is variation in effects: about three-quarters of workers in England do not see their incentive to stay in work affected at all, and some individuals have their work incentives weakened by schemes that means-test support more aggressively.

## Evidence from Citizens Advice data on early impacts of new schemes

- We use data collected by Citizens Advice Bureaux (CAB) to study the impacts of different CTS scheme choices on the number of people seeking advice from CAB about council tax debts, council tax liability/payment and CTB/CTS.
- Local authorities that introduced substantial minimum council tax payments saw big increases in the numbers coming to CAB with queries about council tax or CTS, relative to local authorities that did not introduce any. For example, we estimate that introducing minimum payments of more than 8.5% – relative to not introducing any – led, on average, to a 30–40% increase in council tax debt queries recorded by CAB in those local authorities by July–September 2013 (among working-age individuals). That is an increase of about 3,000 individuals seeking advice on that specific issue, in those three

months, in the 35% of English local authorities that introduced minimum payments above 8.5% – and of course many claimants experiencing difficulties might not seek advice from CAB at all.

- In light of the impacts of minimum payments on council tax debt queries, it will be interesting to see how successfully the local authorities concerned are managing to collect the council tax that they have asked for. This can be looked at once data on council tax collection rates for 2013–14 are available.



# 1. Introduction

Council tax benefit (CTB) was a UK-wide benefit that provided support for council tax to low-income families. In April 2013, it was abolished. Local authorities in England and the Scottish and Welsh governments were charged with designing their own council tax support (CTS) schemes. They were given grants equal to 90% of what would have been spent on CTB in their area, but with the discretion to spend more or less than that grant on CTS.

In Scotland and Wales, the devolved administrations decided to maintain centralised CTS schemes rather than devolving the policy to local authorities, and to maintain the previous levels of support by absorbing the funding cut elsewhere in their budgets. Our analysis focuses on England, where local authorities have been obliged to maintain support for pensioners at its previous level but have had wide discretion to make changes to the scheme for working-age families. The requirement to protect pensioners meant that local authorities where a larger share of CTB went to pensioners would need to make bigger percentage cuts to working-age support to achieve a given reduction in overall spending on CTS.

Some English local authorities have not made any changes to their schemes for working-age families, while others have made a range of changes. Our first aim in this report is therefore to document the choices that different local authorities have made and to examine differences in the schemes chosen by different types of local authority.

Prior to the introduction of the reform, Adam and Browne (2012) examined the likely impacts of different types of scheme choices. A key conclusion was that it would be very difficult for local authorities to reduce the cost of CTS by 10% without reducing support for those who were previously entitled to full CTS – those with the very lowest incomes – or means-testing so aggressively that some people would be worse off after a pay rise. Many local authorities have indeed introduced changes that were analysed in detail by Adam and Browne, and many of the schemes do make some families liable to pay council tax for the first time and weaken work incentives. The second aim of this report is to quantify the effects on incomes and work incentives of the schemes that have actually been introduced across England.

Adam and Browne (2012) also argued that localising support would reduce transparency and increase bureaucracy, and they expressed concerns that it would be difficult to collect small amounts of tax from low-income households that were not previously liable for council tax. Anecdotal evidence has suggested that council tax schemes that have made those with very low incomes pay some council tax have led to an increase in the number of summonses issued for

council tax debt.<sup>1</sup> Here, we move beyond anecdotal evidence by analysing data that have kindly been provided by Citizens Advice on the number of queries about council tax, council tax debts or CTS that its bureaux have dealt with across England. We examine how the number of such queries in different areas relates to the characteristics of the CTS scheme in those areas.

The rest of this report is structured as follows. In Chapter 2, we set out and discuss the policy options chosen by local authorities and we examine whether particular kinds of local authority tended to choose particular kinds of scheme. We then analyse the effects of the reforms on households' entitlements to CTS and on individuals' work incentives in Chapter 3. In Chapter 4, we use data provided by Citizens Advice to examine the impacts of different types of scheme on the numbers of people visiting its bureaux with queries about council tax or CTS. Chapter 5 concludes.

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<sup>1</sup> See, for example, 'Over 5,000 Wycombe taxpayers summoned to court', *Bucks Free Press*, 2 December 2013, [http://www.bucksfreepress.co.uk/news/10849384.Over\\_5\\_000\\_Wycombe\\_taxpayers\\_summoned\\_to\\_court/](http://www.bucksfreepress.co.uk/news/10849384.Over_5_000_Wycombe_taxpayers_summoned_to_court/).

## 2. Local Authorities' Choices of Council Tax Support Schemes

In this chapter, we explain the key changes to the previous CTB system that local authorities (LAs) in England have introduced in 2013–14 and we investigate whether different types of LA have chosen different types of scheme. LAs have made a wide range of different choices, so it is not possible to categorise schemes into a small number of types. Instead, we describe the effects of a number of the features LAs have introduced. Details of the features of each LA's scheme are available on a spreadsheet on the IFS website,<sup>2</sup> which builds on information collected and made available by the New Policy Institute.<sup>3</sup>

### 2.1 Scheme characteristics chosen by different local authorities

Of the 326 English LAs, 57 (17%) made no changes to the previous CTB system. They therefore had to absorb the reduction in funding for CTS by reducing expenditure in other areas or increasing council tax. The remaining 269 LAs made some or all of the following changes:

- **Introducing a minimum council tax payment** (introduced by 228 or 70% of LAs). The majority of LAs have decided to introduce a minimum council tax payment for those who were previously entitled to full CTS. Fifty-four LAs have implemented this as an across-the-board cut to support relative to the previous CTB system for all recipients (option 1 in chapter 6 of Adam and Browne (2012)), while 174 have reduced the maximum entitlement to CTS (option 2 in chapter 6 of Adam and Browne (2012)). In the case of an across-the-board cut, CTS runs out at the same income level as previously. This implies that the taper rate is effectively reduced. In the case of a reduction in the maximum entitlement, entitlement runs out at a lower income level, reducing the number of people entitled to CTS. This implies a larger percentage cut in support for those on the taper than for those previously fully rebated. In both cases, all recipients of CTB receive less, and those with the very lowest incomes, who previously would have received full support, have to pay some council tax. These changes tend to strengthen the incentive for individuals to do paid work, as individuals have less CTS to lose if they move into work. Minimum payments are the biggest change that LAs have introduced in terms of the reduction in entitlements. Of the LAs that introduced minimum payments, 113 set the minimum at 8.5% or less of the council tax bill (this was consistent with qualification for the transitional

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<sup>2</sup> See Adam et al. (2013).

<sup>3</sup> See [counciltaxsupport.org](http://counciltaxsupport.org).

grant offered by the government – see below); 72 set it at more than 8.5% but no more than 20%; and 41 set it at more than 20%.<sup>4</sup>

- **Reducing the savings limit** (a change made by 57 or 17% of LAs). Under CTB, families with savings or other non-pension financial wealth of more than £16,000 were not entitled to any support.<sup>5</sup> Some LAs have reduced this maximum asset level, removing CTS completely from a relatively small number of families. This reform strengthens the incentive to do paid work for those affected, as they no longer face losing CTS when they enter paid work, but weakens the incentive to save for those who are entitled to CTS or who anticipate becoming entitled in the future. A sharp cut-off in support for those whose savings exceed a certain level creates a strong incentive for families that are entitled to CTS, or that think they are likely to be entitled in the future, to keep their total stock of savings below that level.
- **Counting other benefits as income** (introduced by 30 or 9% of LAs). Adam and Browne (2012) examined a reform where child benefit was counted as income in the means test for CTS. This reform maintains support for those with no private income but effectively reduces the level of private income at which CTS starts to be withdrawn for families with children, reducing the amount of support received by some low-income families with children. This in turn weakens work incentives for lone parents and for those in couples with children whose partner is not in paid work, but strengthens the incentives for both members of a couple with children to do paid work rather than just one. This latter effect arises because if a family receives less CTS when one adult is in work, it has less CTS to lose if the second adult moves into work. This category also includes changes such as counting child maintenance as income: this would have similar effects for those families that receive this type of income.
- **Reducing or abolishing second adult rebate** (change made by 173 or 53% of LAs). Second adult rebate was a relatively obscure part of the old CTB system: few were entitled to it and take-up was low.<sup>6</sup> It was payable where only one person in the household was liable for the council tax bill (i.e. the home was occupied by the owner, since in rental properties all occupants are jointly liable) and a low-income non-dependant (i.e. not the householder's partner or dependent child) also lived in the property. Second adult rebate reduced the household's council tax liability by 25% if the second adult was on a means-tested out-of-work benefit – income support, income-based

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<sup>4</sup> The remaining two LAs that introduced minimum payments set them in cash, rather than percentage, terms. South Ribble set the minimum at £2.95 per year and Sutton set it at £3.55 per year.

<sup>5</sup> There was also an asset test that reduced support for families with between £6,000 and £16,000.

<sup>6</sup> In 2006–07, 40,000 people were claiming second adult rebate and DWP estimated that the take-up rate was around 10%. See Department for Work and Pensions (2008) for more details. More recent editions of that publication have not included analysis of second adult rebate.

jobseeker's allowance or employment and support allowance, or pension credit – and was reduced as their income increased, until it was exhausted when their income exceeded £235 per week. It was not means-tested against the income of the householder. The logic behind second adult rebate was that a low-income non-dependant could not be expected to contribute towards the council tax liability, so the liable person should receive the same 25% discount they would have received if they lived alone<sup>7</sup> to ensure that such individuals had an incentive to allow a low-income non-dependant to live with them. Similarly, reducing or abolishing second adult rebate weakens the incentive for single homeowners to allow a low-income non-dependant to live with them.

- **Changes to non-dependant deductions** (introduced by 77 or 24% of LAs). Under the old CTB system, non-dependant deductions (NDDs) reduced the householder's CTS to take account of the incomes of other household residents who were assumed to make a contribution towards the council tax bill. Deductions were not made for those who paid rent on a commercial basis. The size of the deduction depended on the income of the non-dependant, ranging from zero for those who were on an out-of-work benefit to £9.90 per week for those with incomes of at least £394 per week. NDDs reduced support given to low-income homeowners who have non-dependants (usually grown-up children or elderly relatives) living with them. They therefore reduced the incentive for low-income families to allow non-dependants to live with them: increasing NDDs will further weaken this incentive and reducing them will strengthen it.
- **Restricting support to a particular council tax band** (introduced by 59 or 18% of LAs). This reform restricts the maximum amount of support for council tax to a particular band (most LAs that have introduced this have chosen band D). Those in higher council tax bands and who are entitled to CTS receive the (lower) amount of support they would have received if they lived in a band D property.<sup>8</sup> For such families, the reform is a reduction in the maximum entitlement, which means that some low-income families that previously received a full council tax rebate have to pay some council tax, and has similar effects to reducing the maximum entitlement in terms of strengthening work incentives. One attractive feature of this policy is that families have to pay the full cost of occupying a higher-band property, removing the artificial incentive created by the old CTB system for low-income families to occupy higher-value properties than they otherwise would.

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<sup>7</sup> All single-person households receive a 25% council tax discount. LAs have not been given the power to alter this, as it is a reduction in council tax liability rather than a part of CTS.

<sup>8</sup> A similar nationwide restriction to band E existed between 1998–99 and 2003–04.

- **Introducing a minimum CTS payment** (introduced by 45 or 14% of LAs). This change means that LAs do not pay CTS entitlements that are below a certain amount and means that those who would otherwise have been entitled to a small amount of CTS lose it. Since it involves small numbers of people losing relatively small amounts of support, this change typically does not reduce expenditure on council tax rebates significantly. By reducing entitlement to CTS very suddenly, this change weakens the incentive for individuals who receive slightly more than the minimum payment to increase their income slightly, as they face a sharp drop in support when their entitlement falls below the minimum level.
- **Changing the taper rate** (20 or 6% of LAs have increased it; 3 or 1% have reduced it, one of the few changes that have been made that increase the CTS received by some households<sup>9</sup>). The taper rate is the rate at which support is withdrawn as income rises; it was 20% under the old CTB system. This change therefore does not affect those who were entitled to full support under the old CTB system, but it does affect the amount of support given to low-income working families. Increasing the taper will weaken the incentive for some families to have one person in work rather than none, but may strengthen the incentive for both members of a couple to work rather than just one: if the first earner's earnings put the family on the taper for CTS, the family will have less CTS to lose if the second partner were to move into work. Increasing the taper weakens the incentive for those who are still entitled to support to increase their income slightly, but strengthens it for those who lose entitlement to CTS entirely and so no longer face withdrawal of CTS if they increase their incomes further.

A number of LAs have introduced smaller changes to their CTS systems, including changes related to the backdating of claims (where people can, in certain circumstances, receive their support backdated up to six months when they apply; this has been changed by 59 or 18% of LAs) and changes relating to benefit run-ons when people start work (these mean that people's benefit entitlements do not fall immediately on entering work; they have been changed by 64 or 20% of LAs).

In addition, 107 or 33% of LAs have set up discretionary hardship funds to provide additional CTS and 115 or 35% of LAs have either completely or partially exempted vulnerable groups from other changes they have made to the CTS system. Of these, the most common group to have been protected is families containing someone who is disabled (87 or 27% of LAs). Others include war veterans (56 or 17% of LAs), some or all families with children (33 or 10% of

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<sup>9</sup> Note that a further 54 LAs have implicitly reduced the taper rate by implementing an across-the-board percentage cut to entitlements for all recipients (see above). Because this is simply a consequence of an across-the-board cut, such cases still constitute an unambiguous reduction in generosity to claimants. Nevertheless, the reduction in the taper rate would still act to strengthen the incentive for some in-work claimants to earn a little more, just as an 'explicit' reduction in the taper rate would do (see Chapter 3 for detailed analysis of work incentive effects).

LAs), families where someone has recently become unemployed (25 or 8% of LAs), families containing a carer (24 or 7% of LAs) and families where all adults are under 25 (2 or 1% of LAs).

