

The impact of localised council tax support schemes

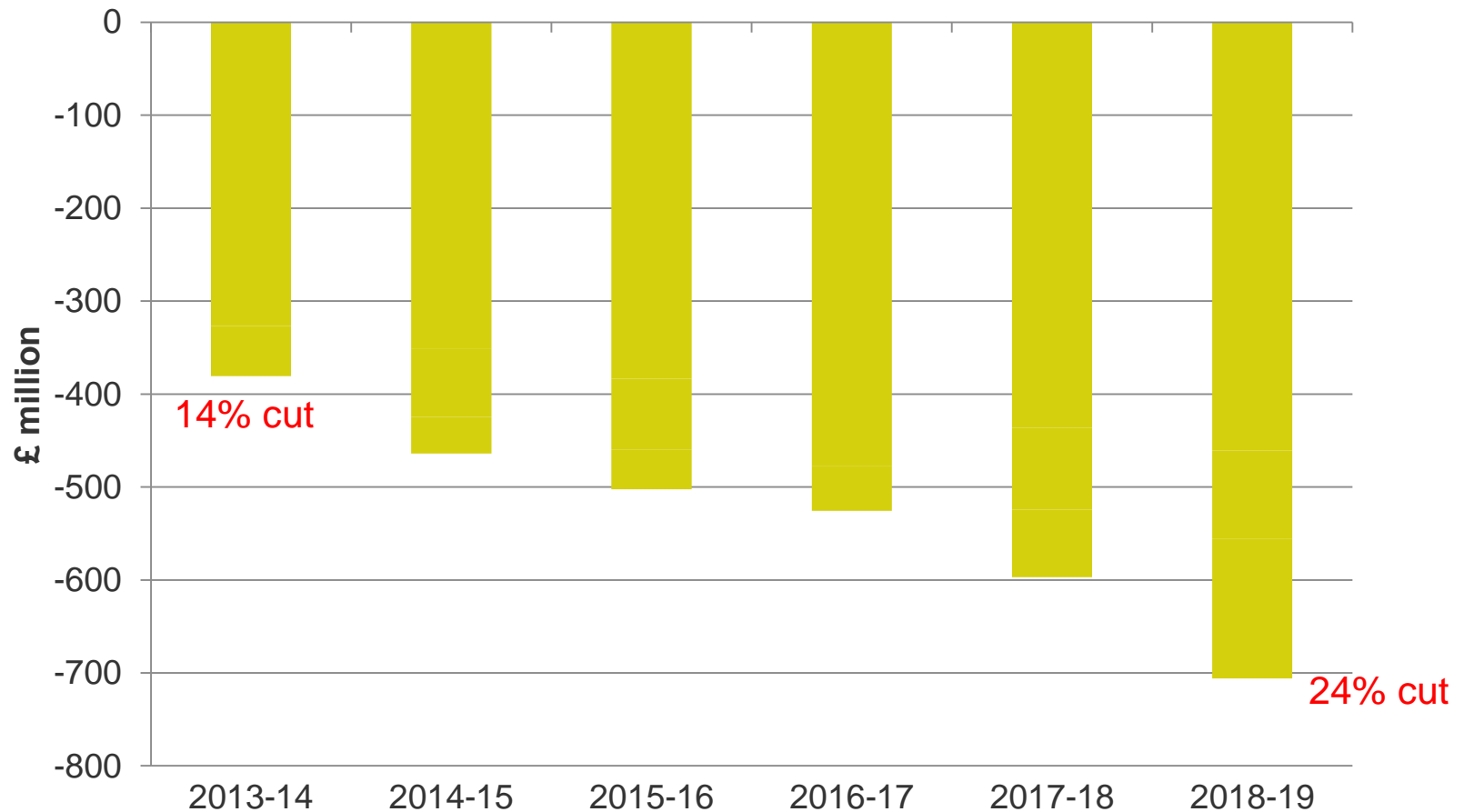
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From joint work with Stuart Adam and Thomas Pope

