

# Council Tax Support?

A benefit determined by  
postcode not need.



**citizens  
advice**

Maddy Rose  
April 2024

# Acknowledgements

---

Thank you to entitledto for providing data on Council Tax Support (CTS) schemes used throughout this report.

Thank you also to those who attended a roundtable discussion and provided feedback on interim findings: Phil Agulnik (entitledto), Hannah Aldridge (Child Poverty Action Group), Grace Brownfield (Money Advice Trust), Alex Clegg (Resolution Foundation), Zoe Charlesworth (Policy in Practice), Jasmin Dhaliwal (Money Advice Trust), Karen Holmes (entitledto), Robert Joyce (Institute for Fiscal Studies), Jamie Thunder (Zacchaeus 2000 Trust), and Sam Tims (New Economics Foundation).

# Contents

---

<b>Acknowledgements</b>	<b>1</b>
<b>Contents</b>	<b>2</b>
<b>Summary</b>	<b>3</b>
<b>Introduction</b>	<b>4</b>
What is Council Tax Support?	4
Council Tax Benefit	5
The localisation of support	5
<b>Council tax debt</b>	<b>6</b>
<b>Postcode lottery</b>	<b>9</b>
Minimum payments	9
Band caps	11
What this means for claimants	15
<b>Interaction with Universal Credit</b>	<b>16</b>
Taper rates	16
Income-banded schemes	17
<b>Take-up and awareness</b>	<b>21</b>
Digital exclusion	21
Awareness and understanding	22
Automation	23
<b>What's next?</b>	<b>25</b>
Recommendations	25
Reducing the harms of council tax debt collection	26
Reducing the CTS postcode lottery	26
Improving interaction with UC	26
Increasing take-up	26
<b>Methodology</b>	<b>27</b>

# Summary

---

Council Tax Support (CTS) is a benefit that gives people on low incomes a reduction on their council tax bill. CTS replaced Council Tax Benefit (CTB) in 2013, when support for paying council tax in England was localised. Each local authority now has its own CTS scheme.

Since then, the level of council tax debt has more than doubled. We see this in the people coming to us for help; nearly half of our debt clients who receive CTS are still in council tax debt.

Most councils offer a less generous scheme than the old CTB. The majority of schemes have a minimum payment: a proportion of council tax that all working-age residents must pay, regardless of income. Some schemes also limit support depending on which council tax band you live in. These variations mean the same household could have substantially different entitlements depending on where they live.

CTS doesn't always work well with Universal Credit (UC). Like UC, CTS is tapered away as people earn more, and the interaction between taper rates places a double top slice on earnings for those looking to increase their income. UC has also led to local authorities introducing income-banded schemes to reduce the administrative burden of CTS. These schemes have caused a number of problems for the people we help.

What's more, millions of people are missing out on CTS altogether because of factors like digital exclusion and lack of awareness.

The CTS system needs rethinking. At one end of the spectrum, proposed reforms include ensuring that all schemes offer a 100% discount for those on the lowest incomes (removing minimum payments), and scrapping band caps that can penalise people who have no choice over where they live. At the other end, there are administrative changes like the automation of CTS applications. While large-scale reform does come at a cost, other changes don't come with the same price tag and would make a real difference in improving fairness and consistency across local CTS schemes.