In October 2012, central government announced additional funding for one year only in 2013–14 for LAs whose schemes met certain ‘best practice’ criteria.<sup>10</sup> These were that those previously entitled to full support should pay no more than 8.5% of their council tax liability, that the taper rate should be no more than 25%, and that there are no ‘cliff edges’ whereby entitlement suddenly drops if a family’s income increases above a particular threshold. 196 or 60% of LAs designed schemes that met these criteria and so qualified for the additional funding. Of these, 100 chose a minimum payment level of 8.5% – the maximum consistent with qualifying for the grant. It will be interesting to see how many of the LAs that chose schemes that meant they qualified for the grant change their schemes in 2014–15 when the additional funding is no longer available.

## 2.2 What kinds of local authority chose what kinds of scheme?

We have seen that the schemes chosen by English LAs varied widely. In this section, we look at what characteristics of LAs were associated with their choosing schemes with different features.

The LA characteristics we examine are:

- annual funding cut per household;
- percentage cut in working-age CTS needed to recoup full 10% funding cut;
- length of consultation period and number of responses received (with indicators for the information being unavailable);
- percentage growth in CTB claimant numbers from November 2008 to November 2012 and in CTB spending from 2007–08 to 2011–12;
- CTB administration costs as a percentage of CTB spending, and average number of days taken to process a CTB claim;
- number of queries to Citizens Advice Bureaux in the LA about council tax, council tax debt or CTB in 2012 as a proportion of CTB recipients in the LA;
- (log) council tax rate and percentage of properties in bands A, B, C, D and E to H;
- index of multiple deprivation;
- region;
- (log) population, (log) population density and children as a percentage of the population;
- indicator for district council;

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<sup>10</sup> An IFS observation about this transitional grant is available at <http://www.ifs.org.uk/publications/6410>.

- political control of council: Conservative, Labour or Liberal Democrat majority or other (independent / no overall control).

Individually, many of these characteristics are correlated with scheme choice. For example:

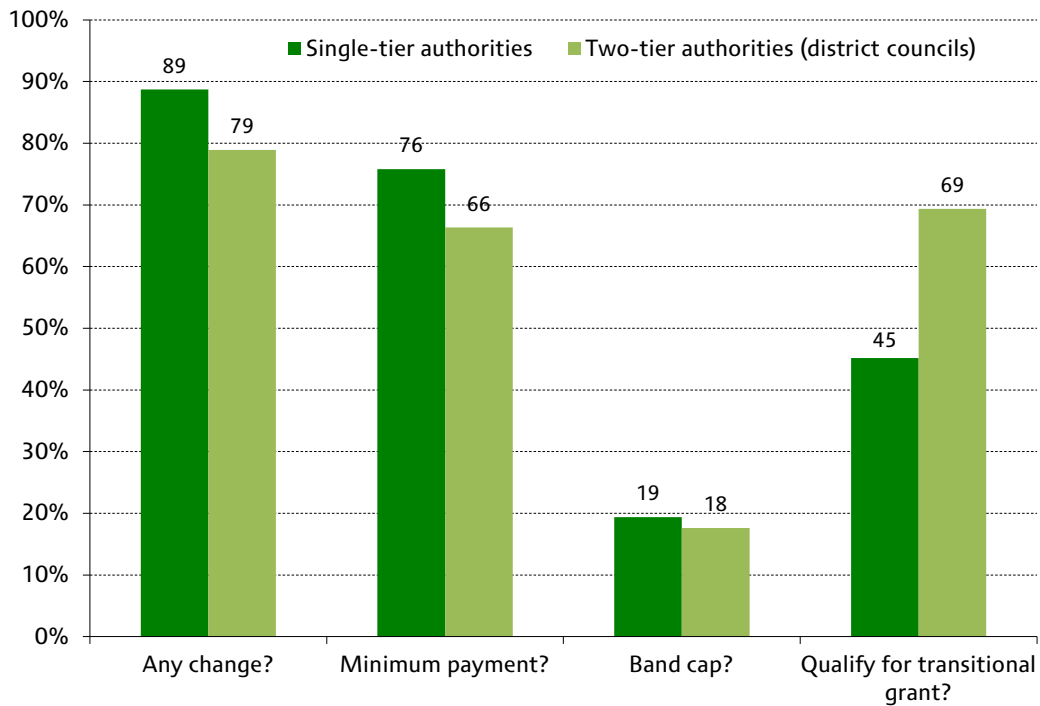
- Figure 2.1 shows that 89% of single-tier authorities adopted CTS schemes that differed from CTB, while only 79% of district councils did so. District councils were less likely to introduce minimum council tax payments, though only marginally less likely to cap entitlement at a particular council tax band. Most strikingly, 69% of district councils qualified for the transitional grant being offered by the government, whereas only 45% of other LAs did so.
- Figure 2.2 shows that councils controlled by Labour were more likely than those controlled by the other main parties to introduce minimum payments, but less likely to introduce band caps. Liberal Democrat councils were far less likely than councils controlled by the other main parties to introduce minimum payments, yet only somewhat more likely to make no changes at all or to qualify for the transitional grant.
- Local authorities facing larger funding cuts per household (because CTB spending was higher) were much more likely to introduce changes (see Figure 2.3).
- Looking at the percentage cut in support for working-age households that would be required to recoup the full 10% by which funding was cut, Figure 2.4 shows that those LAs requiring particularly large or particularly small cuts (i.e. where a particularly large or small proportion of CTB spending went to pensioners) were more likely to make changes than those (the vast majority) requiring mid-range cuts to recoup the revenue.
- Figure 2.5 shows that more deprived LAs were more likely to make changes. Almost 90% of the most deprived fifth of LAs made changes, as against three-quarters of the least deprived fifth, though the relationship is stronger at these extremes than across LAs with moderate levels of deprivation.

However, simple (bivariate) correlations give only limited information. Many of these LA characteristics are correlated with each other. For example, are Labour-controlled councils more likely to make changes because they are Labour-controlled or because Labour-controlled councils are also more likely to be single-tier, be more deprived and see bigger funding cuts?

To disentangle the impacts of different characteristics, we take an econometric approach, using probit regressions to estimate the impact of each LA characteristic *holding all the others constant*. Specifically, we run a probit for each of the scheme features described in Section 2.1, looking at how the probability of an LA adopting a scheme with that feature is affected by the LA characteristics listed at the start of this section. The full probit results are reported in the appendix.

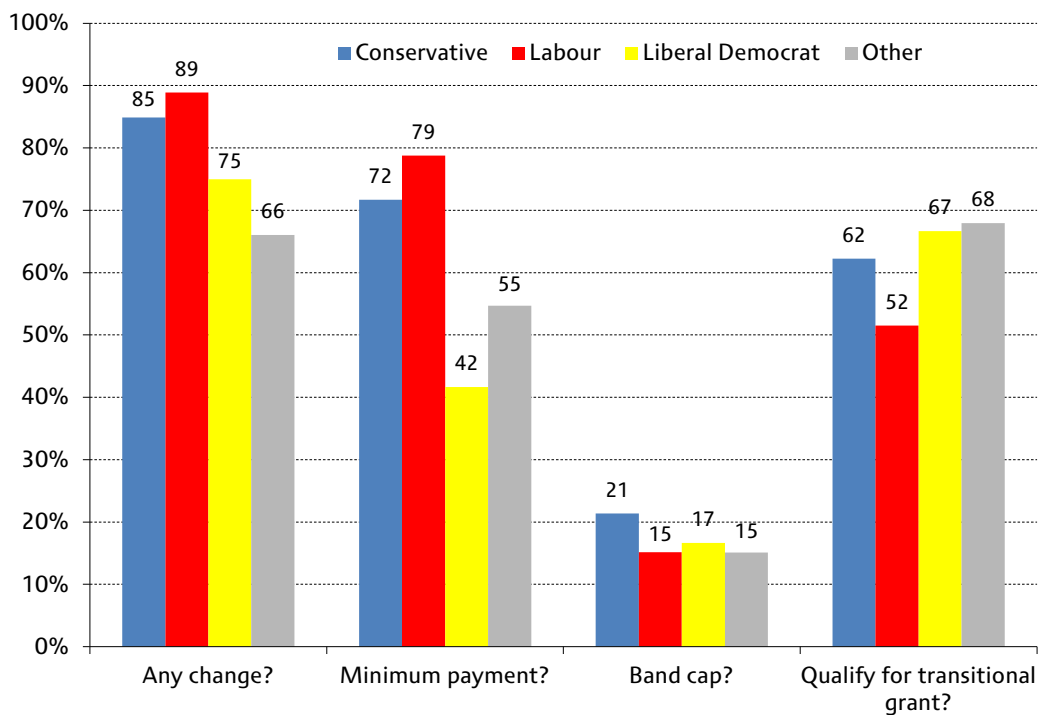


Figure 2.1. CTS scheme features in single-tier versus two-tier authorities in England



Source: Authors' calculations using details of scheme characteristics from Adam et al. (2013).

Figure 2.2. Scheme features by political control of council in England



Source: Authors' calculations using details of scheme characteristics from Adam et al. (2013).

Figure 2.3. Probability of making any change from previous system, by funding cut per household (English LAs only)

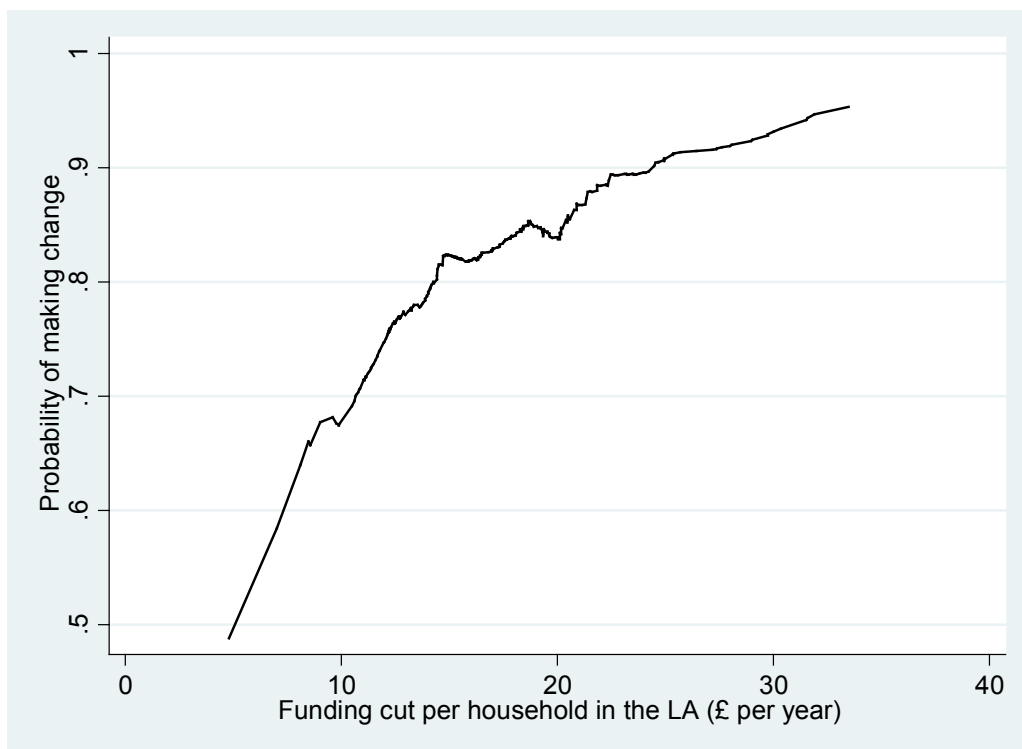
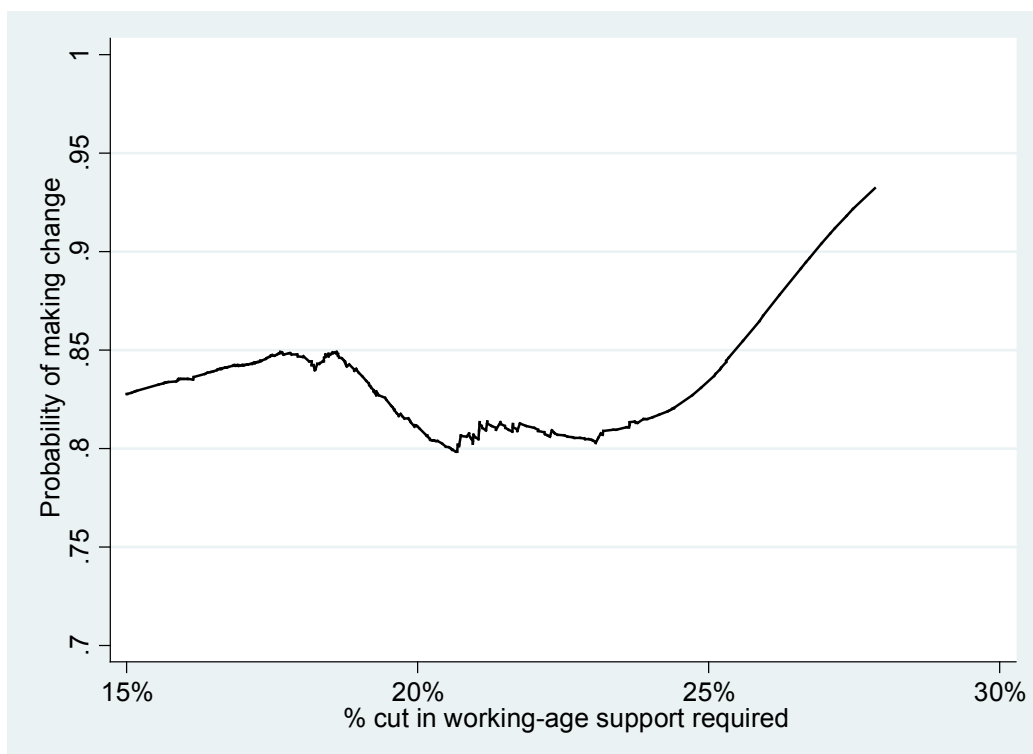