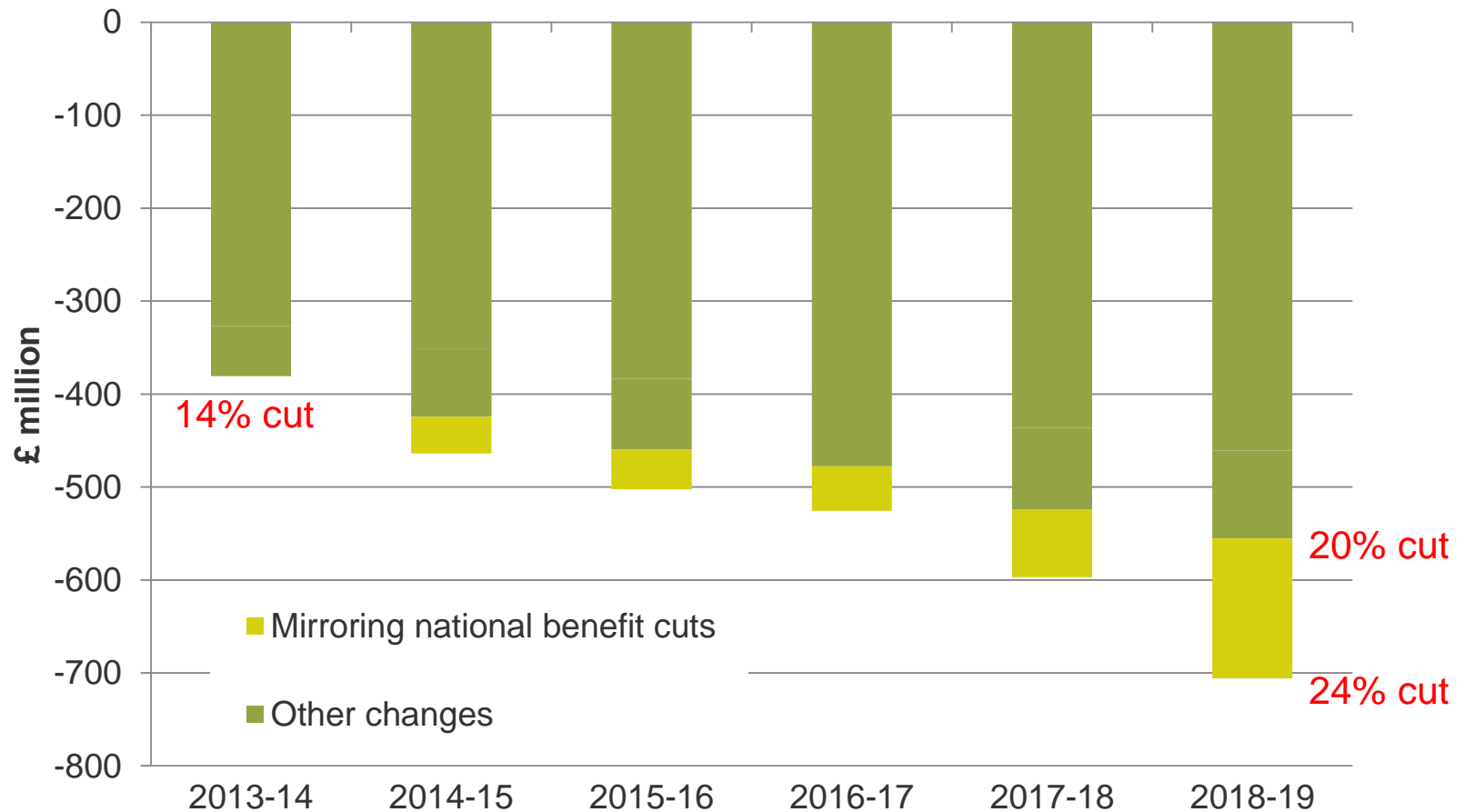
Hackney Council Scrutiny Panel, 20th September, 2021

