

Appendix 1 – The evolution of the Council Tax Support scheme since 1 April 2013

From 1 April 2013, the Council Tax Support scheme for people of working age included the following key elements:

- Maximum support reduced to 80% (TDBC) or 85% (WSC) of Council Tax – everyone of working age had to pay something
- Increased non-dependant deductions
- No second adult rebate
- Increased earned income disregards to provide an additional work incentive

Between 2014/15 and 2018/19, the Council Tax Support schemes for both TDBC and WSC for working age people were amended by:

- Removing entitlement to customers with capital or savings over £6,000
- Applying a minimum income for self-employed applicants
- Paying Council Tax Support at a level that would be no more than for a Band D property for Taunton Deane residents and no more than for a Band C for West Somerset residents
- Disregarding maintenance received for children
- Reducing the maximum backdating of a Council Tax Support award from 6 months to 1 month
- Removing the family premium in the applicable amount for new applicants, or existing recipients who would otherwise have a new entitlement to the premium
- Removing the Work-Related Activity component in the applicable amount for new claimants of Employment and Support Allowance
- Removing the child allowance in the applicable amount for third and any subsequent children born after 1 April 2017 (some customers were protected)
- Reducing the allowable period of temporary absence outside Great Britain from 13 weeks to 4 weeks

In 2018/19, both TDBC and WSC decided to change their scheme for working age customers by removing applicable amounts and instead awarding Council Tax Support in the form of a discount based on 'income bands'. The scheme recognised the additional needs of multi-person households and families. The scheme also allowed for:

- a flat rate deduction of £5 a week for each non-dependant
- disregarding carers' allowance from the income used to work out Council Tax Support
- providing extra assistance for single young people who had left local authority care

The new 'income bands' scheme also mitigated the challenges presented from being within an area that saw the roll out of full-service Universal Credit (UC). In particular:

- UC claimants not making a prompt claim for Council Tax Support, leading to loss of financial assistance
- The number of changes to UC awards received through the DWP's data hub requiring a change to Council Tax Support awards. Approximately 40% of UC customers have between 8 and 12 changes to their award each year. These changes result in changes to Council Tax liability, the re-calculation of instalments, delays and the demonstrable loss in collection

Both these issues would have increased the costs of administration. The income bands are wide enough to ensure small changes to UC awards do not result in changes to Council Tax Support awards and subsequent changes to Council Tax liabilities and the issuing of new bills.