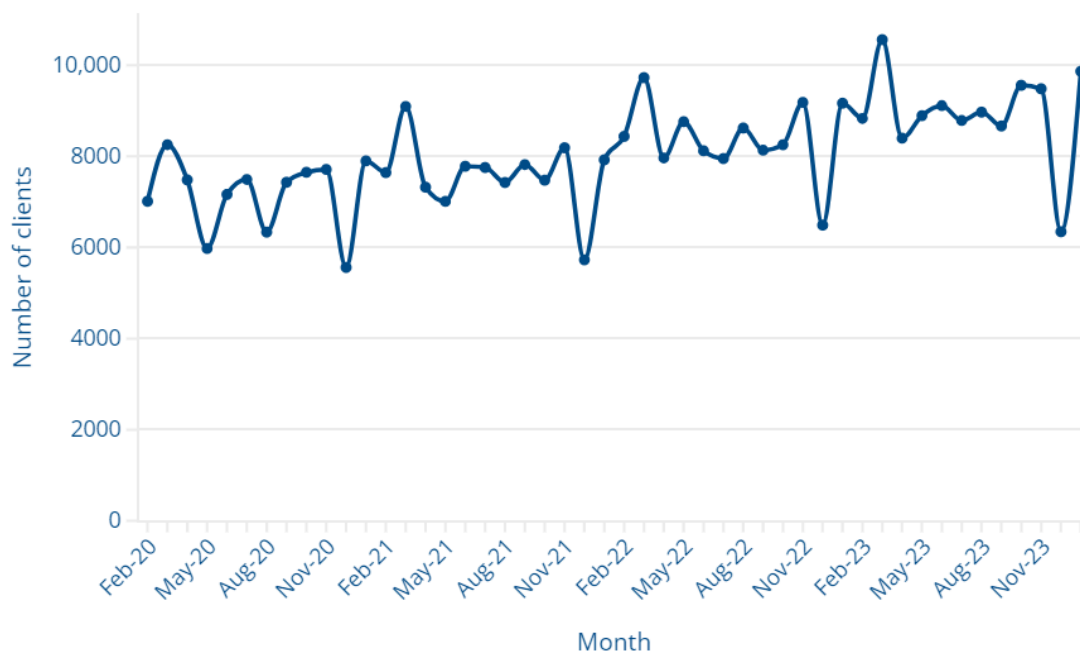
# Introduction

## What is Council Tax Support?

CTS, introduced in 2013, is a benefit that gives people on low incomes a reduction on their council tax bill. It's a local benefit, which means councils provide the support. Depending on where you live and your circumstances, CTS can cover up to 100% of your council tax bill. In many areas, however, all working-age households are expected to pay something towards their bill. CTS is not received as a payment like other benefits, it's deducted directly from your council tax bill.

In 2023 alone, Citizens Advice helped more than 90,000 people with CTS-related issues. Figure 1 shows that the number of people we help with CTS each month is rising. Demand peaks each March around the time people receive their bills for the coming year, and reached an all-time high of more than 10,000 people in March 2023.

Figure 1. Total number of people helped by Citizens Advice each month with a CTS issue, February 2020 - December 2023



Source: Citizens Advice Casebook data

## Council Tax Benefit

Council Tax Benefit (CTB) was the predecessor to CTS. It operated across England, Scotland and Wales and was administered by central government; the same rules applied to everyone. Maximum CTB covered your full council tax bill, providing a 100% council tax discount.

## The localisation of support

Plans to localise help with council tax in England were first announced in 2010, alongside proposals to reduce funding by 10%.<sup>1</sup> The Government proposed that the localisation of support for council tax would:

- Increase local powers over local areas.
- Give local authorities an incentive to decrease local unemployment, on the basis that they would save money if fewer people needed CTS.
- Give local authorities some control over how to achieve the 10% funding reduction.<sup>2</sup>

Localisation meant that each local council had to design its own CTS scheme for working-age residents, to be introduced in April 2013. Support for low-income pensioners remained unchanged, with the Government requiring councils to offer them a discount of up to 100%. However, no other groups are protected by law. Councils must decide who is eligible for CTS, how much of a council tax reduction they receive, and how people should apply for CTS.

Local authorities can revise or replace their CTS scheme at the start of each financial year. Generally, schemes have become less generous since the introduction of CTS, but there has been a slight reversal in recent years, with some changes to schemes aimed at increasing their generosity. However, as councils face mounting financial pressure, some are proposing cuts to their CTS scheme for 2024/25.

---

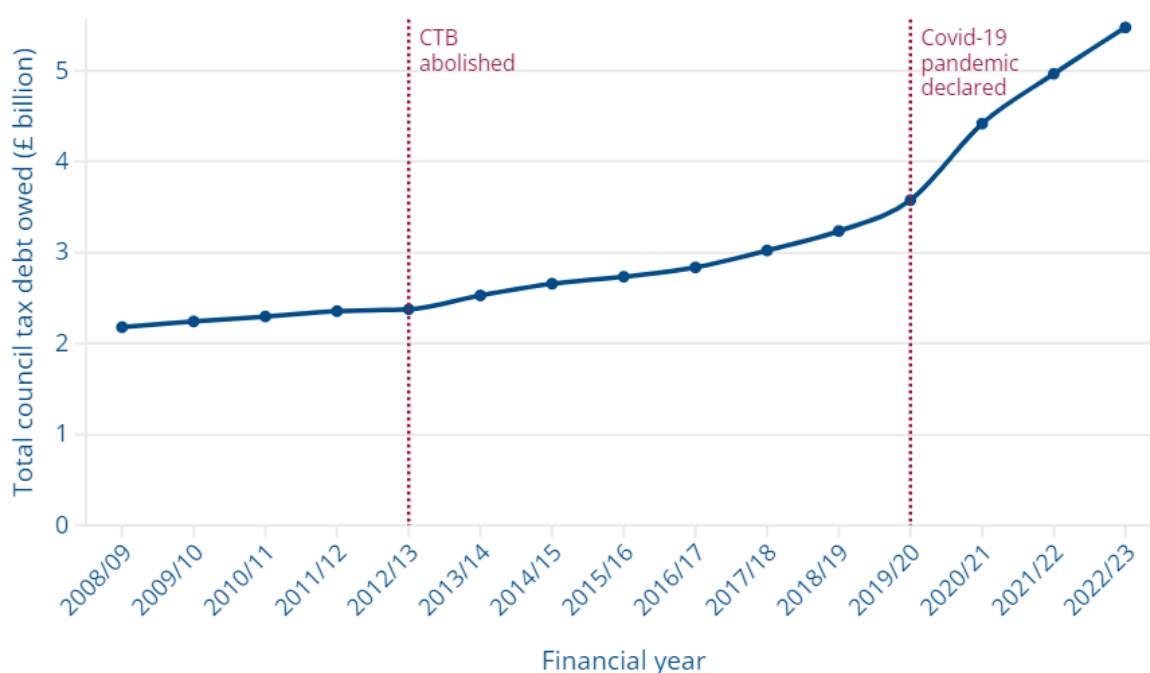
<sup>1</sup> HM Treasury. Spending Review 2010. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/203826/Spending\\_review\\_2010.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/203826/Spending_review_2010.pdf)