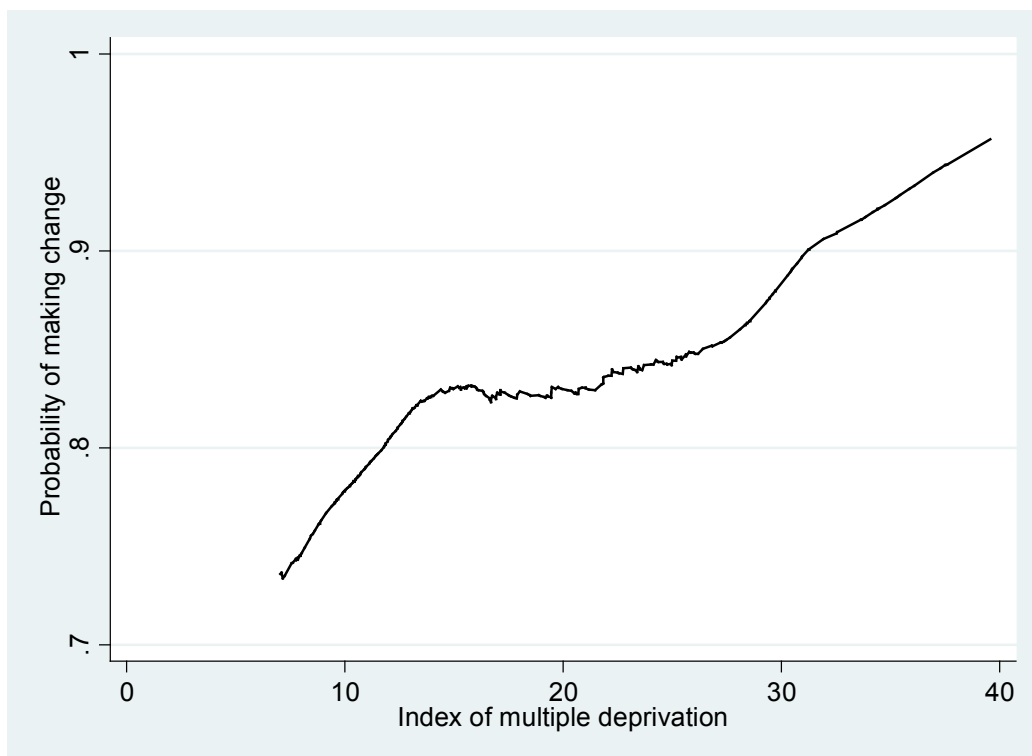
Figure 2.4. Probability of making any change from previous system, by percentage reduction in working-age CTS required to fill funding gap (English LAs only)



Note to Figures 2.3 and 2.4: Non-parametric (lowess) regression.

Source to Figures 2.3 and 2.4: Authors' calculations using details of scheme characteristics from Adam et al. (2013).

Figure 2.5. Probability of making any change from previous system, by index of multiple deprivation (English LAs only)



Note: Non-parametric (lowess) regression.

Source: Authors' calculations using details of scheme characteristics from Adam et al. (2013).

The results of probit regressions should still be treated with caution. The estimated effect of a characteristic might be reflecting not just the true effect of that characteristic, but also the effect of a different characteristic that is correlated with it but is *not* included in the regression.<sup>11</sup>

With that caveat in place, however, the key findings are that, other things being equal:

- The bigger the percentage cut in working-age support required to fill the funding gap, the more likely LAs were to introduce changes: requiring a 1 percentage point larger cut was associated with a 4.3 percentage point higher probability of making some change, and specifically a 2.9 percentage point higher probability of introducing a minimum payment.
- Local authorities seeing larger funding cuts per household were more likely to introduce minimum payments, change savings limits or taper rates, or cap entitlement at a particular council tax band. A £1 larger cut was associated with being 1.4 percentage points more likely to introduce a minimum payment and 2.1 percentage points less likely to qualify for the transitional grant on offer.

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<sup>11</sup> We did, however, experiment with including slightly different sets of LA characteristics and found that the main results presented here were little affected. Details are available from the authors on request.

- District councils were 16 percentage points less likely to make changes than single-tier authorities. This might be because they are less well resourced to design and implement complex reform, or because it was less worth their spending resources designing more complex reforms since the revenue consequences would largely be faced by precepting authorities.
- There was no statistically significant difference between the three major parties in terms of probability of keeping the previous system completely unchanged or in terms of making changes that disqualified them from receiving the transitional grant on offer. However, Conservative-majority councils were more likely than others to introduce minimum payments specifically: 14 percentage points more likely than Labour councils, 25 percentage points more likely than Liberal Democrat councils and 22 percentage points more likely than councils under no single party's control. Interestingly, the central estimate that Labour councils were less likely than Conservative councils to introduce minimum payments is the opposite of the pattern shown in Figure 2.2. This appears to be because Labour-controlled LAs were typically poorer, and the higher CTB spending this implied resulted in their seeing larger cuts in funding per household. It is these larger cuts that explain the greater likelihood of cuts in Labour-controlled LAs; once the size of cuts is controlled for, the pattern is reversed.
- Local authorities with more children (as a percentage of population) were more likely to make changes such as introducing minimum payments.
- There is some evidence of regional differences.
- Some things interestingly seem *not* to matter, including (for the most part) population and population density, level of council tax, trends in CTB recipient numbers and spending, and details of consultation.

## 2.3 Summary

In response to a reduction in funding equal to about 10% of CTB spending, more than 80% of local authorities made changes to the old CTB system that reduced entitlements for working-age families, with the remaining 20% choosing to absorb the cut in funding entirely through other spending cuts or council tax increases.

District councils, which are typically less well resourced and largely collect council tax on behalf of larger precepting authorities, were less likely than others to make changes from the old CTB system. Labour-majority councils were more likely than others to introduce minimum council tax payments. But once other LA characteristics (most importantly, the size of the funding cut) are held fixed, it appears that Conservative-majority councils were much the most likely to do so. Cuts in CTS were also more prevalent among LAs facing bigger funding cuts per household, and among LAs where more CTB spending went to pensioners and a larger percentage cut to working-age support was therefore required to make up the shortfall (holding other LA characteristics constant).

### 3. Consequences for Household Incomes and Work Incentives

Prior to the introduction of the changes to council tax support, Adam and Browne (2012) analysed in detail the likely impacts of different scheme choices. In the previous chapter, we examined the kinds of CTS schemes that were actually chosen for 2013–14 across England, along with a brief restatement of the key effects of different kinds of choices. Putting these together, we now analyse the impacts of the chosen schemes on incomes and work incentives across the working-age population in England.

The analysis uses the IFS tax and benefit microsimulation model, TAXBEN, in combination with a representative sample of the working-age population in England from the 2011–12 Family Resources Survey.<sup>12</sup> For each of the sample, we compare net incomes and financial work incentives under an unreformed CTB system and under the CTS system now operating in their local authority.

Due to computational and data constraints, we cannot model every feature of each LA's CTS scheme, but we try to capture the most important changes. We model minimum council tax payments, changes to the savings limit, the abolition of the second adult rebate, band caps, minimum CTS payments and changes to the taper rate. We also model decisions by LAs to fully protect particular groups from the changes, wherever we can identify these groups in our data. For instance, we are able to capture situations where LAs protect particular types of family (for example, those with children or those aged under 25) and where protections are based on receipt of other benefits or disability premiums. We do not, however, capture situations where some claimants are protected from some, but not all, of the changes that LAs have made. We also cannot model any impacts of the discretionary hardship funds that one-third of English LAs have set up (see Chapter 2). In summary, there will probably be some cases for which we overstate the actual reduction in CTS entitlement and some cases for which we understate it.

Another important caveat to our findings is that we capture changes to CTS *entitlement*; this ignores the significant non-take-up of CTS under the old CTB system. The Department for Work and Pensions (DWP) estimates that only between 62% and 69% of those who were entitled to CTB in 2009–10 took up their entitlements.<sup>13</sup> It is also clear from DWP's statistics that those with only small entitlements to CTB were the least likely to claim. Since those with small entitlements are likely to receive the largest percentage cut in entitlement under many of the changes that LAs have introduced (for example, in the cases of reductions in maximum entitlements, band caps and increases in the taper rate),

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<sup>12</sup> This sample contains 14,589 households.

<sup>13</sup> See Department for Work and Pensions (2012).

the percentage reduction in CTS entitlement is likely to be greater than the percentage reduction in spending on CTS.

With these caveats in mind, some key results of our analysis of changes in entitlements are as follows:

- Overall, CTS entitlements in England fell by 8% in 2013–14 as a result of the decisions made by LAs. As pensioners were unaffected by the changes, entitlements for working-age households<sup>14</sup> fell by about 14%.
- The aggregate reduction in entitlements is around £400 million per year, although, as stated above, spending will have fallen by less than this because only around two-thirds of those entitled to the old CTB claimed their entitlements.
- Of the working-age households in England previously entitled to some CTS, 2.5 million see their entitlement reduced, by an average of around £160 per year, as a result of the changes and 1.4 million see their entitlements unchanged.<sup>15</sup>
- The number of working-age households in England entitled to full CTS fell from 2.0 million to 0.6 million. In other words, of those 2.0 million households that could previously have had their council tax fully rebated, 70% (1.4 million) now have to pay some council tax.
- Around 300,000 working-age households lose their entire entitlement to CTS, mainly because they would previously have been entitled to only a small amount of support and reductions in maximum entitlement mean that they are floated off the end of the taper.

### **3.1 Distributional effects**

Figure 3.1 shows the average change in CTS entitlement by income decile. The total cut in entitlement of around £400 million corresponds to around £26 per household or 0.08% of income on average, though as we would expect given that most changes represent cuts to means-tested support, lower-income households lose more than this (and higher-income households less than this) in both cash and percentage terms.

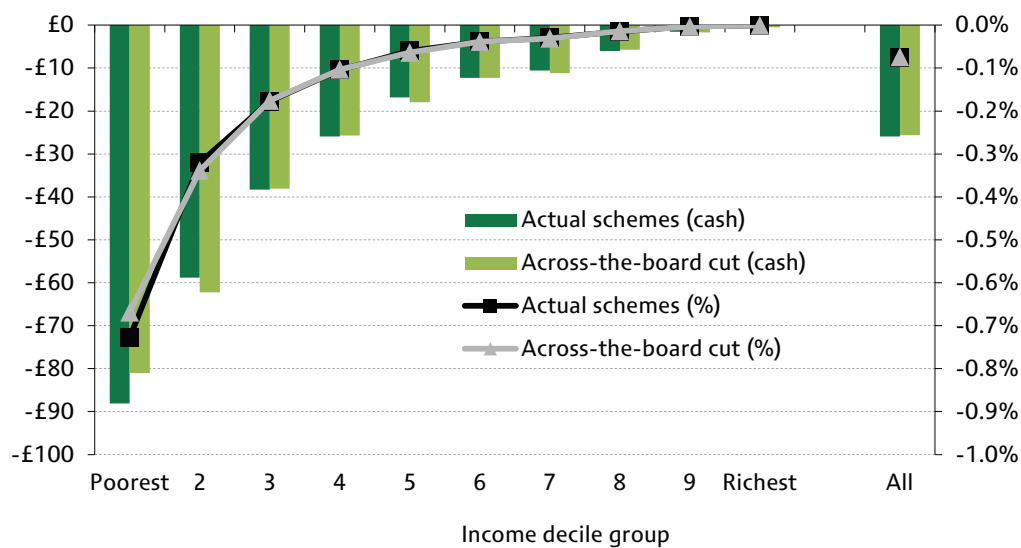
The average reductions in entitlement within each income decile are very similar to a hypothetical across-the-board percentage cut to all awards that cut

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<sup>14</sup> Defined as households where at least one benefit unit (where a benefit unit is a single person or a couple plus dependent children) has all adults aged under 62 (approximately the current female state pension age, which is the cut-off for being protected).

<sup>15</sup> Some LAs have designed schemes that increase the generosity of CTS for some households (for example, some low-income working households living in areas where the LA has reduced the taper rate). There are a negligible number of such households in the data.

Figure 3.1. Average change in CTS entitlement for working-age households in England by income decile, 2013–14



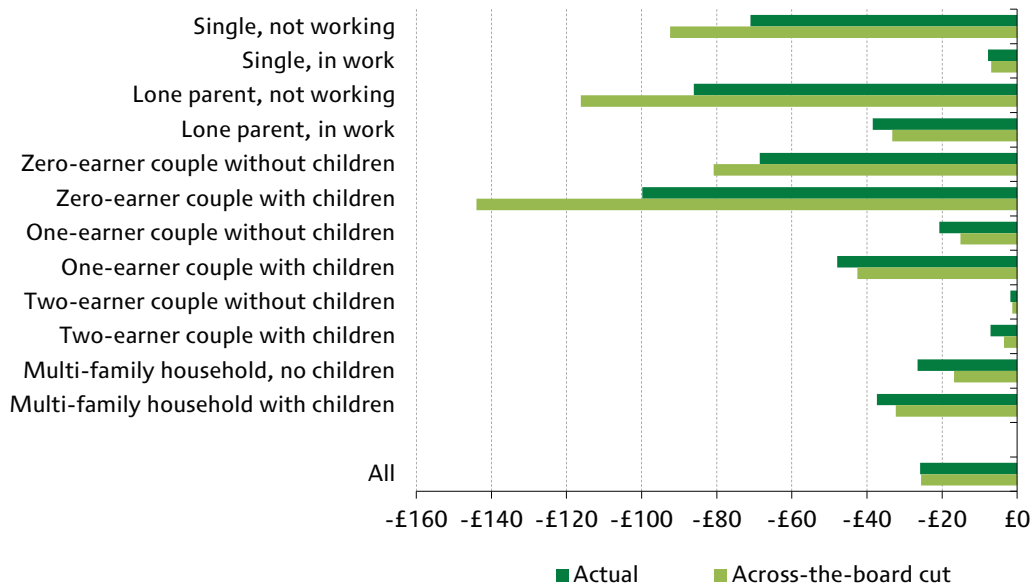
Note: Income decile groups are derived by dividing all working-age households in England into 10 equal-sized groups according to income adjusted for household size using the McClements equivalence scale. Decile group 1 contains the poorest tenth of the population, decile group 2 the second poorest, and so on up to decile group 10, which contains the richest tenth. Source: Authors' calculations using TAXBEN and data on LA scheme characteristics collected by the New Policy Institute and updated and amended by Adam et al. (2013).

aggregate entitlements by the same amount.<sup>16</sup> The schemes that have actually been introduced reduce entitlements slightly more for households in the bottom income decile, and slightly less for households in the second income decile, than this across-the-board percentage cut.