Cut to working-age CTS entitlements in England



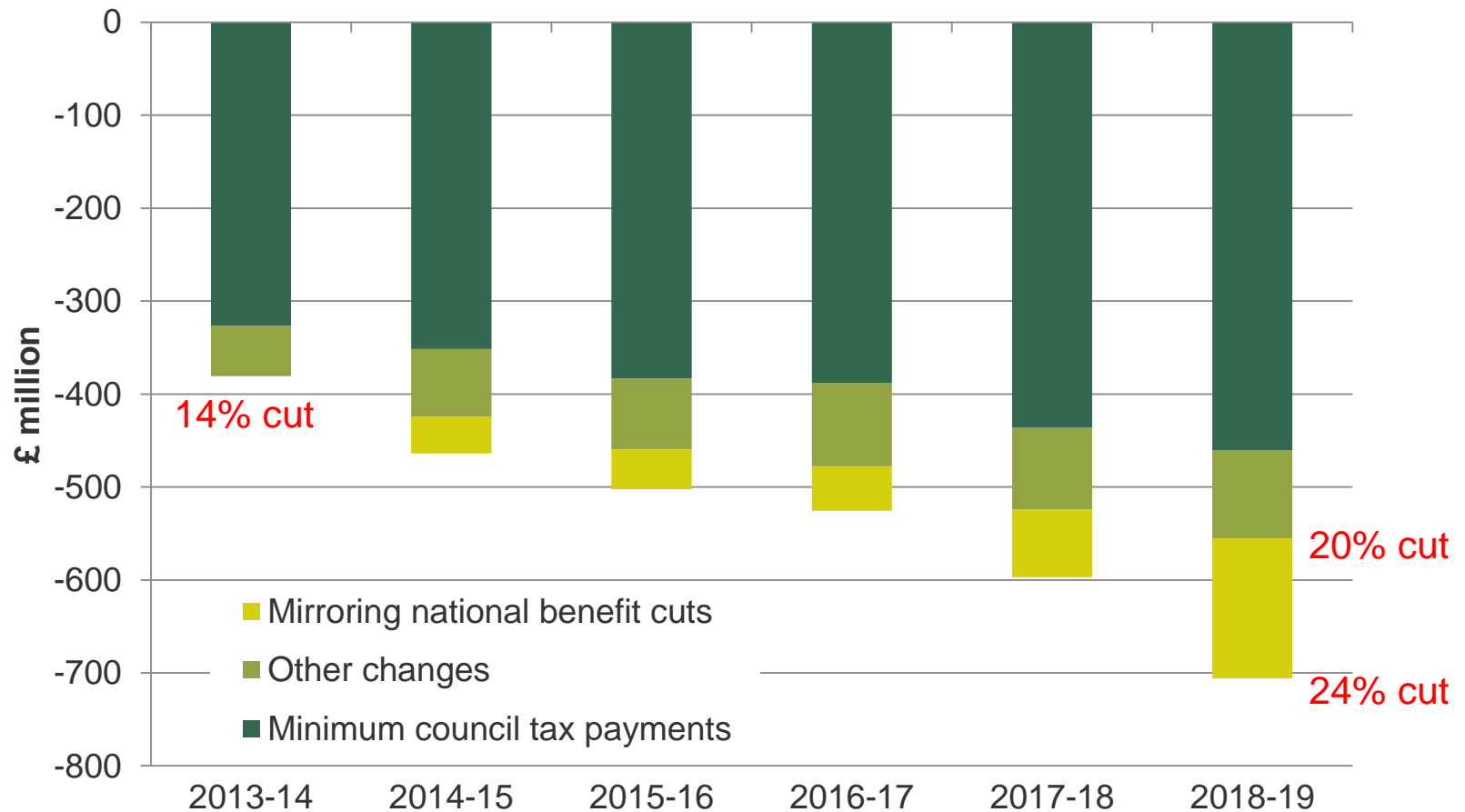
Notes and sources: See Figure 3.3 of *The impact of localised council tax support schemes*

Cut to working-age CTS entitlements in England



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Cut to working-age CTS entitlements in England



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Main features of CTS scheme choices, 2018-19

90% of English councils deviated from the old CTB system

- Up from 82% in 2013-14

Minimum payments are the most important and common change

- A fifth of councils had no MP, and a fifth had a MP > 20%
- Most common MP was 20% (78 councils, or almost a quarter)

The household level picture (2018-19)

The 3.6m households that would have been entitled to CTB lose £196 per year, on average

1.4m households have a bill they would not have had under CTB

1.6m face a bigger bill than they would have under CTB

0.5m still have no bill to pay

- $\frac{2}{3}$ in LAs with no minimum payment, $\frac{1}{3}$ in group protected by their LA

Effects of funding for LAs: a labelling effect

The labelling of funding (or funding cuts) appears to affect how councils allocate it between CTS and other priorities

Even though there are no (formal) constraints on such allocation

How do we know?