<sup>2</sup> Department for Communities and Local Government (2011) Localising Support for Council Tax in England. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/8463/19510253.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/8463/19510253.pdf)

# Council tax debt

Council tax debt is on the rise. In 2023, council tax debt was our second biggest debt advice area, after energy debt. Figure 2 shows that as of March 2023, households in England owed a total of £5.5 billion in unpaid council tax.<sup>3</sup> That's a 10% increase since 2022 and a 130% increase since the Government abolished CTB.

Figure 2. Total council tax debt owed to English local authorities, 2008/09 - 2022/23



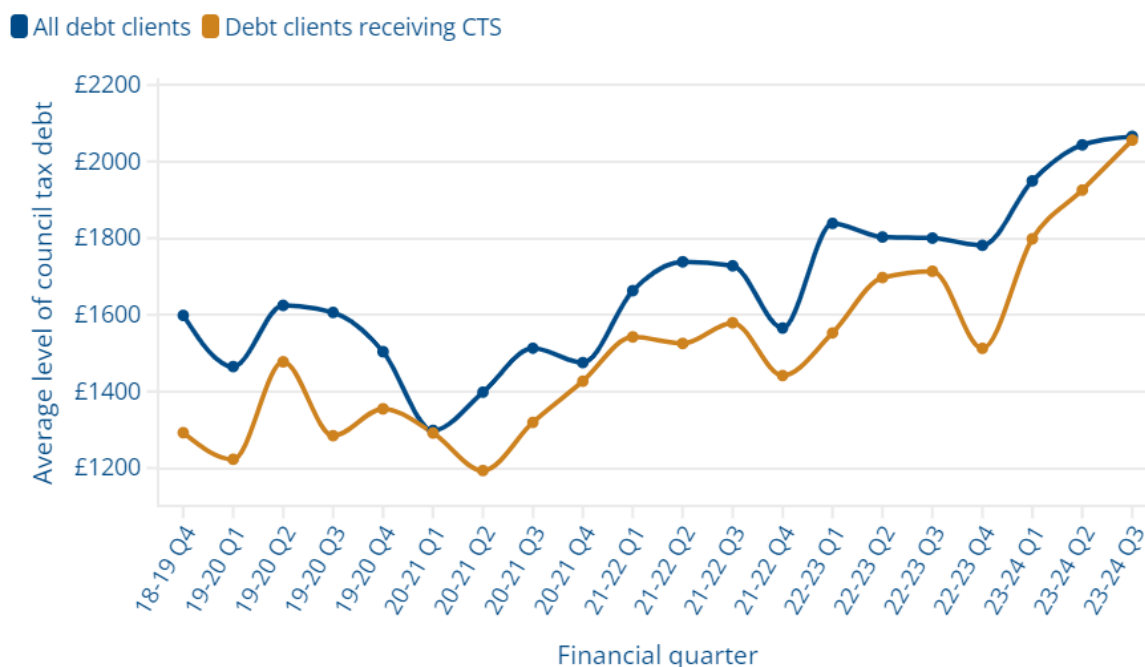
Source: Collection rates for Council Tax and non-domestic rates in England, 2008 to 2023, Department for Levelling Up, Housing and Communities

CTS should be preventing people from falling into council tax debt, but this isn't always the case for the people we help. Nearly half (48%) of our debt clients receiving CTS had council tax debt in 2023. Figure 3 shows the average amount of council tax debt owed each quarter by all our debt clients, and by our debt clients who receive CTS. On average, our clients receiving CTS now owe £2,056 in

<sup>3</sup> Department for Levelling Up, Housing and Communities (2023) Collection rates for Council Tax and non-domestic rates in England, 2022 to 2023. Available at: <https://www.gov.uk/government/statistics/collection-rates-for-council-tax-and-non-domestic-rates-in-england-2022-to-2023>

council tax debt. This is an increase of 60% since the same period in 2019, and only £10 less than the average for all debt clients.