Figures 3.2 and 3.3 show the average reductions in CTS entitlement for different types of household. As with Figure 3.1, results are shown both under the actual schemes that LAs have chosen and, for comparison, a hypothetical across-the-board cut in entitlement. As we would expect, the biggest losses occur among working-age households where no one is in paid work, since these are the most likely to be entitled to CTS in the first place. However, these households lose less under the actual schemes that LAs have introduced than if support had been cut by a fixed percentage across the board. There are two likely reasons for this. First, a number of LAs have specifically protected the unemployed or families containing a disabled person, who is less likely to be in paid work. Second, the schemes introduced by LAs have reduced support by a greater percentage for working households, which tend to be on the CTS taper, than for workless households, which would previously have received full CTS. Scheme characteristics such as reducing maximum CTS entitlements, band caps and increasing the taper rate have this effect.

<sup>16</sup> This would be a 15% cut for all working-age claimants. This is slightly different from the 14% average reduction in entitlement for working-age households (cited above). The reason for the difference is that some pensioners live in the same household as a working-age family, and for these purposes we would define such a household as a 'working-age household'. Pensioners' CTS entitlements are protected, so the total CTS entitlement of such a household can fall by a smaller proportion than the CTS entitlement of the working-age claimant in that household.

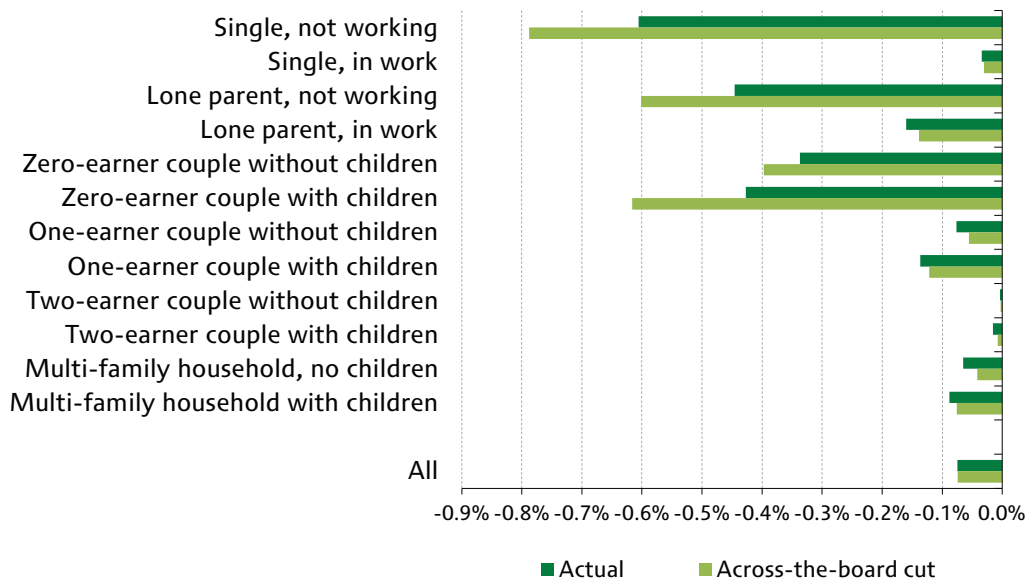
Figure 3.2. Average cash reductions in annual entitlement to CTS by household type under actual 2013–14 schemes and 15% across-the-board cut



Note: England only. Does not include households where all benefit units have someone aged above the female state pension age.

Source: Authors' calculations using TAXBEN and data on LA scheme characteristics collected by the New Policy Institute and updated and amended by Adam et al. (2013).

Figure 3.3. Average reductions in entitlement to CTS as a percentage of income by household type under actual 2013–14 schemes and 15% across-the-board cut



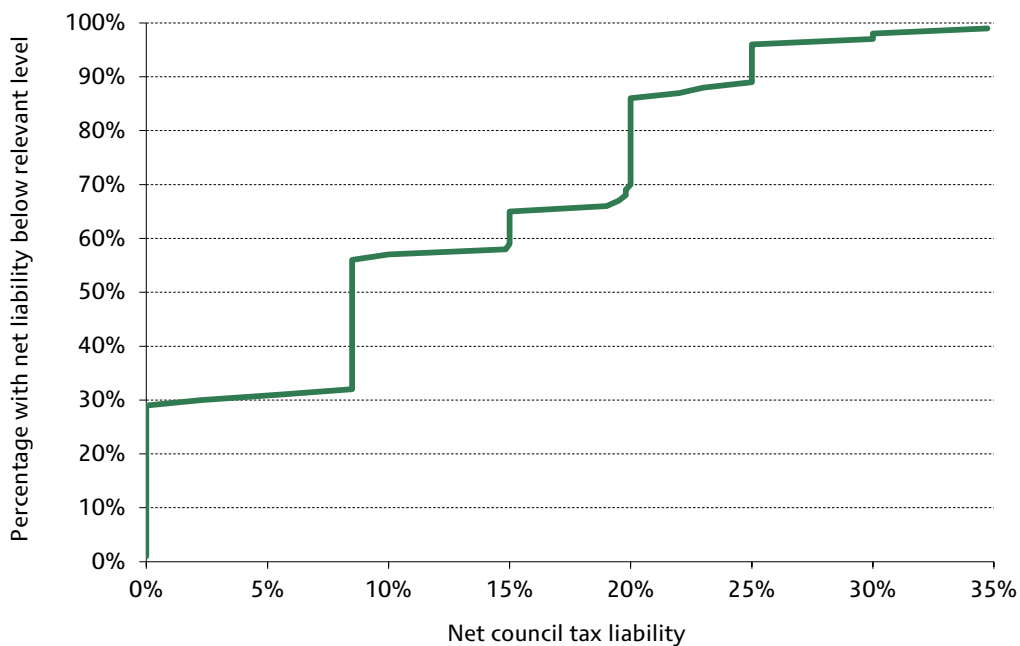
Note: England only. Does not include households where all benefit units have someone aged above the female state pension age.

Source: Authors' calculations using TAXBEN and data on LA scheme characteristics collected by the New Policy Institute and updated and amended by Adam et al. (2013).

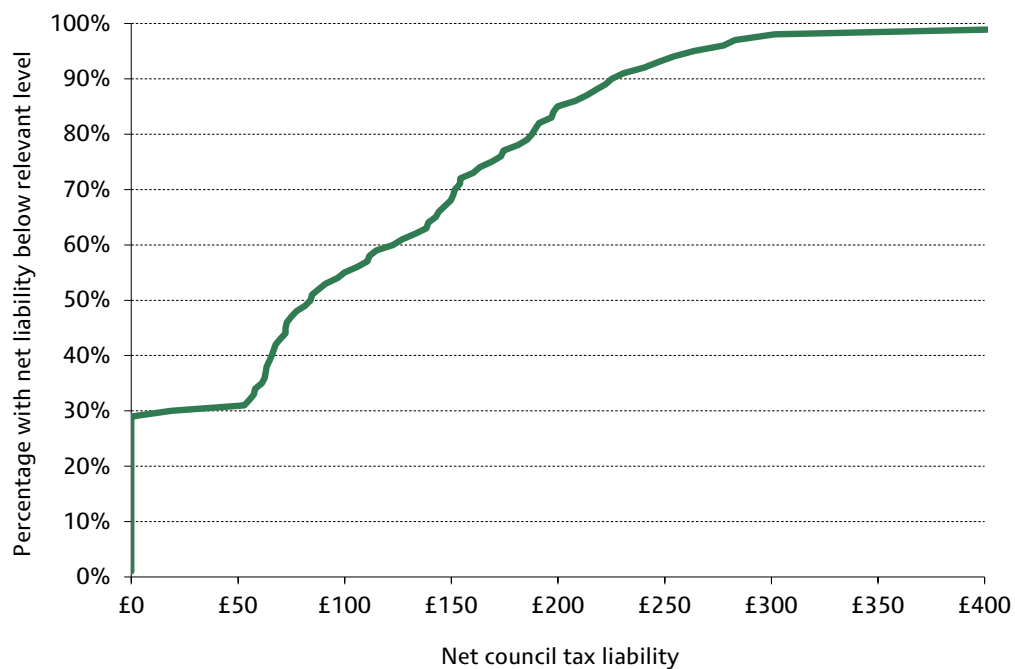


Figure 3.4. Cumulative distribution of net council tax liabilities in 2013–14 among working-age households in England previously entitled to full council tax benefit

a. Net council tax liability (% of gross council tax bill)



b. Net council tax liability (£ per year)



Note: England only. Does not include households where all benefit units have someone aged above the female state pension age.  
 Source: Authors' calculations using TAXBEN and data on LA scheme characteristics collected by the New Policy Institute and updated and amended by Adam et al. (2013).

Of course, *average* reductions to entitlement within particular groups (such as income deciles or household types) mask a large amount of variation. People living in different areas with otherwise similar characteristics can see very different changes to their entitlements, depending on the choice of scheme made by their LA (unlike with an across-the-board cut). Figure 3.4 shows the full distribution of net council tax liabilities – that is, council tax liabilities net of CTS – in 2013–14, among the 2.0 million working-age households in England that could have received full CTB under the old system (i.e. whose net council tax liabilities would all have been zero if they claimed their CTB entitlement). About 30% of these households still have no net council tax liability. But about 45% find themselves with a net council tax liability exceeding 8.5% of the gross council tax bill and about 30% have a net liability of at least 20%.<sup>17</sup> In cash terms, 50% of these 2.0 million households must pay at least £85 in council tax in 2013–14, 25% must pay at least £170 and 10% must pay at least £225.

## 3.2 Work incentive effects

We also use TAXBEN to calculate various summary measures of work incentives for those in paid work under an unreformed system and under the CTS systems that LAs have introduced. We focus on two measures of individuals' incentives to do paid work at all (as opposed to not working) – namely, participation tax rates (or PTRs, which show the percentage of earnings lost in either higher tax payments or lower benefit entitlement when an individual starts work) and replacement rates (which show an individual's out-of-work income as a percentage of their in-work income). We also examine the effects of reforms on these individuals' incentives to increase their earnings slightly, as measured by effective marginal tax rates (or EMTRs, which show the percentage of a small increase in earnings that is lost in either taxes or withdrawn benefit entitlements). The key results of this analysis are as follows:

- The reforms slightly strengthen the incentive for individuals to be in paid work, on average. The mean participation tax rate and the mean replacement rate both fall by 0.2 percentage points (ppts) among those in paid work in working-age households, though the medians of both measures are unaffected.
- However, these effects are not uniform. Most people in paid work in England in working-age families (16.5 million of 21.9 million) do not see a change in their PTR, because they would not be entitled to CTS whether they were in or out of work or because their LA has made no changes that would affect them or because the amount of CTS they would receive if they were not in paid

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<sup>17</sup> There are spikes in the numbers of households that now have to pay 8.5%, 15%, 20% and 25% of their gross council tax bill, reflecting the fact that these were common choices for levels of minimum payment (see Chapter 2).

work has been cut by the same cash amount as the amount they would receive if they were working.<sup>18</sup>

- 5.3 million workers see their PTR fall as a result of the changes LAs have made, by an average of 1ppt. In most cases, these are individuals who are not entitled to CTS when in paid work either before or after the changes, but who see the amount of support they would receive if they were not working reduced by one of the many changes introduced by LAs that reduce CTS entitlement.
- 140,000 individuals see their PTR rise, by an average of 1.1ppts, as a result of changes introduced by LAs. There are two main groups of these individuals: those who are on the CTS taper in areas where the taper has been increased, and those who are affected by the abolition of second adult rebate and who would be entitled to CTS if they did not work.
- Similar figures apply for replacement rates: 15.9 million working individuals in England see their replacement rate unchanged, 5.8 million see their replacement rate fall and 190,000 see their replacement rate increase.<sup>19</sup>
- The changes make little difference to the effective marginal tax rates of workers in England: the mean EMTR falls by 0.1ppts and the median is unaffected. Of the 21.9 million workers in working-age families, 21.5 million see no change in their EMTR. However, a small number of people see a reasonably large change in their EMTR: 330,000 see their EMTR fall, by an average of 6.8ppts, and 35,000 see their EMTR rise, by an average of 5.5ppts.
- Those who see a reduction in their EMTR fall into two broad categories: those who come off the end of the CTS taper because of reductions in the maximum entitlement and who thus no longer face withdrawal of CTS if they increase their income slightly, and those on the CTS taper who live in LAs where the taper rate has been reduced – this includes situations where support has been cut by a fixed percentage across the board, as well as the three LAs (Wiltshire, Mid Sussex and Brentwood) where the taper rate has been reduced from 20% to 15%.
- Those who see an increase in their EMTR are either people on the CTS taper who live in one of the 20 LAs where the taper rate has been increased or, in a small number of cases, people who would previously have been entitled to

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<sup>18</sup> This last situation arises for those who are on the CTS taper in LAs that have introduced a reduction in the maximum amount of support payable, those who still receive the maximum amount of CTS when they are in paid work and those on the taper affected by a band cap.