Some councils were left with a large CTS funding shortfall (e.g. because they had lots of pensioner recipients to protect) but saw relatively small overall funding cuts, *and vice versa* for other councils

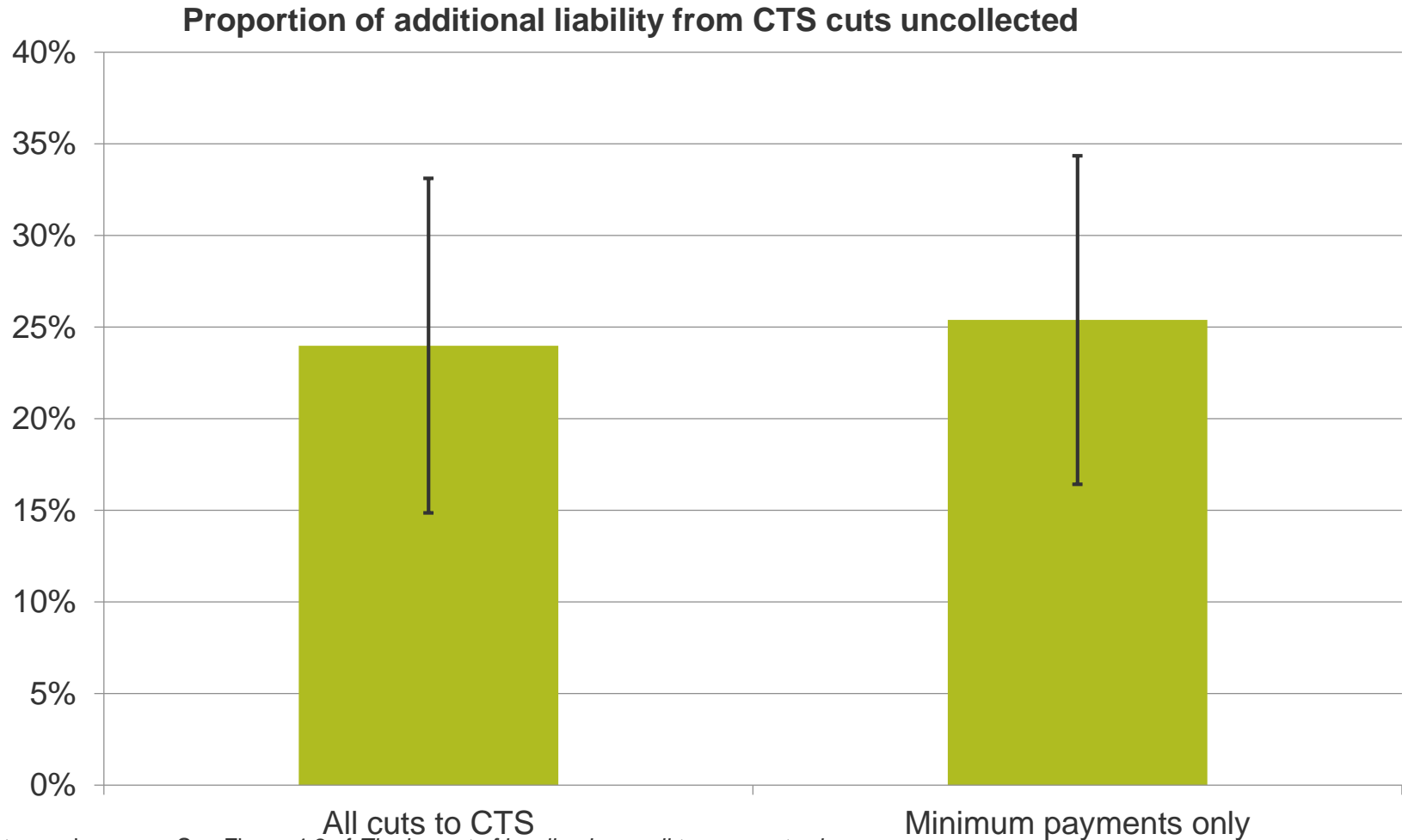
The choices of these councils can be compared