Figure 3. Average council tax debt for all Citizens Advice debt clients and debt clients recorded as receiving CTS, 2018/19 Q4 - 2023/24 Q3



Source: Citizens Advice debt data

Council tax arrears can be a slippery slope; when you miss one month's payment, you become liable for the whole annual bill. This means people can suddenly face large council tax debts.

If you fall behind on your council tax, your council can use bailiffs to recover the debt. Between 2018 and 2022, 5.7 million council tax debts were sent for enforcement.<sup>4</sup> Once instructed, bailiffs can add additional fees - £75 for making contact by letter and £235 for carrying out a home visit - which significantly increases the debt people have to repay. Bailiff action puts further pressure on people experiencing debt problems. Our research found that more than a third of people who have been contacted by bailiffs have experienced threatening or

<sup>4</sup> Ministry of Justice (2014) Review of the Taking Control of Goods (Fees) Regulations 2014.

Available at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1170373/fee-review-response.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1170373/fee-review-response.pdf)



unfair behaviour which breaks the rules.<sup>5</sup> With no statutory regulation to hold bailiffs to account, people have little to no protection when bailiffs come to their door.

Councils can also take money from your benefit payments to pay back your council tax debt. Between March 2022 and February 2023, there were more than 160,000 council tax debts registered against UC households, who would have had money taken from their UC payments as a result.<sup>6</sup> This in turn can have a knock-on impact on your ability to cover other essential costs. 1 in 5 of the people we helped with council tax debt in 2023 needed a food bank referral.

---

<sup>5</sup> Citizens Advice (2023) Bailiffs behaving badly: stories from the frontline. Available at: <https://www.citizensadvice.org.uk/policy/publications/bailiffs-behaving-badly-stories-from-the-frontline/>

<sup>6</sup> Ashworth, J. (2023) Universal Credit: Deductions. *UK Parliament: Written question*, 20 June, HC 187661. Available at:

<https://questions-statements.parliament.uk/written-questions/detail/2023-06-05/187661#>

Note: Some households may have had more than one debt registered against their UC claim, so may appear more than once in these statistics.

# Postcode lottery

---

Most current CTS schemes differ substantially from the old CTB system. When CTS was first localised, the Government reduced funding by 10%. This reduction, coupled with the subsequent decline in overall local government finance, means most councils are not able to provide the same level of support as CTB. In recent years some councils have started to make their schemes more generous, but few match the support previously available under CTB.

The variation in schemes has created a postcode lottery; the support you receive can vary massively depending on where you live.

## Minimum payments

Minimum payments are now commonplace in CTS schemes, but in our data they are associated with higher levels of council tax debt.

Under CTB, people were entitled to up to a 100% reduction on their council tax bill. Now, each local authority can set a 'minimum payment'. This is a proportion of council tax that all working-age residents must pay, regardless of income.

Approximately 70% of local authorities now have a minimum payment.<sup>7</sup> Some have exemptions, for example, if you receive the Carer Premium or Severe Disability Premium you may be able to claim an exemption in some areas.

Local authorities can set minimum payments at any level. In 2023/24, minimum payments were most commonly set at 20% of the total council tax bill. However, more than 20 local authorities have a minimum payment of 30% or more. The highest minimum payment is 50% in North Lincolnshire. This means that all working-age residents in North Lincolnshire must pay at least half of their council tax unless they're exempt. Depending on where in North Lincolnshire you live, this could be equivalent to paying up to £703.51 per year in a Band A property and £820.77 in a Band B property.<sup>8</sup>

---

<sup>7</sup> entitledto (2023) Council Tax Reduction schemes in England 2023/24. Available at: <https://www.entitledto.co.uk/blog/2023/may/council-tax-reduction-schemes-in-england-202324/>

<sup>8</sup> Author's own calculations using North Lincolnshire Council Tax per parish 2023/24. North Lincolnshire also has a band cap at Band B, meaning those living in a Band C property or higher are entitled to less than 50% support. See page 11 for more detail. Available at: <https://www.northlincs.gov.uk/wp-content/uploads/2023/03/Council-Tax-per-parish-2023-24.pdf>

In areas with a minimum payment, our advisers tell us that many people struggle to pay their bill. The cost of living crisis has made this more difficult. Even relatively small council tax bills can be enough to push people into debt. This is especially true for people on the lowest incomes who would have previously been exempt from paying any council tax because of CTB.