<sup>19</sup> These figures are not exactly the same as for PTRs because replacement rates depend on the ratio between out-of-work and in-work incomes, whereas PTRs depend on the difference between them. Thus, individuals who see the same cash reduction in their in-work and out-of-work CTS (for example, those living in areas where the maximum CTS has been reduced) see no change in their PTR but a reduction in their replacement rate.

second adult rebate but who move onto the main CTS taper when second adult rebate is abolished in their LA.<sup>20</sup>

### 3.3 Summary

Local authorities in England have responded to the cut in funding for CTS by reducing CTS entitlements (though not necessarily spending on CTS) by 8% overall or 14% for working-age households. Around 2.5 million households have seen their entitlement to CTS fall by an average of £160 per year as a result of these changes, meaning that total entitlement to support has fallen by £400 million (actual spending on CTS will have fallen by somewhat less than this as only two-thirds of those entitled actually take up their entitlements). Of the 2.0 million low-income working-age households in England that could previously have had their council tax fully rebated, 70% (1.4 million) must pay some council tax in 2013–14; 50% must pay at least £85; 25% must pay at least £170; and 10% must pay at least £225.

As we would expect from a cut to a means-tested benefit, lower-income households and households where no one is in paid work lose the most both in cash terms and as a percentage of income. However, workless households lose less from the schemes that have been introduced by LAs than they would from a proportional cut in CTS that reduced entitlements by a similar amount, and working households lose correspondingly more. This is because the schemes LAs have introduced reduce support by a larger percentage for those on the CTS taper than for those entitled to maximum support, and because some LAs have explicitly protected families containing an unemployed or disabled person.

The changes that have been introduced strengthen the incentive for individuals to do paid work (as opposed to not working) very slightly on average. Average participation tax rates and replacement rates among workers in England fall by 0.2 percentage points. But these effects are not uniform: about three-quarters of workers in England do not see their work incentives affected at all, and a small number of individuals see their incentive to stay in work weakened by schemes that means-test support more aggressively. Relatively few workers see their incentive to earn a little more affected by the changes, though there are some significant effects for those who do see a change: 330,000 workers see their EMTR fall, by an average of 6.8ppts, and 35,000 see it rise, by an average of 5.5ppts.

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<sup>20</sup> Under the old CTB system, individuals entitled to both CTS and second adult rebate received whichever was higher. The abolition of second adult rebate means that such people receive CTS if their incomes are low enough. Remember that whereas second adult rebate does not depend on an individual's own income, CTS is means-tested and so, following this change, they lose some support if they increase their income slightly.

## 4. Evidence from Citizens Advice Data on Early Impacts of New Schemes

This chapter looks at early evidence on the impacts of different choices of council tax support scheme. We use data collected by Citizens Advice Bureaux (CAB) and look at relationships between two things: the types of CTS schemes adopted by different English local authorities in April 2013; and trends, at around that time, in the number of people from those LAs who visited a CAB about issues relating to council tax or CTS.

The main data set underlying this analysis is a record of all visits to a CAB in England. It provides information on the issue that the client came about (for example, debts relating to council tax), the date (quarter) on which this occurred<sup>21</sup> and some demographic information about the client – including their sex, age, household composition and LA of residence.

Most (but not all) of what follows ignores CAB clients aged 60 and above, because pensioners' entitlements to CTS were protected at existing levels.<sup>22</sup> We use records of issues relating to council tax or CTS in the CAB data and ignore other issues. We count the number of such issues in each LA in each quarter, over a two-year period between October–December 2011 and July–September 2013. We then merge this information with data about the characteristics of CTS schemes in each LA from April 2013. Our interest lies in associations between trends in the number of issues recorded by CAB in LAs at around April 2013 and the kinds of CTS scheme chosen by LAs from April 2013. The kind of question we can attempt to answer is: 'If a local authority introduces a minimum council tax payment, what effect does this have on the number of individuals from that LA coming to CAB with problems or queries relating to council tax debt?'

The data enable us to distinguish between three different kinds of CAB enquiry that are of interest here (i.e. enquiries whose prevalence we might expect to be sensitive to the kinds of CTS system in place). First, we look at queries relating to council tax debt. The most common issues in this category include council tax debt liability, dealing with council tax debt repayments, and enforcement by bailiffs.<sup>23</sup> Second, we look at queries relating to liability for council tax and its payment (such as exemptions, reductions and administration). These are indicative of issues to do with the operation of the system or of people's understanding of it. Third, we look at queries directly about CTB or CTS. These

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<sup>21</sup> In cases where one individual visits a CAB about multiple issues, each issue is recorded.

<sup>22</sup> The definition of a pensioner family for the purposes of CTS protection is a family in which at least one adult is above the female state pension age (SPA). The female SPA is gradually rising from 60 to 66, and is currently a little over 61. At the start of the period under study here, it was between 60 and 61, which is why we use age 60 as the cut-off point throughout.

<sup>23</sup> Council tax accounted for approximately one-tenth of all debt issues that CAB dealt with over the period in question.

include questions about eligibility, how to claim and problems relating to receipt. Note that the distinction between the last two types of enquiry may not always be clear-cut. For example, the same query might be described either as a query about how much council tax one must pay or as a query about how much CTS one should get.<sup>24</sup>

To give a sense of scale, Table 4.1 describes the total number of these issues brought to CAB by individuals aged under 60 living in England during 2012 (before the reforms to CTS in April 2013 are likely to have affected these caseloads). Queries about council tax debt and CTB/CTS were by far the most common, each totalling a little over 100,000 for the whole year or about 25,000–32,000 per quarter. Queries about council tax liability or payment were far less prevalent, at about 5,300 during 2012 as a whole or about 1,200–1,500 per quarter.

**Table 4.1. CAB caseloads relating to council tax or CTB/CTS in England during 2012, for individuals aged under 60**

Period during 2012	<i>Issue/Query type</i>			
	Council tax debt	Council tax liability or payment	CTB/CTS	All
January–March	30,329	1,504	32,249	64,082
April–June	26,285	1,282	28,005	55,572
July–September	26,016	1,361	28,938	56,315
October–December	24,775	1,152	25,618	51,545
All	107,405	5,299	114,810	227,514

Note: More detail on the issue/query types is given in the text.

Source: Authors' calculations using data from Citizens Advice.

The rest of this chapter proceeds as follows. Section 4.1 describes trends in CAB caseloads in LAs that introduced different levels of minimum council tax payment in April 2013. Section 4.2 then uses simple multivariate regressions to estimate the impacts on CAB caseloads of a number of different CTS scheme characteristics simultaneously – accounting for the fact that LAs whose chosen schemes had certain characteristics (for example, minimum payments) may also have tended to have certain other characteristics (for example, higher taper rates). Finally, Section 4.3 uses similar regression techniques to investigate the impacts of different scheme types specifically on households containing children or disabled people, and the impacts of the protection that some LAs gave to those groups.

<sup>24</sup> We are very grateful to Citizens Advice for guidance about the interpretation of these different types of query.

## 4.1 Trends in CAB caseloads by level of minimum council tax payment

Figure 4.1 plots the number of queries recorded by CAB, in each quarter from October–December 2011 to July–September 2013. This plot is drawn separately for individuals living in four different types of English LA, defined according to the size of the minimum council tax payment introduced in April 2013. To make proportionate changes over time easy to compare, each line is indexed to 100 in October–December 2012.

The most obvious dates at which we might expect there to be reform impacts are from April 2013 onwards. This is when the new CTS schemes came into effect and when households had to start paying council tax instalments (if applicable) for the new financial year. Note, however, that there could also be some ‘anticipation effects’ on CAB caseloads. The new CTS schemes had to be confirmed by 31 January 2013, and some LAs send council tax bills for the coming financial year slightly before the beginning of April. There might therefore be reform impacts on CAB caseloads in January–March 2013, if people visit a CAB when they receive their council tax bill for the coming year or when they hear about impending changes to the system. We discuss evidence for this below.

Figure 4.1a looks at council tax debt queries. In the period before changes to CTS were introduced, changes over time in the number of council tax debt issues were very similar across each of the four LA types. There are some clear general trends, such as a spike in the number of issues in January–March 2012; but crucially, these trends were essentially the same for each group of LAs. This pattern of ‘common trends’ before the CTS reforms is important if we are to be confident that any differences in trends evident later indicate impacts of the reforms.

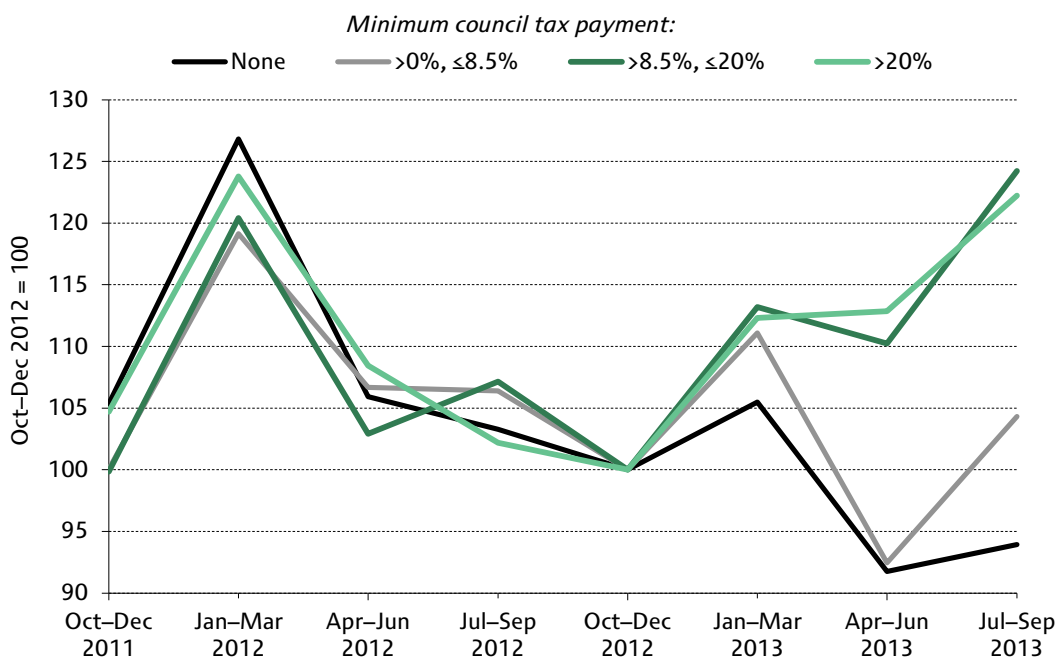
At around April 2013, the pattern of ‘common trends’ was broken. By July–September 2013, the number of council tax debt queries in LAs that had not introduced any minimum council tax payment was 6% lower than it had been in October–December 2012. In LAs that had introduced a minimum payment of up to 8.5%, the number of such queries had risen by 4% over the same period. But in LAs that had introduced minimum payments greater than 8.5%, the number of such queries had risen by more than 20%.

Figure 4.1a hints more tentatively at two further points. First, there may have been ‘anticipation effects’ (see above). In January–March 2013, council tax debt queries rose slightly more in LAs that were about to introduce minimum council tax payments than in LAs that were not about to do so. Second, impacts on council tax debt queries may be growing over time: in July–September 2013, the number of such issues continued to rise most quickly in LAs that had introduced minimum payments back in April.

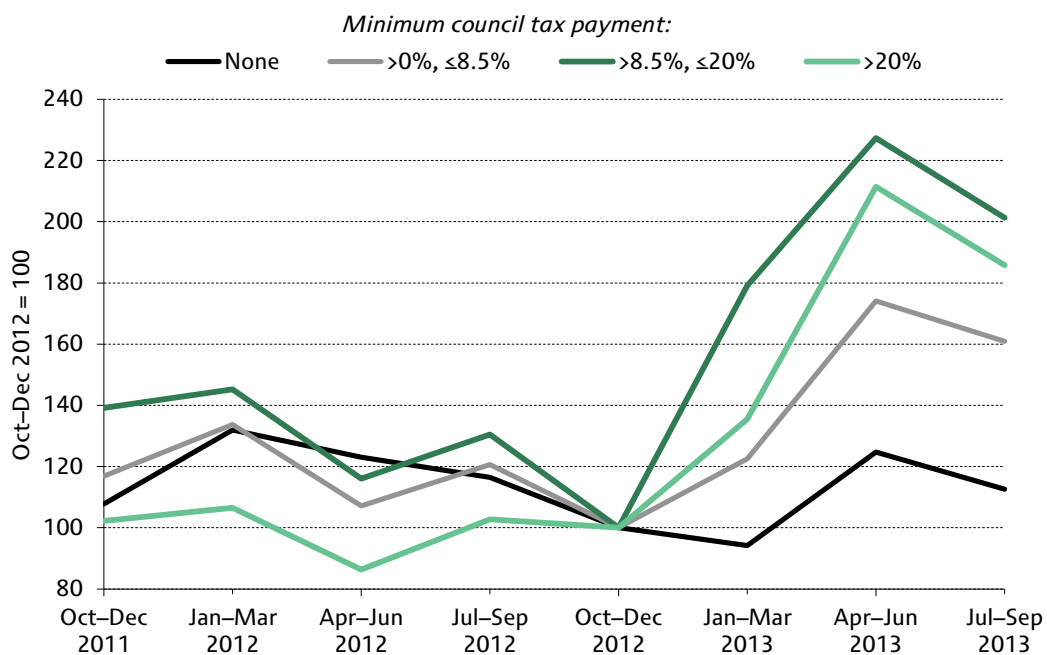
Figure 4.1b plots the number of queries or problems relating to liability for council tax and its payment. Trends across the four types of LA followed each other slightly less closely in the pre-reform period than was the case for council tax debt queries. This is not surprising given that these queries are much less numerous than council tax debt queries (see the beginning of this chapter), which would act to increase random volatility in proportional changes from one period to another.