Council tax collection, and household arrears

We estimate very high rates of non-collection of the extra council tax liabilities, of around one quarter

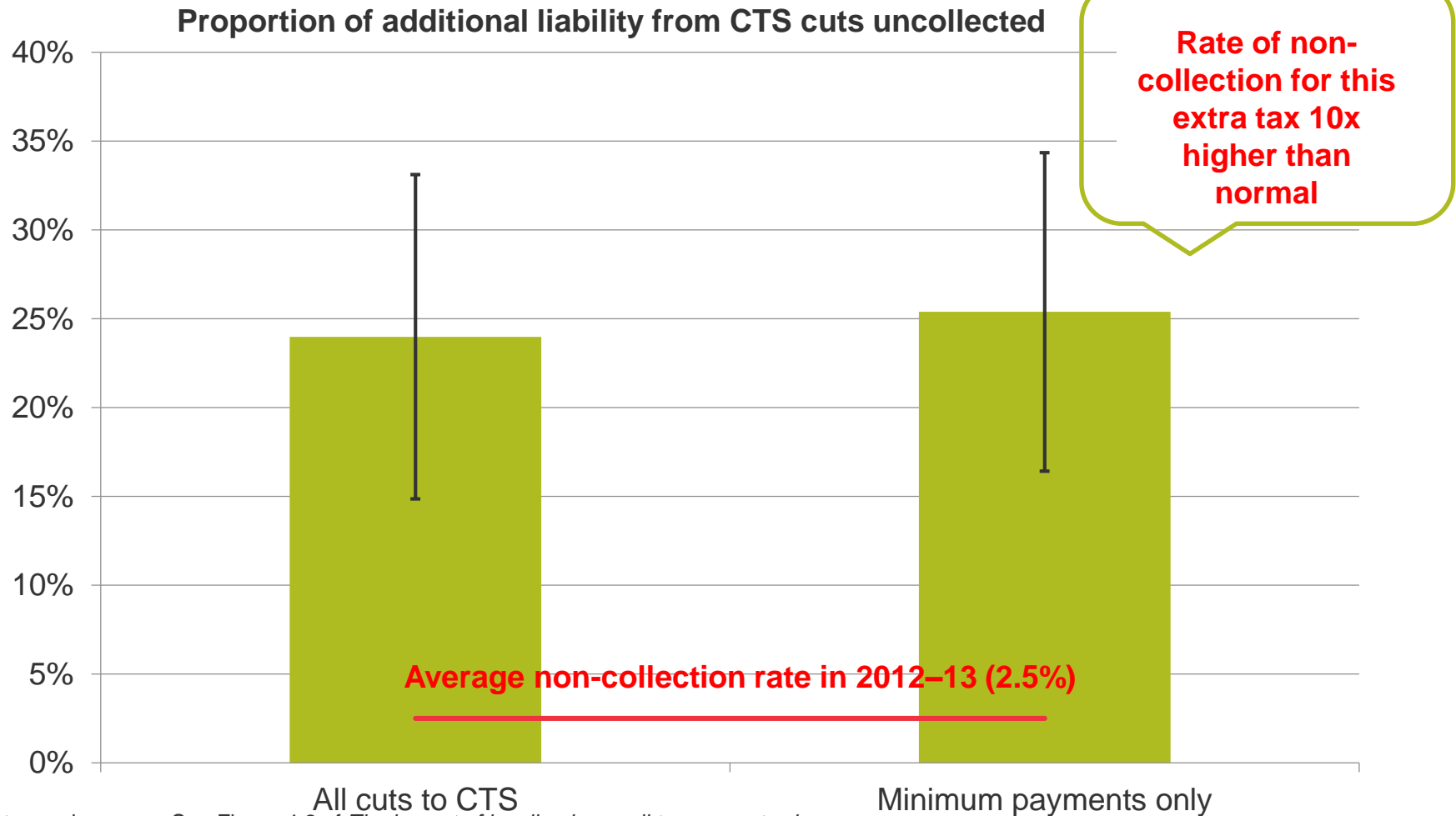
- And these don't appear to get better with time

Is the additional council tax successfully collected?