Karen\* lives on her own. She has several health conditions which prevent her from working. Her only income is from UC and Personal Independence Payment (PIP). She came to us for help as she was struggling to make ends meet, especially with the additional costs associated with her health conditions. She receives maximum CTS but her local authority has a minimum payment. This means she has to pay around £23 a month in council tax. If Karen lived somewhere with no minimum payment she wouldn't have to worry about meeting this extra cost. Her financial situation is exacerbating her mental health issues.

\*All names have been changed



It just seems crazy that someone who exists on £70 a week is being expected to pay £20 a month. You can see how people sitting around a policy table think 'It's only £20'. But it really negates the reality of what it's like for people at the end of the month. Their UC runs out two and a half weeks into the month. They're not going to be able to pay £20.



- Citizens Advice Adviser

In areas with no minimum payment, our advisers say this support is a lifeline for many people they help. These schemes provide both financial support and relief from the stress of debt.



Council tax can be really expensive, so not having to pay if you're on a very low income is a huge relief. But not just in the financial sense, it's one of the few debts where not paying can land someone in prison. For some clients, not having it over their head is even more valuable than the financial gain.



- Citizens Advice Adviser

We tested whether minimum payments had a significant impact on council tax debt levels among our debt clients receiving CTS. This analysis showed that our clients in areas with a minimum payment were 57% more likely to have council tax arrears than those living in areas without a minimum payment. This was the case even after controlling for differences in income and essential costs.<sup>9</sup>

Our data also suggests that the size of a minimum payment could be a predictor of council tax debt. As minimum payments increase, so does the proportion of our debt clients receiving CTS who have council tax debt.<sup>10</sup> For each 1% increase in minimum payment, we see a 0.23% increase in the proportion of our debt clients receiving CTS who have council tax debt. This means that in an area with a 50% minimum payment, we would expect to see 10% more clients with council tax debt than in an area with a 5% minimum payment, if the other factors remained the same. This suggests that it's not just whether an area has a minimum payment, but the size of that minimum payment, that can affect council tax debt levels.

## Band caps

Some councils use band caps to target support to people in lower band properties. Every property in England is in a valuation band, which determines how much council tax you pay. The cheapest properties are in Band A, and the most expensive are in Band H. A band cap limits CTS for people in properties with a council tax band above the cap, so the support they receive can't exceed the entitlement for people in properties below the cap.

---

<sup>9</sup> Energy, rent, transport (including fuel), and groceries.

<sup>10</sup> Controlling for income and essential costs.

For example, if there's a band cap at Band D and you live in a Band E property, your entitlement will be calculated as though you live in a Band D property. Your council tax liability is higher than someone in Band D, but you don't get any extra help to pay your bill.

**Example: Derby**

The table below shows the council tax liability for each council tax band in Derby City Council for 2023/24.

Derby's scheme has a 30% minimum payment and a Band A band cap. This means that someone living in a Band A property could receive up to a 70% discount on their bill. Someone living in a Band B or above property will have their entitlement calculated using the council tax liability for a Band A property.

The table also shows the minimum annual council tax liability for each band, after CTS is applied. If someone who's entitled to maximum support lives in a Band A property, they will receive a 70% discount on their council tax, which in this example is worth £937.59. But if they live in a Band D property, they still only get a reduction of £937.59, which is a 47% discount. For households like this in a Band D property, the band cap costs them an additional £468.79 per year.

Figure 5. Derby City Council CTS entitlement by council tax band

<b>Council tax band</b>	<b>Annual council tax liability</b>	<b>Minimum annual council tax liability with CTS<sup>11</sup></b>	<b>Maximum percentage reduction</b>
<b>Band A</b>	<b>£1,339.41</b>	<b>£401.82</b>	<b>70%</b>
<b>Band B</b>	<b>£1,562.64</b>	<b>£625.05</b>	<b>60%</b>
<b>Band C</b>	<b>£1,785.88</b>	<b>£848.29</b>	<b>53%</b>
<b>Band D</b>	<b>£2,009.11</b>	<b>£1,071.52</b>	<b>47%</b>
<b>Band E</b>	<b>£2,455.58</b>	<b>£1,517.99</b>	<b>38%</b>
<b>Band F</b>	<b>£2,902.05</b>	<b>£1,964.46</b>	<b>32%</b>
<b>Band G</b>	<b>£3,348.52</b>	<b>£2,410.93</b>	<b>28%</b>
<b>Band H</b>	<b>£4,018.22</b>	<b>£3,080.63</b>	<b>23%</b>

Source: Derby City Council, Council Tax 2023/24

Around a third of local authorities have introduced a band cap, most commonly at Band D. 13 local authorities have a band cap at Band A or B. Around a third of local authorities with a minimum payment also have a band cap. Local authorities with some of the highest minimum payments - North Lincolnshire (50%) and North East Lincolnshire (35%) - also have a Band B band cap.

