

Localisation of Council Tax Support

As from 2013/14, Council Tax Benefit will be replaced by local schemes of Council Tax Support. The key features of the change are:

- Government will reduce expenditure by 10% from the forecast subsidised council tax benefit expenditure for 2013/14
- Council Tax Benefit will be replaced with local schemes of Council Tax Support – these will be in the form of council tax discounts which will reduce the taxbase
- Authorities will receive upfront funding from the Government (at 90% of forecast subsidised council tax benefit expenditure for 2013/14) – this effectively compensates for the reduction in taxbase associated with discounts
- Billing authorities will receive an allowance for parishes in their area – they are expected (but not required) to work with parish councils to minimise council tax increases arising from reductions in taxbase
- Local support for Council Tax will be protected for pensioners at the same level of existing Council Tax Benefit. This means where authorities choose to pass on Government reductions to benefit the burden will fall entirely on working age claimants

The Institute of Fiscal Studies (IFS) has undertaken a study on the Government proposals (<http://www.ifs.org.uk/publications/6183>). The main thrust of the study is to consider the likely impact of the changes and in Appendix D of the study, the IFS consider the size of the cut faced by each local authority. It is this data that has been used to compare the impact on rural and urban authorities.

Appendix D of the report provides a full explanation of the calculations undertaken by the IFS. They provide an estimate of the proportion of spending on local council tax support that will go to pensioners and non pensioners and from this they calculate the size of the cut that will be borne by non pensioners as a consequence of the pensioner support. The conclusions from this analysis are:

- **Local authorities with a greater proportion of pensioners will necessarily effect a larger reduction on council tax support for working age claimants if they choose to pass on the Governments 10% expenditure cut**
- **Predominantly Rural authorities will have to effect significantly larger reductions to council tax support (average 22.99%) to working age claimants than will urban authorities (average 17.79%)**
- **An analysis of the ‘percentage cut for those of working age’ by authority considering the top and bottom 20 shows the differential impact on working age claimants in rural and urban areas**

Highest modeled cuts for those of working age			Lowest modeled cuts for those of working age		
Craven	33%	Rural-80	Barking and Dagenham	15%	Major Urban
East Dorset	33%	Rural-50	Brent	15%	Major Urban
Richmondshire	32%	Rural-80	Camden	15%	Major Urban
Ribble Valley	31%	Rural-80	Croydon	15%	Major Urban
Broadland	30%	Sig. Rural	Enfield	15%	Major Urban
Mid Suffolk	30%	Rural-80	Greenwich	15%	Major Urban
Harborough	29%	Rural-80	Hammersmith & Fulham	15%	Major Urban
North Kesteven	29%	Rural-80	Manchester	15%	Major Urban
North Norfolk	29%	Rural-80	Milton Keynes	15%	Other Urban
South Staffordshire	29%	Sig. Rural	Newham	15%	Major Urban
Bromsgrove	28%	Sig. Rural	Nottingham	15%	Large Urban
Fareham	28%	Large Urban	Waltham Forest	15%	Major Urban
Oadby and Wigston	28%	Large Urban	Westminster	15%	Major Urban
Ryedale	28%	Rural-80	Hackney	14%	Major Urban
South Holland	28%	Rural-80	Haringey	14%	Major Urban
South Lakeland	28%	Rural-80	Islington	14%	Major Urban
South Northamptonshire	28%	Rural-80	Lambeth	14%	Major Urban
East Devon	27%	Rural-50	Lewisham	14%	Major Urban
E.Riding of Yorkshire	27%	Rural-50	Southwark	14%	Major Urban
Fylde	27%	Sig. Rural	Tower Hamlets	14%	Major Urban