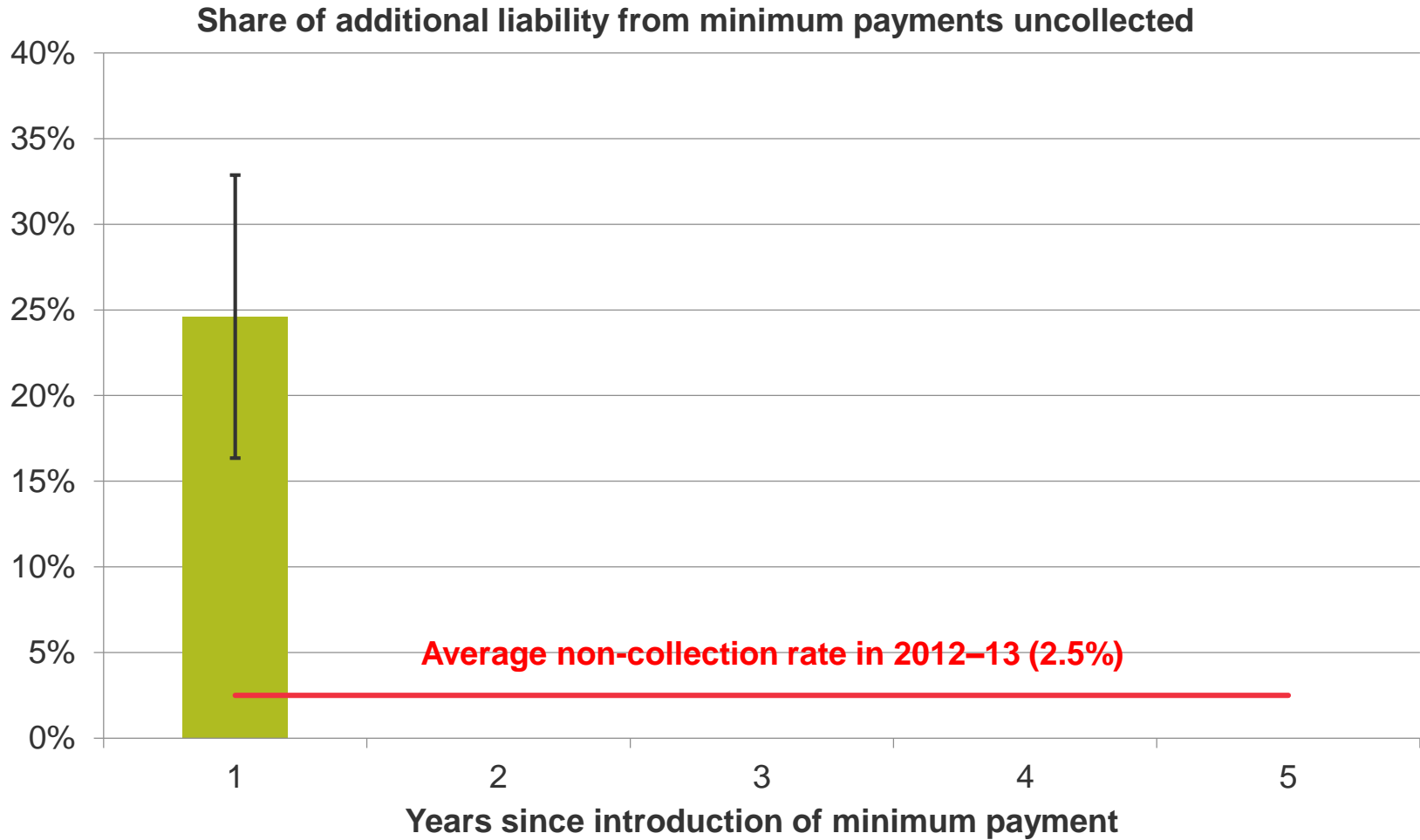
Notes and sources: See Figure 4.2 of *The impact of localised council tax support schemes*