Our advisers tell us that band caps are not an effective way to target support to those most in need. Council tax bands are based on property values from 1991, and so are more than 30 years out of date. This means that council tax bands are not always an accurate reflection of current property prices. Similarly priced properties within a local authority may be in different council tax bands, just because they were worth different amounts 30 years ago.

Moreover, housing shortages mean that people often have little choice over where they live. People aren't necessarily able to live somewhere with a low council tax band, even if they are on a low income. Our advisers flagged that even people living in temporary accommodation may not be in the lowest council tax band.

<sup>11</sup> Assuming no other discounts, reductions or exemptions apply.



We have such a housing shortage, that someone might have to take accommodation somewhere where the council tax banding is higher than is desirable because there aren't any other houses... you can't always control which band you're in because the bands are so out of date...and it's not like you can choose where you're going to live if you're short of housing.



- Local Citizens Advice Chief Executive

Some local authorities also exclude people in certain council tax bands from receiving any CTS. Rather than receiving support calculated as though you live in a lower-banded property, if you live above the cap you won't be entitled to *any* support at all. However, not everyone who lives in a higher-banded property is financially able to pay their council tax.

Elise\* lives alone and is unable to work due to a long-term health condition. She receives income-related Employment and Support Allowance (ir-ESA) as well as PIP to help cover the extra costs associated with her health condition. Elise has been struggling to pay her council tax and has fallen behind on payments, accruing more than £2000 in debt. Her local authority excludes anyone who lives in a property rated Band F or above from receiving CTS. She lives in a Band G property, so she isn't entitled to any CTS to help pay her bills. If she lived in a lower-banded property, she would be entitled to maximum CTS. Her yearly council tax liability is more than £2,500 - roughly £50 each week, which she can't afford. The stress of dealing with bailiffs and trying to set up a repayment plan for her debt is having a detrimental impact on her health.

## What this means for claimants

The differences between schemes described above mean that in practice the support you get is determined by where you live rather than your level of need. The box below shows how a fictional couple's annual council tax bill could vary from £0 to £1,003.17, just across 3 local authorities.

Michael and Kae live together in a Band C property. They receive the standard element of UC but have no other income. This means their monthly income is £578.82. If they lived in...

### **Bristol**

They would be entitled to a 100% reduction on their council tax bill. This is because Bristol City Council's scheme has no minimum payment.

Their annual bill for 2023/24 would be reduced from £2,084.65 to **£0**.

### **Southampton**

They would be entitled to a 75% reduction on their council tax bill. This is because Southampton City Council has a 25% minimum payment that all working-age residents must pay.

Their annual bill for 2023/24 would be reduced from £1,829.65 to **£457.41**.

### **North Lincolnshire**

They would be entitled to around a 44% reduction on their council tax bill. This is because North Lincolnshire Council has a 50% minimum payment and a Band B band cap.

Their annual bill for 2023/24 would be reduced from £1,783.42 to **£1,003.17**

Sources: Author's own calculations using council tax charges and bands and CTS schemes for 2023/24.

Notes: Calculations assume no further discounts, exemptions or reductions apply. Council tax liability may be higher if parish precepts apply.



# Interaction with Universal Credit

---

The introduction of UC has played a role in the changing nature of CTS schemes. Many local councils have introduced changes to their scheme to improve the interaction between the two benefits. Some councils even have two schemes - one for people receiving legacy benefits and one for people receiving UC. However, some interactions between UC and CTS are still causing problems for the people we help.

## Taper rates

Under CTB, your entitlement gradually 'tapered' off as your income increased. For every £1 of income earned over the applicable amount, your CTB entitlement decreased by 20p.<sup>12</sup>

Most local authorities have maintained this taper system, which is applied on top of the UC earnings taper of 55%. This means that for every pound you earn, your UC is reduced by 55p.<sup>13</sup> The CTS taper is then applied to the remaining income. This means that for someone receiving both UC and CTS, for each additional £1 of earnings, they lose 64p in benefits. This is known as a 64% marginal deduction rate (MDR).