Figure 4.1. Number of CAB queries from individuals aged under 60 (October–December 2012 = 100), by size of minimum council tax payment from April 2013

a. Council tax debt queries

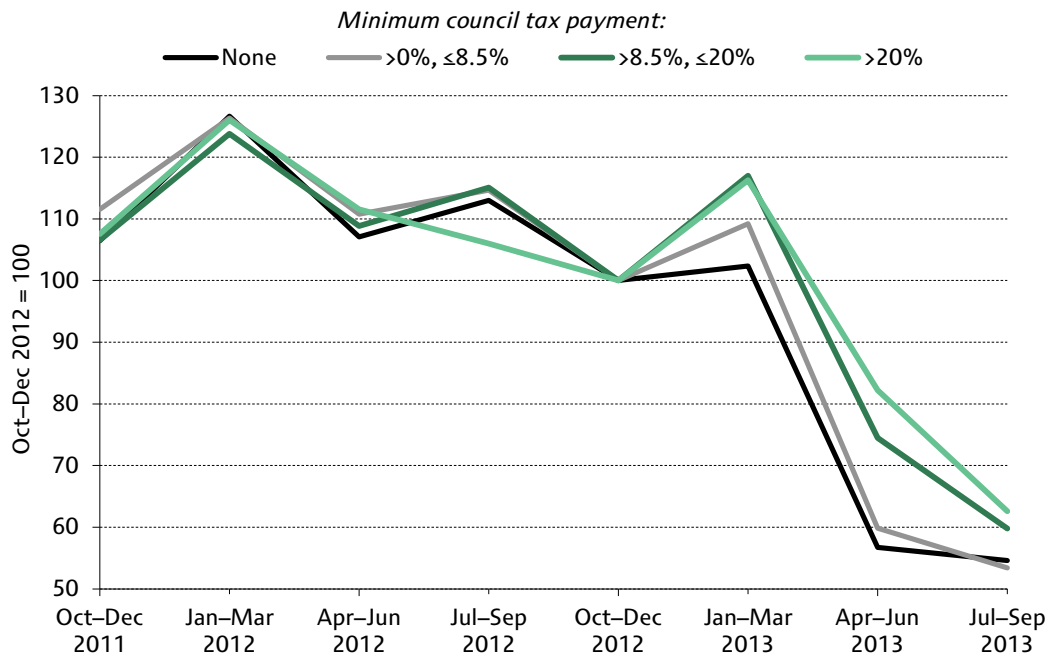


b. Council tax liability/payment queries

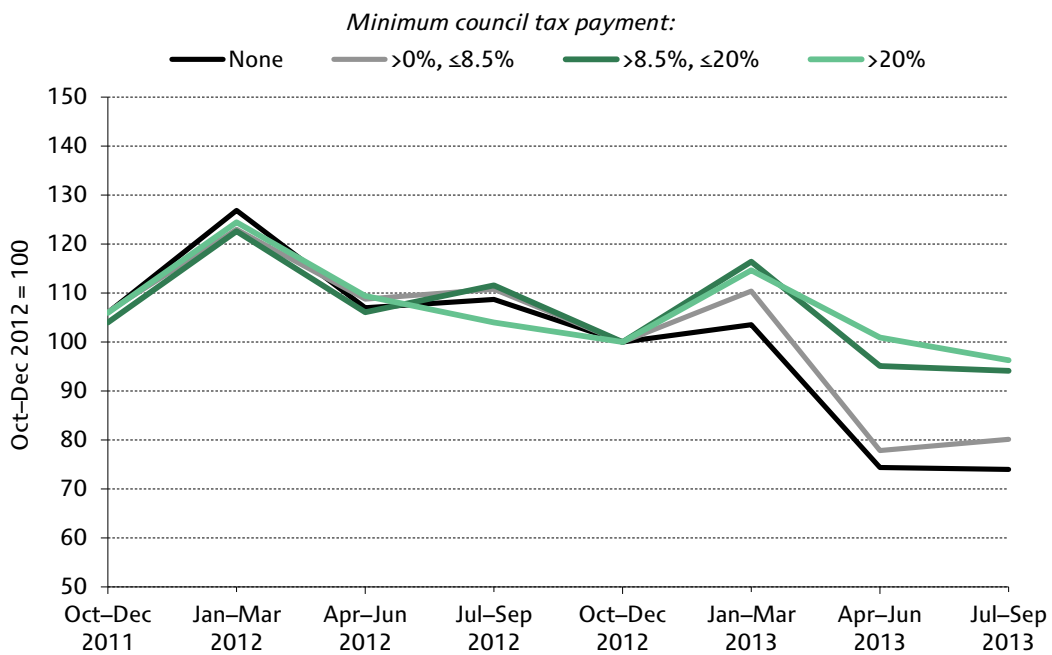




c. CTB/CTS queries



d. All queries relating to council tax or CTB/CTS



Source: Authors' calculations using data from Citizens Advice.

to the next. But again, there is a clear divergence in trends at around the time of the CTS reforms – on a scale far larger than that of any such divergence beforehand – between LAs that introduced different sizes of minimum payment. The trends again start to diverge in the quarter immediately preceding the reforms, suggesting some anticipation effects.

Figure 4.1c repeats this analysis for queries directly about CTB or CTS. Qualitatively, the main conclusion drawn from the previous two figures again applies. Trends in the number of issues diverge from January–March 2013

according to the size of minimum payment introduced, having followed each other very closely before that. One noticeable difference is that there is a general large decline in the number of CTB/CTS enquiries in April–June 2013 (but a smaller decline for LAs that introduced larger minimum payments). This is likely to reflect some under-recording of these issues by CAB from April 2013, at least partly due to the disappearance of a code for ‘council tax benefit’ and its replacement with a new code for ‘localised support for council tax’.<sup>25</sup> This under-recording would tend to mean that we understate the true magnitude of any differences between LAs from April 2013, when the reforms kicked in.

Figure 4.1d presents the same analysis for all of the queries we have seen so far taken together – that is, queries about council tax debts, council tax liabilities and payments, and CTB or CTS. Comparing LAs that introduced different sizes of minimum council tax payments in April 2013, the figure confirms very similar trends across LAs up to October–December 2012 and clear divergences thereafter.

Figure 4.2 shows the analogue of Figure 4.1d for individuals aged 65 or over. These people were not (directly) affected by the reforms: the UK government stipulated that pensioners’ entitlements to support must be maintained at the same level as under the old CTB system.<sup>26</sup> Interestingly, there is, if anything, evidence of some increase in January–March 2013 in the proportion of those aged 65 and over visiting CAB who live in LAs that introduced larger minimum payments for the working-age population. This is a perfectly plausible effect of the reforms, given possible confusion or uncertainty about the protection of pensioners, or given that pensioners may be concerned about the impacts on family or friends.<sup>27</sup> Note, however, that the number of pensioner-age individuals visiting CAB about council tax or CTS is generally much smaller than the number of working-age people doing so, and hence differences in trends are more likely to emerge randomly. Indeed, even between October–December 2011 and July–September 2012, ‘common trends’ between the four types of LA held much less tightly for the relatively small group of those aged 65 and over than it did for the under-60s.

In any case, the divergence in trends among those aged 65 and over (between LAs with different sizes of minimum payments) at around April 2013 was clearly smaller than the divergence within the group young enough to have their CTS entitlements changed. This further corroborates the idea that Figure 4.1 is

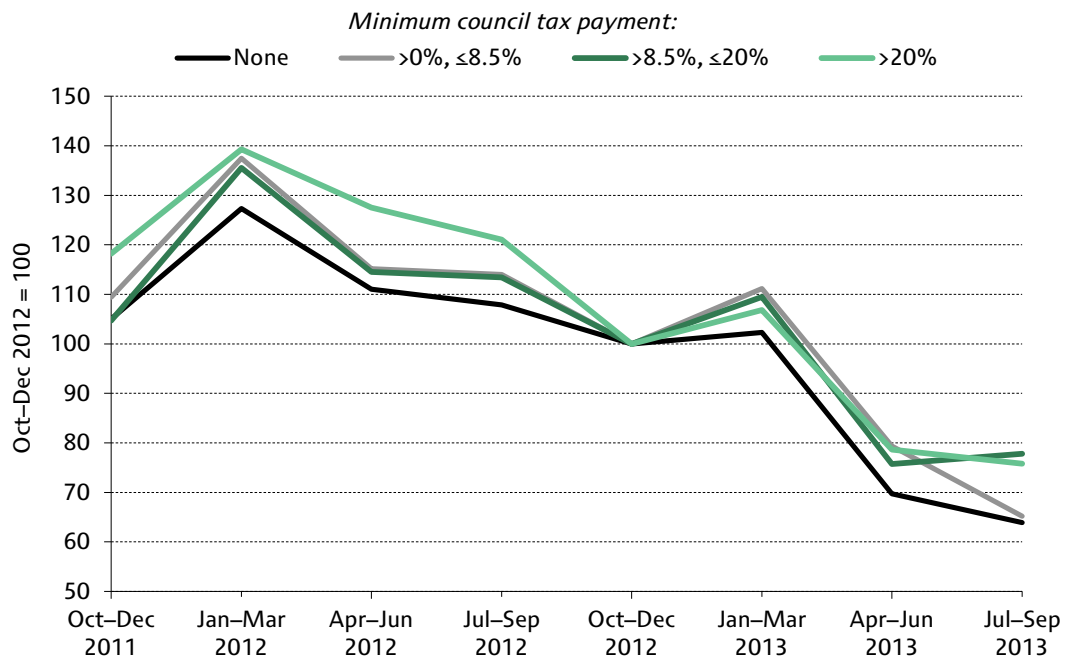
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<sup>25</sup> We are grateful to Citizens Advice for guidance about the likely reasons for the decline.

<sup>26</sup> The definition of a pensioner family for the purposes of CTS protection is a family in which at least one adult is above the female state pension age (SPA). The female SPA is gradually rising and is currently a little over 61. Figure 4.2 takes individuals aged 65 or over. We judge that such individuals are relatively unlikely to go to a CAB in relation to confusion about whether or not they count as a pensioner for the purposes of CTS protection – a confusion that is not of primary interest here.

<sup>27</sup> If there were any recording error in individuals’ ages, and a genuine impact of the reforms on the working-age population (but not necessarily pensioners), this would also produce such a result.

Figure 4.2. Number of CAB queries from individuals aged 65 or over (October–December 2012 = 100), by size of minimum council tax payment from April 2013: all queries relating to council tax or CTB/CTS



Source: Authors' calculations using data from Citizens Advice.

picking up genuine impacts of the CTS reforms, rather than trends that emerged for some other reason.

## 4.2 Regression results: estimates of the impacts of scheme characteristics on CAB caseloads

The previous section looked simply at CAB caseloads in LAs that introduced various minimum council tax payments. Although the introduction of a minimum payment was a very common reform (see Chapter 2) and on average will have the most significant effects on entitlements, it is of course not the only change that could be made. LAs that introduced minimum payments of a particular size may have made other changes to the system at the same time – and those other changes could, in principle, have driven the patterns shown in the previous section.

To draw more robust conclusions about the impacts of minimum payments, and to explore the impacts of other scheme characteristics, we perform some simple multivariate regressions. Technical details are given in the note to Table 4.2, but the next two paragraphs outline the basic idea.

With multivariate regression, we can estimate the effects of a number of scheme characteristics *simultaneously*. In doing so, we can attempt to separate the impacts of different changes to the CTS system, even though particular LAs often made more than one change at the same time. For example, we can attempt to

answer the question: 'What is the impact of changing minimum payments, holding all other scheme characteristics constant?'

To identify the effects of different scheme characteristics, we assume that, in the absence of any reforms, trends in CAB caseloads would not have varied systematically between LAs that chose different kinds of schemes. Under this 'common trends' assumption, differences in trends that do arise reflect the effects of different scheme choices. Estimation of policy effects based on this assumption is known as 'difference-in-differences'. We saw in Section 4.1 that when comparing LAs with different minimum payments, the key 'common trends' assumption was broadly supported by the pre-reform data.

Table 4.2 presents four sets of regression results in panels a to d, corresponding to the four outcomes of interest covered in Section 4.1 – CAB caseloads relating to queries around: council tax debts; council tax liabilities and payments; council tax benefit or support; and any of those three things. The numbers in the table can be interpreted *approximately* as estimates of percentage changes (divided by 100) in CAB caseloads arising due to a particular scheme characteristic (precisely, they are log-point changes). We allow for different effects of scheme characteristics in January–March 2013 (i.e. 'anticipation effects'), April–June 2013 and July–September 2013. Asterisks mark instances where the estimated effects are statistically significantly different from zero.