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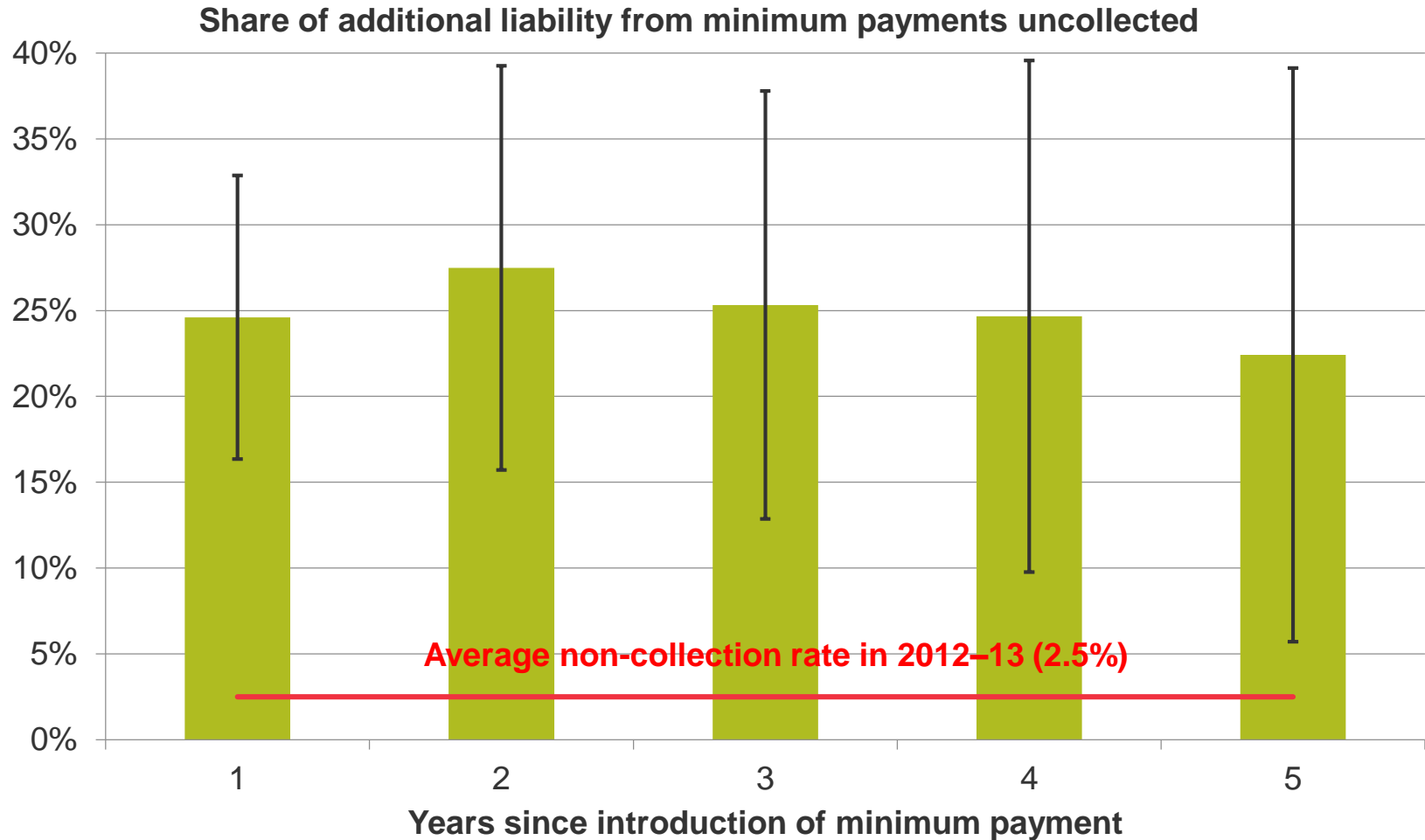
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Effects persist for at least 5 years



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Council tax collection, and household arrears