20 local authorities have changed the CTS taper rate, generally by increasing it. The highest taper rate in a CTS scheme is 35%, meaning that for every £1 you earn over the applicable amount, you lose 35p of your CTS discount. When combined with the UC taper, this creates a 71% MDR, meaning that for every £1 of additional earnings, you lose 71p. These high MDRs can make it less worthwhile for people to take on additional hours at work, and so could act as a disincentive to increase earnings.

---

<sup>12</sup> Applicable amounts are national figures set by the Department for Work and Pensions (DWP), intended to reflect the amount of money someone needs to cover their basic needs. This amount is based on your circumstances including who you live with, if you are disabled and if you have any caring responsibilities. Applicable amounts are equal to benefit levels.

<sup>13</sup> Some people may be entitled to receiving some earnings before their UC payment starts to be affected. This is called a Work Allowance.

## Income-banded schemes

Around a third of local authorities now have an 'income-banded' scheme instead of a taper. This means your entitlement is fixed according to which income band you fall into. Instead of support gradually changing as your income changes, it stays the same unless your income moves to a different band. Some schemes have one set of income bands for everyone, others have different bands depending on your household type or other characteristics.

Income-banded schemes can help reduce the administrative burden for councils. The introduction of UC caused some difficulties for local authorities because UC entitlement tends to fluctuate more frequently than legacy benefits. This means that local authorities receive a large number of notifications about changes in circumstances for UC claimants. In a scheme without income bands, each notification means CTS has to be recalculated for that claimant. Income-banded schemes mean entitlement only has to be recalculated if a claimant moves between income bands.

### **Example: Basildon**

The table below shows the income bands for Basildon Borough Council's 2023/24 CTS scheme. Entitlement increases or decreases in increments of 25% depending on which band your income falls into. Entitlement also varies according to your household type. Someone with no dependants earning £250.01 per week would receive no CTS. Someone on the same income with two dependants would receive a 50% council tax discount.

	Weekly Income & Discount (%)				
	£0 - £100	£100.01 - £175	£175.01 - £250	£250.01 - £325	£325.01 - £400
<b>No dependants</b>	75%	50%	25%	0%	0%
<b>One dependant</b>	75%	75%	50%	25%	0%
<b>Two or more dependants</b>	75%	75%	75%	50%	25%

Our advisers tell us that there are some benefits to income-banded schemes. They mean your entitlement is less likely to change if your income changes. This

reduces excessive communication when people's entitlement fluctuates, which can cause stress and confusion for the people we help.



It's much less complicated; the new system. It used to be fiendishly complicated...You'd get people coming in because their wages went up and down every week. And they'd get 70-page recalculation letters. These huge great, big wads of paper...The new system is much simpler, you're in a bracket and it's much less likely you're going to change.



- Citizens Advice Adviser

However, income-banded schemes can create cliff edges in support. If your income moves between two income bands, it can lead to big changes in entitlement. In Basildon, for example, an increase of just £1 in income could halve your CTS entitlement.



A couple of pounds extra and that's it. You've lost your 50% [council tax reduction] and you're down to 25% or nothing.



- Citizens Advice Adviser

Kristina\* lives with her partner and son, both of whom are disabled. Their only source of income is from benefits - they receive UC, PIP and Disability Living Allowance (DLA). Their local CTS scheme is income-banded. Their income from benefits falls just above the threshold to receive any support from CTS. If their benefit entitlement was only slightly lower, they would fall into the next income band. The next income band down usually entitles households to a 25% discount, but because of receiving disability benefits, they would receive a 75% discount. Instead, they receive no discount. Because of the lack of support, they owe nearly £1,000 in council tax debt. Kristina has a mental health condition and her concerns about debt are making it difficult to cope.

When designing an income-banded scheme, local authorities must decide how to calculate income. Some schemes only consider earnings as income. Others may consider elements of UC or other benefits as income.

For example, Somerset Council introduced an income-banded CTS scheme for 2023/24. In the new scheme, the housing element of UC is disregarded as income. All other UC elements are included in income calculations. This includes the limited capability for work and work-related activities (LCWRA) element of UC. You might receive LCWRA if you have a disability or health condition that affects your ability to work and look for work. Some people who receive LCWRA were previously entitled to maximum CTS. Under the new scheme, they may be classed as having a higher income and lose a significant proportion of that support. Somerset is not alone: only around a third of schemes disregarding some of the UC award disregard the LCWRA element.<sup>14</sup>

Tracy\* lives with her partner and children, one of whom is severely disabled. She previously received maximum CTS from her local authority, which gave her an 80% discount on her bill. However, a new local scheme has changed the way her income is calculated. The local authority doesn't disregard money received for the LCWRA element, Carer's Element and disabled child addition of UC, and instead considers these as income. This means she has been placed in a high income band, even though her financial situation hasn't changed. This has severely reduced the amount of CTS she is entitled to and she is now falling behind on her payments.