**Table 4.2. Difference-in-differences estimates of effects of CTS scheme characteristics on number of CAB queries from individuals aged under 60 (numbers are log-point changes, i.e. approximately percentage changes divided by 100)**

**a. Council tax debt queries**

<b>Scheme characteristic</b>	<b>Jan–Mar 2013</b>	<b>Apr–Jun 2013</b>	<b>Jul–Sep 2013</b>
Minimum council tax (CT) payment of:			
>0% and ≤8.5%	0.05	0.04	0.14**
>8.5% and ≤20%	0.05	0.21***	0.32***
>20%	0.11**	0.10	0.24***
Support capped at particular CT band	0.14**	0.10	–0.05
Maximum savings reduced	–0.17**	–0.00	–0.05
Rules for non-dependants changed	–0.06	0.01	–0.08
Other benefits counted as income	–0.09	–0.16	0.06
Taper rate changed	0.03	–0.07	0.00
Second adult rebate changed	0.11***	0.12**	0.14***
Rules around starting work changed	–0.08	–0.14**	–0.14**
Backdating rules changed	–0.03	–0.05	0.03
Vulnerable groups protected	–0.01	–0.00	0.01
Hardship fund	0.04	0.06	0.00

b. Council tax liability/payment queries

Scheme characteristic	Jan–Mar 2013	Apr–Jun 2013	Jul–Sep 2013
Minimum council tax (CT) payment of:			
>0% and ≤8.5%	0.04	0.08	0.14
>8.5% and ≤20%	0.25*	0.29**	0.38**
>20%	0.16	0.41**	0.45***
Support capped at particular CT band	0.03	0.05	0.04
Maximum savings reduced	0.15	0.07	–0.09
Rules for non-dependants changed	–0.02	–0.03	–0.05
Other benefits counted as income	–0.08	–0.16	–0.12
Taper rate changed	–0.03	–0.12	–0.10
Second adult rebate changed	0.07	0.12	0.06
Rules around starting work changed	0.06	0.08	0.09
Backdating rules changed	–0.12	0.03	0.04
Vulnerable groups protected	–0.10	–0.05	–0.01
Hardship fund	0.13	–0.05	–0.10

c. CTB/CTS queries

Scheme characteristic	Jan–Mar 2013	Apr–Jun 2013	Jul–Sep 2013
Minimum council tax (CT) payment of:			
>0% and ≤8.5%	0.09	0.15*	–0.02
>8.5% and ≤20%	0.21***	0.33***	0.26**
>20%	0.09	0.30***	0.01
Support capped at particular CT band	0.13*	0.23**	0.04
Maximum savings reduced	0.02	–0.01	–0.15
Rules for non-dependants changed	–0.10*	–0.11	–0.17
Other benefits counted as income	–0.23**	–0.22*	–0.31*
Taper rate changed	–0.06	–0.01	0.14
Second adult rebate changed	0.14***	0.14**	0.22**
Rules around starting work changed	–0.17***	–0.10	–0.16
Backdating rules changed	–0.14**	–0.06	0.05
Vulnerable groups protected	0.07	0.06	0.11
Hardship fund	0.05	0.09	–0.10

## d. All queries relating to council tax or CTB/CTS

Scheme characteristic	Jan–Mar 2013	Apr–Jun 2013	Jul–Sep 2013
Minimum council tax (CT) payment of:			
>0% and ≤8.5%	0.07*	0.07	0.08
>8.5% and ≤20%	0.14**	0.28***	0.33***
>20%	0.09*	0.22***	0.25***
Support capped at particular CT band	0.13**	0.12	–0.07
Maximum savings reduced	–0.05	–0.00	–0.08
Rules for non-dependants changed	–0.08*	–0.04	–0.09
Other benefits counted as income	–0.15*	–0.19**	–0.08
Taper rate changed	–0.04	–0.06	0.04
Second adult rebate changed	0.11***	0.12***	0.16***
Rules around starting work changed	–0.12**	–0.12**	–0.13*
Backdating rules changed	–0.07	–0.05	0.03
Vulnerable groups protected	0.03	0.02	0.02
Hardship fund	0.05	0.07	–0.02

Note: Numbers are coefficient estimates from an ordinary least squares (OLS) regression. The dependent variable is the natural logarithm of the number of queries to CAB. The independent variables are LA fixed effects, period (quarterly) fixed effects, and the CTS scheme characteristics listed in the table interacted with indicator variables for January–March 2013, April–June 2013 and July–September 2013. The fixed effect estimates are not reported. Estimated standard errors are clustered at the LA level and allow for heteroscedasticity. \*, \*\* and \*\*\* indicate statistical significance at the 10%, 5% and 1% levels respectively.

Source: Authors' calculations using data from Citizens Advice.

The sizes of minimum payments introduced in April 2013 are consistently found to affect CAB caseloads – even after accounting for any tendency for LAs to make other changes to CTS schemes at the same time. For example, the estimates suggest that introducing minimum payments of greater than 8.5% (relative to not introducing any) led, on average, to a 30–40% increase in council tax debt queries recorded by CAB among individuals aged under 60 in those LAs by July–September 2013.<sup>28</sup> That is an increase of about 3,000 individuals seeking advice from CAB on that specific issue, in those three months, in the 35% of English LAs that introduced minimum payments above 8.5%. Estimated effects on queries around council tax benefit or support are mostly similar in magnitude.<sup>29</sup>

Estimated impacts on the number of queries relating to council tax liability or payment are, if anything, larger in proportionate terms, at upwards of 40% or 50%. Recall, however, that these kinds of queries are far less common (see the

<sup>28</sup> The effect of 0.32 log points shown in Table 4.2a for LAs with minimum payments greater than 8.5% but no more than 20% equates to an effect of 38%; the 0.24 log-point effect for LAs with minimum payments exceeding 20% equates to an effect of 27%.

<sup>29</sup> One exception is that, for the largest minimum payments, the estimated impact falls back to zero in July–September 2013. Note that, if anything, we may be underestimating the impacts of the reforms on CAB caseloads relating to CTB or CTS enquiries, due to the likely under-recording of such enquiries from April 2013 (see Section 4.1).

beginning of this chapter), so this is much less significant in terms of absolute numbers of people. For example, the 57% (0.45 log-point) estimated increase in caseload by July–September 2013 resulting from minimum payments exceeding 20% (relative to no minimum payment) implies about 120 extra queries to CAB in that quarter across the LAs concerned. The 27% (0.24 log-point) increase in the number of council tax debt queries in July–September 2013 on the same basis implies an additional 1,140 queries to CAB in the same LAs.

Other scheme characteristics are not consistently found to have statistically significant effects. This is not surprising, because minimum payments generally have the most substantial impacts on entitlements. Changes to the second adult rebate (SAR) are, rather curiously, found to be significantly associated with increases in council tax debt and CTB/CTS queries. Closer inspection reveals this to be due to a failure of the ‘common trends’ assumption for LAs that changed SARs, rather than a genuine effect of changing this small and little-known part of the system. In other words, trends in LAs that changed SARs were different from trends in other LAs even well before the reforms came in.<sup>30</sup> For other scheme characteristics, we do not see consistent significant effects; and the number of statistically significant estimates is roughly in line with what one would expect by chance if none of these characteristics had any true effect.<sup>31</sup>

In summary, the results suggest that making everyone of working age liable for substantial amounts of council tax (unless singled out for protection) may – at least initially – have notable effects on concerns about debt and lead to uncertainty about liabilities or entitlements to support. Perhaps the most interesting finding is the impact on the number of people coming to CAB with council tax debt queries. In light of this, it will be important to establish how successfully LAs that introduced substantial minimum payments are managing to collect the council tax that they have asked for. This can be looked at once data on council tax collection rates for 2013–14 are available.

### 4.3 Subgroups and subgroup protections

In this section, we look at the impact of introducing different CTS schemes among two subgroups of the working-age population – households with dependent children and disabled people.

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<sup>30</sup> This was verified by running a ‘placebo’ regression, whereby one (wrongly) proceeds as though the CTS reforms were implemented in April 2012 rather than April 2013. There too, estimates of the ‘effect’ of changing SARs are statistically significant, confirming a violation of common trends in that instance. (This is not the case for LAs that introduced different minimum payments, as suggested by Figure 4.1.)

<sup>31</sup> If there are no real effects, we should expect to estimate statistically significant effects at the 10% level about 10% of the time, if the results of each hypothesis test are independent of each other. Excluding minimum payments and SARs, there are 81 estimated effects in Tables 4.2a–c and 12 of them (14.8%) are statistically significant at the 10% level. In reality, CAB caseloads are likely to be correlated over time within LAs (regardless of the CTS system) – which we allow for when estimating standard errors – and this means that hypothesis tests for effects in different periods are probably not independent. This makes a small deviation from the 10% significance rate particularly unsurprising.

This is of interest for two reasons. First, different kinds of people might be affected differently by the same reform. Second, a significant number of LAs chose to protect these groups from their changes. We therefore look at the impacts of those protections. Eighty-seven LAs chose to offer protection to families containing a disabled person, with ‘disability’ typically defined as being in receipt of disability-related benefits or disability-related premiums within benefits. Thirty-three LAs chose to protect at least some types of families with children (although not necessarily every family with children).<sup>32</sup>

Table 4.3a presents regression results similar to those in Table 4.2 – for brevity, focusing just on the total number of council tax and CTB/CTS-related queries as the outcome of interest. There are two key differences from the earlier analysis: we count only issues reported by individuals living in households with dependent children; and we estimate the difference made to the effects of each scheme characteristic by protecting this group from the reforms.

Where families with children were not protected, minimum council tax payments are the one scheme change that generally had statistically significant impacts on the number of people from households with children visiting CAB – just as with the working-age population generally. The magnitudes of the estimated effects are also very similar to those for the working-age population as a whole (comparing the upper section of Table 4.3a with Table 4.2d).

We cannot reject the possibility that the protections had no effect in reducing the number of people from households with children coming to CAB as a result of minimum payments. In other words, the estimates next to minimum payments in the bottom half of Table 4.3a are not statistically significantly different from zero. Nevertheless, it is striking that the *central* estimates of the impacts of the protections on CAB caseloads are mostly negative, and approximately equal in magnitude to the corresponding positive numbers in the top half of the table. Summing the numbers in the top and bottom halves gives the estimate of the impact of minimum payments in LAs where families with children are protected. Hence, the evidence is entirely consistent with the hypothesis that, where LAs protected families with children, minimum payments did not lead to more such families visiting CAB. This is intuitive but not obvious – for example, there might have been limited awareness of the protections or confusion about their scope.

Table 4.3b presents similar analysis for individuals who identify themselves as disabled.<sup>33</sup> In the absence of protection, the impact of minimum payments on CAB caseloads among those individuals appears bigger, in proportionate terms, than for the working-age population as a whole. The central estimates suggest

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<sup>32</sup> In a minority of cases, protections were partial, i.e. protection was given from some scheme changes but not others. For the analysis in this section, we do not distinguish between full and partial protections. This is to avoid obtaining very imprecise estimates due to the small number of LAs in each category.

<sup>33</sup> We include in this definition individuals who consider themselves to have a ‘long-term health condition’.



that, by July–September 2013 in LAs that did not protect disabled people, minimum payments above 8.5% increased CAB caseloads of individuals who report being disabled by at least about 70% (relative to no minimum payment). The absolute numbers of people involved are, unsurprisingly, far smaller than for the group who do not report being disabled. A 70% increase, in LAs that introduced minimum payments exceeding 8.5% without protections for disabled

Table 4.3. Difference-in-differences estimates of effects of CTS scheme characteristics on number of CAB queries from individuals aged under 60 (numbers are log-point changes, i.e. approximately percentage changes divided by 100): all queries relating to council tax or CTB/CTS

a. Individuals in households with dependent children

Scheme characteristic	Jan–Mar 2013	Apr–Jun 2013	Jul–Sep 2013
<b>Without protections for families</b>			
Minimum council tax (CT) payment of:			
>0% and ≤8.5%	0.06	0.08	0.15*
>8.5% and ≤20%	0.15**	0.30***	0.32***
>20%	0.05	0.16*	0.20
Support capped at particular CT band	0.07	0.02	–0.22*
Maximum savings reduced	0.02	0.03	0.03
Rules for non-dependants changed	–0.09	–0.05	–0.08
Other benefits counted as income	–0.12	–0.11	–0.17
Taper rate changed	–0.03	0.04	0.06
Second adult rebate changed	0.08*	0.01	0.12
Rules around starting work changed	–0.02	–0.01	–0.05
Backdating rules changed	–0.06	0.01	0.03
Hardship fund	0.09	0.12	0.03
<b>Impact of protections for families</b>			
Minimum council tax (CT) payment of:			
>0% and ≤8.5%	0.22	–0.19	–0.04
>8.5% and ≤20%	–0.15	–0.24	–0.25
>20%	–0.05	0.07	–0.32
Support capped at particular CT band	0.51*	0.58*	0.34
Maximum savings reduced	–0.16	–0.15	–0.15
Rules for non-dependants changed	–0.22	–0.43	–0.30
Other benefits counted as income	–0.13	0.01	–0.24
Taper rate changed	–0.40	–1.05**	–0.28
Second adult rebate changed	0.02	0.29	0.21
Rules around starting work changed	–0.09	–0.04	0.27
Backdating rules changed	0.03	–0.07	0.20
Hardship fund	0.03	–0.01	0.16

## b. Individuals with a self-reported disability

Scheme characteristic	Jan–Mar 2013	Apr–Jun 2013	Jul–Sep 2013
<b>Without protections for disabled people</b>			
Minimum council tax (CT) payment of:			
>0% and ≤8.5%	0.13*	0.19**	0.20**
>8.5% and ≤20%	0.19**	0.56***	0.61***
>20%	0.01	0.39**	0.52***
Support capped at particular CT band	0.10	0.20*	–0.21*
Maximum savings reduced	0.06	–0.06	0.02
Rules for non-dependants changed	–0.00	0.00	–0.12
Other benefits counted as income	–0.03	–0.13	0.04
Taper rate changed	–0.07	0.06	–0.02
Second adult rebate changed	0.12**	0.10	0.10
Rules around starting work changed	–0.10	–0.16	–0.12
Backdating rules changed	–0.20**	–0.07	0.03
Hardship fund	0.15**	0.18**	0.06
<b>Impact of protections for disabled people</b>			
Minimum council tax (CT) payment of:			
>0% and ≤8.5%	–0.08	0.06	0.04
>8.5% and ≤20%	–0.13	–0.16	–0.28
>20%	0.25*	–0.01	–0.15
Support capped at particular CT band	0.12	0.08	0.34*
Maximum savings reduced	–0.07	0.19	–0.12
Rules for non-dependants changed	–0.07	–0.09	0.15
Other benefits counted as income	–0.06	0.02	0.04
Taper rate changed	0.06	–0.26	0.09
Second adult rebate changed	–0.14	0.03	–0.07
Rules around starting work changed	0.16	0.14	0.15
Backdating rules changed	0.23*	0.14	0.10
Hardship fund	–0.12	–0.29*	–0.16

Note: The regression specification is as in Table 4.2 (see note to that table), with two changes. First, the independent variables indicating protection of one or more vulnerable groups have been removed. Second, an additional set of independent variables have been added. The additional variables interact each scheme characteristic with an indicator variable for whether or not the LA fully protected families with children (panel a) or disabled people (panel b) from the reforms. Source: Authors' calculations using data from Citizens Advice.

people, implies roughly an additional 1,400 individuals who consider themselves disabled visiting CAB across those LAs in July–September 2013.