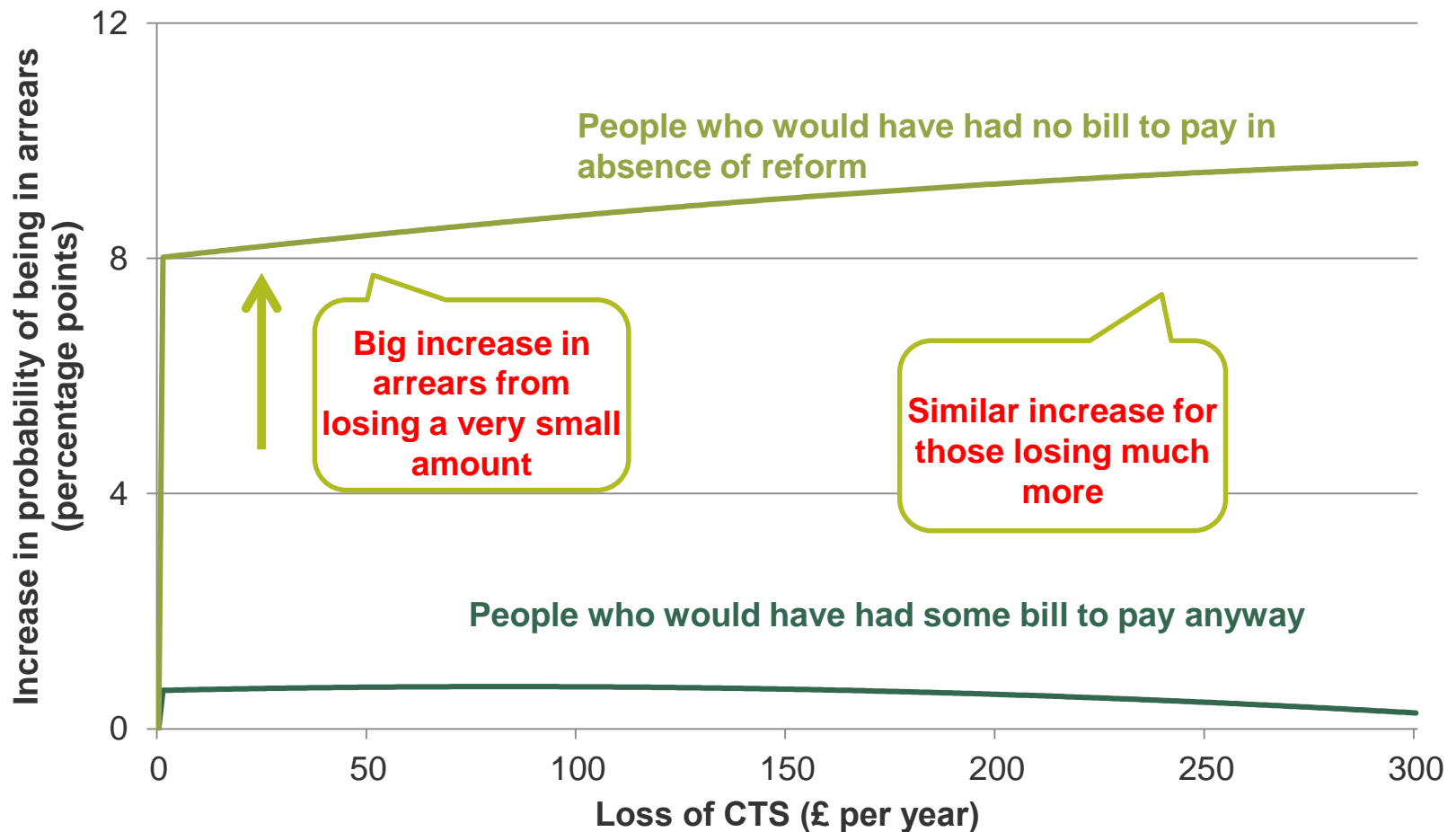
We estimate very high rates of non-collection of the extra council tax liabilities, of around one quarter

- And these don't appear to get better with time

The over-riding cause of these arrears / non-payment is giving people a council tax bill...

- ...not increasing the size of an existing bill
- Suggests that reducing minimum payment from 10% to 0% would have much bigger effect on arrears than going from 20% to 10%

Estimated effect of losing CTS on chances of going into council tax arrears



Notes and sources: See Figure 5.4 of *The impact of localised council tax support schemes*

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Social Security Advisory Committee, 24 July 2019