The bottom half of Table 4.3b suggests that, if anything, the impact of minimum payments on those who consider themselves disabled tended to be lower where disabled people were protected (although the effects of protection are not

statistically significant).<sup>34</sup> This mirrors the result for households with children and again is intuitive. However, the central estimates do suggest that there was still an upwards impact of minimum payments on CAB caseloads of individuals who report being disabled *in LAs where people with disabilities were protected*. Further statistical tests reveal that those impacts are statistically significant at the 5% level, though not at the 1% level.<sup>35</sup>

It is important to emphasise that self-reports of disability to CAB will, almost certainly, not exactly correspond to definitions of disability used by LAs when protecting people with disabilities.<sup>36</sup> It may simply be that people who identify themselves as disabled do not qualify for the protections for disabled people offered by their LA (which are typically based on receipt of disability-related benefits or disability-related premiums within benefits). Nevertheless, that in itself would be of interest. Alternatively, individuals who are genuinely protected from the reforms may have visited a CAB because they were unaware of, or uncertain about, their protection.

## 4.4 Summary

This chapter has used data collected by CAB to study the impacts of different CTS scheme choices on the number of people seeking advice from CAB about council tax debts, council tax liability/payment and CTB/CTS.

The main finding is that LAs that introduced substantial minimum council tax payments, thus making everyone of working age liable for council tax (unless singled out for protection), appear to have experienced notable increases in the numbers coming to CAB with queries about council tax or CTS as a result. In light of the impact on council tax debt issues, it will be interesting to see how successfully LAs are managing to collect the council tax that they have asked for. This can be looked at once data on council tax collection rates for 2013–14 are available.

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<sup>34</sup> An exception is in January–March 2013 (i.e. immediately before the reforms) for LAs that introduced minimum payments exceeding 20%. The reason for this result is not clear (and of course it could be a random pattern in the data, rather than a genuine impact of scheme choice).

<sup>35</sup> This means that the sums of corresponding coefficients in the bottom and top halves of the table are statistically significant at the 5% level. This is not evident from the results shown in Table 4.3b alone.

<sup>36</sup> In addition, protections apply to households *containing* a disabled person, and a member of such a household visiting a CAB may be relatively unlikely to be the disabled member. Hence they could benefit from protection for disabled people without a disability being recorded by the CAB.

## 5. Conclusion

This report has set out the choices made by English local authorities (LAs) in designing their own council tax support (CTS) schemes for the first time in 2013–14 and has analysed some consequences of those choices.

In response to a 10% funding cut for these new schemes, more than 80% of English LAs changed the old council tax benefit (CTB) system to reduce entitlements for working-age families. This contrasts with the devolved administrations in Scotland and Wales, which chose to absorb the funding cut entirely through other spending cuts or council tax increases.

District councils, which are typically less well resourced and largely collect council tax on behalf of larger precepting authorities, were less likely than others to make changes from the old CTB system. Labour-majority councils were more likely than others to introduce minimum council tax payments. But once other LA characteristics (most importantly, the size of the funding cut) are held fixed, it appears that Conservative-majority councils were much the most likely to do so. Cuts in CTS were also more prevalent among LAs facing bigger funding cuts per household, and among LAs where more CTB spending went to pensioners and a larger percentage cut to working-age support was therefore required to make up the shortfall (holding other LA characteristics constant).

Entitlements to CTS for households in England fell by 8% overall and by 14% for working-age households. Entitlements fell for 2.5 million households, by an average of £160 per year among those households. Of the 2.0 million working-age households in England that could previously have received full CTS (those on the lowest incomes), 1.4 million now have to pay some council tax. Meanwhile, financial work incentives were slightly strengthened by the reforms, on average.

Nevertheless, the impacts on workless households are smaller than they would have been under a flat percentage cut to all entitlements. This is because some LAs have protected the unemployed, or families less likely to be working (for example, those containing a disabled person or those with young children), from the changes; and because some of the chosen scheme characteristics reduce support by a bigger percentage for the higher-income claimants entitled only to partial CTS (for example, reducing maximum CTS entitlements, introducing band caps or increasing the taper rate).

Another important feature of the reforms is that they vary widely. This could partly reflect variation in local needs and preferences. It also reduces the simplicity and transparency of the system.

Similar people whose council tax liabilities would previously have been the same can now be treated very differently, depending on where they live. For example, of the 2.0 million working-age households in England that could previously have been entitled to a full rebate for their council tax, 70% must pay some council tax

in 2013–14; 50% must pay at least £85; 25% must pay at least £170; and 10% must pay at least £225.

Local authorities that introduced substantial minimum council tax payments saw big increases in the numbers going to Citizens Advice Bureaux (CAB) for advice about council tax or CTS, relative to LAs that did not introduce any. For example, we estimate that introducing minimum payments of more than 8.5% – relative to not introducing any – led, on average, to a 30–40% increase in council tax debt queries recorded by CAB in those LAs by July–September 2013 (among working-age individuals). That is an increase of about 3,000 individuals seeking advice on that specific issue, in those three months, in the 35% of English LAs that introduced minimum payments above 8.5% – and of course many claimants experiencing difficulties might not seek advice from CAB at all. In light of the impacts on queries about council tax debt, it will be interesting to see how successfully the LAs concerned are managing to collect the council tax that they have asked for. This can be looked at once data on council tax collection rates for 2013–14 are available.

## Appendix. Probits of scheme features on LA characteristics in England

	Any change?	Minimum CT payment?	Change savings limit?	Count other bens as income?	Cut single adult rebate?	Increase NDDs?	Cap CTS at certain CT band?	Minimum CTS?	Change taper rate?	Change backdating rules?	Change work-start rules?	Hardship fund?	Protect specific groups?	Qualify for transit. grant?
Funding cut per household	0.006*	0.014**	0.018***	0.001	0.015*	0.003	0.017***	-0.001	0.007**	-0.006	0.006	-0.008	0.010	-0.021***
% cut in working-age CTS needed	0.043***	0.029**	-0.014	0.005	0.011	-0.013	-0.006	0.005	0.012*	0.002	0.001	0.007	0.012	0.015
Length of consultation	0.012	0.019	-0.031***	0.007	-0.003	0.006	-0.023**	-0.000	0.011	-0.021*	-0.014	-0.013	0.007	0.027**
Responses to consultation	0.003	0.003	0.006*	-0.007*	0.006	0.001	0.004	-0.006*	-0.010**	0.003	0.006*	-0.002	0.010***	-0.003
% rise in CTB claimants 2008–12	0.002	-0.004	0.004	-0.002	0.015***	-0.005	-0.003	0.008*	0.008**	0.005	0.002	0.008	0.004	-0.004
% rise in CTB spending 2007–11	-0.000	-0.000	0.000	-0.000	0.000	-0.000	0.000	-0.000	-0.004	0.000*	0.000	0.000	0.000	-0.000
CTB admin as % of CTB spending	0.191	0.403	0.763*	-0.350	0.340	-0.233	-0.129	-0.411	-0.054	0.439	0.115	0.450	-0.134	-0.352
Average days to process claims	-0.004	-0.003	-0.007**	-0.006**	-0.009**	-0.007**	-0.007**	-0.007***	-0.000	-0.001	-0.004	-0.003	-0.007*	0.009***
CAB 2012 CTB caseload	0.006	0.016**	0.005	0.007	0.031***	0.022***	0.012**	0.005	0.009***	0.004	-0.001	0.008	-0.005	-0.007
CAB 2012 CT caseload	-0.102**	-0.364***	-0.124	-0.171	-0.164*	-0.267**	-0.079	-0.133	-0.007	-0.038	-0.177*	-0.120	-0.126	0.146
CAB 2012 debt caseload	-0.016*	-0.007	0.002	-0.007	-0.027**	-0.017	-0.004	-0.008	-0.014**	-0.014	0.017	-0.011	0.016	-0.010
(Log) band D rate	-0.082	-0.308	0.674	-0.493**	-0.031	1.351***	0.304	0.659*	-0.253	0.414	0.169	0.907*	0.303	0.402
% of properties in band A	0.001	-0.001	-0.003	-0.000	0.005	-0.002	0.012***	0.004	0.004	-0.008**	-0.000	-0.001	0.013**	0.002
% of properties in band B	0.001	0.003	-0.001	-0.000	0.019***	0.001	0.009	0.000	0.004	-0.007	0.003	0.000	0.013	-0.001
% of properties in band D	0.010*	0.014*	0.003	0.005	0.008	-0.003	0.024***	0.010	0.007	-0.004	0.001	0.011	0.031***	-0.010
% of properties in bands E–H	-0.004	-0.008*	0.002	-0.004	0.008	0.001	0.007	0.006*	0.002	0.004	0.002	0.001	0.008	-0.001
Index of multiple deprivation	0.032	0.023	-0.132***	-0.040	-0.084	-0.039	-0.156***	0.063	-0.069**	0.087	-0.023	0.150*	-0.075	0.029
East of England	0.138	-0.008	0.117	0.774***	0.103	0.149	0.108	-0.137	-0.035	-0.139	-0.039	-0.040	-0.046	-0.096
London	-0.201	-0.251	-0.280*	0.589***	-0.079	0.112	-0.407**	-0.297**	-0.154*	-0.383**	-0.126	-0.329	-0.225	0.362*
North-East	-0.183*	-0.044	-	-	0.244	0.145	-	-0.205*	-	0.143	0.136	-0.253	-0.174	-0.093
North-West	-0.119*	-0.176*	0.134	0.744***	-0.051	0.109	0.153	-0.046	-0.021	0.118	-0.084	0.091	-0.199*	-0.239**
South-East	-0.039	-0.196*	-0.008	0.673***	-0.037	-0.071	-0.058	-0.057	-0.020	-0.169*	0.027	-0.131	-0.023	0.132
South-West	-0.061	-0.108	0.180*	0.834***	-0.019	0.005	0.156	-0.218**	-0.127*	-0.195*	-0.109	0.048	-0.059	-0.231*
West Midlands	-0.245***	-0.312***	0.199*	0.776***	-0.097	0.136	0.136	-0.053	-0.100	-0.008	-0.091	-0.014	0.004	-0.065
Yorks & Humber	0.003	0.027	-	0.730***	0.091	-0.150	-	-0.193*	-0.082	-0.061	-0.159	-0.106	-0.038	-0.071

	Any change?	Minimum CT payment?	Change savings limit?	Count other bens as income?	Cut single adult rebate?	Increase NDDs?	Cap CTS at certain CT band?	Minimum CTS?	Change taper rate?	Change backdating rules?	Change work-start rules?	Hardship fund?	Protect specific groups?	Qualify for transit. grant?
(Log) population	-0.029	-0.030	0.063	0.011	-0.008	0.132*	-0.007	0.109**	0.038	0.019	0.021	-0.080	0.113	-0.054
Children as % of population	0.021**	0.035***	0.006	0.019**	0.004	0.001	0.041***	-0.003	0.007	0.014	0.007	0.026*	-0.008	-0.053***
(Log) population density	0.027	0.006	-0.010	-0.006	0.041	0.010	0.034	0.041*	0.052***	0.046*	0.014	0.031	0.068**	0.002
District council	-0.162**	-0.106	-0.215***	0.003	-0.221**	-0.071	-0.164**	-0.046	-0.121***	-0.040	-0.052	-0.190**	-0.061	0.173*
Independent / No overall control	-0.156***	-0.218***	0.034	-0.080*	-0.001	-0.071	-0.066	-0.020	-0.111**	0.056	-0.030	-0.125	-0.089	0.103
Labour majority	-0.052	-0.139*	0.159**	-0.053	0.131	-0.048	-0.125	-0.063	-0.034	0.068	-0.039	-0.064	-0.134	0.074
Lib Dem majority	-0.069	-0.252**	0.105	0.084	0.178	0.307***	0.024	-0.075	0.019	0.102	0.138	0.039	-0.070	-0.036

Note: Figures shown are mean marginal effects (on the probability of adopting the relevant scheme feature) of increasing: the annual funding cut per household by £1; the percentage cut in working-age support required to make up the full funding cut by 1 percentage point; the length of consultation period by 1 week; the number of consultation responses by 100; the percentage rise in number of CTB claimants from November 2008 to November 2012, the percentage rise in CTB spending from 2007–08 to 2011–12, and CTB administration costs as a percentage of CTB spending, each by 1 percentage point; the average time taken to process a CTB claim by 1 day; the number of queries to CAB (from working-age people) about council tax benefit, council tax or council tax debt, each by 1% of working-age CTB recipients in the LA; log of the band D rate by 1 (i.e. the band D rate by 172%); the percentage of properties in particular council tax bands by 1 percentage point (at the expense of fewer properties in band C, the omitted category); the index of multiple deprivation by 1 standard deviation; moving from East Midlands (the omitted category) to each other region; log of the population by 1 (i.e. the population by 172%); the percentage of the population who are children by 1 percentage point; log of the population density (measured as people per square kilometre) by 1 (i.e. the population density by 172%); moving from a single-tier LA to a district council; and moving from Conservative majority control (the omitted category) to each different party control of the council. Additional controls (not shown) are included for missing data on length of consultation and number of responses. \*, \*\* and \*\*\* denote statistical significance at the 10%, 5% and 1% levels respectively, calculated using robust standard errors. City of London and Isles of Scilly are omitted. Sample size: 315.

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