These income rules can cause particular issues for people moving from legacy benefits to UC. Some councils will award maximum CTS to people receiving certain legacy benefits. However, if that person moves to UC, the same exemption may no longer apply. Instead, the extra elements of UC they are entitled to may be counted as income, and therefore decrease their entitlement. Analysis by entitledto found that 64 income-banded schemes include at least

---

<sup>14</sup> entitledto (2023) Council Tax Reduction schemes in England 2023/24. Available at: <https://www.entitledto.co.uk/blog/2023/may/council-tax-reduction-schemes-in-england-202324/>

some part of UC as income. At the same time, of these, 52 protect those on Income Support (IS), ir-ESA and income-based Jobseeker's Allowance (JSA) by awarding maximum CTS. Only 4 schemes protect those receiving maximum UC in the same way.<sup>15</sup>

Gail\* lives on her own and has several long-term health conditions. She came to us for help to apply for CTS. She currently receives legacy benefits, including ir-ESA. Due to a recent change in circumstances she applied for UC. Her local council's scheme means she is currently entitled to a 75% council tax discount because she receives ir-ESA. However, once Gail migrates to UC she will only be entitled to a 35% discount. This is because the money she'll receive from the LCWRA element of UC will count as income. Even though her health and ability to work haven't changed, she'll have to pay significantly more council tax, just because she's moved to UC.

---

<sup>15</sup> entitledto (2023) Council Tax Reduction schemes in England 2023/24. Available at: <https://www.entitledto.co.uk/blog/2023/may/council-tax-reduction-schemes-in-england-202324/>

# Take-up and awareness

---

CTS is a massively underclaimed benefit. As of December 2023, there were approximately 2.3 million CTS claimants of working-age, and 1.4 million claimants of pension-age.<sup>16</sup> According to research by Policy in Practice, take-up of CTS is only 62%, with 2.7 million people missing out on £2.8bn worth of support.<sup>17</sup>

Our advisers flag 2 major barriers preventing people from accessing CTS; digital exclusion and lack of awareness.

## Digital exclusion

Digital exclusion is a significant barrier preventing the people we help from accessing CTS. An estimated 2.1 million people in the UK are offline, and around 4.7 million people can't connect to Wi-Fi.<sup>18</sup> The cost of living crisis has pushed more people away from digital access. Citizens Advice polling in June 2023 found that an estimated 870,000 people lost access to broadband in the past 6 months because their household couldn't afford it. People on UC were more than 8 times as likely to have disconnected than people not receiving the benefit.<sup>19</sup>

With CTS applications now almost entirely online, people who lack digital skills, devices or connectivity experience major difficulties applying for the benefit. Application forms and council websites are often difficult to use. Some of our clients have been unable to apply online due to not having an email address.

---

<sup>16</sup>Department for Levelling Up, Housing and Communities (2024) Local Council Tax Support, snapshot as at 31 December 2023 (Q3). Available at:

<https://www.gov.uk/government/statistical-data-sets/live-tables-on-local-government-finance>

<sup>17</sup> Policy in Practice (2023) Missing out: £19 billion of support goes unclaimed each year. Available at: <https://policyinpractice.co.uk/wp-content/uploads/Missing-out-19-billion-of-support.pdf>

<sup>18</sup> Lloyds Bank Consumer Digital Index 2023. Available at:

<https://www.ipsos.com/sites/default/files/ct/publication/documents/2023-11/lloyds-consumer-digital-index-2023-report.pdf>

<sup>19</sup> Based on analysis of an online poll conducted by Walnut Unlimited for Citizens Advice. A nationally representative sample of 4,268 adults aged 18+ in the UK were surveyed. The figures have been weighted and are representative of all UK adults (18+). Fieldwork was conducted between 2nd — 12th June 2023. Walnut's social research team is a member of the British Polling Council and abides by its rules.

Others have had claims rejected or closed because their application had not been completed properly. For example, this might be because they've been unable to upload the necessary documents to accompany their application.



It's online, and if you ring up, you hear the message 'Please go to our website'. But not everybody can because their broadband may have been disconnected because they can't afford it. Or they can't read or write, or can't use a laptop or use the internet. It can be so overwhelming for people.



- Citizens Advice Adviser

Our advisers say that digital exclusion can be especially difficult for older people, disabled people and people with long-term health conditions. While more people have got online in recent years, our advisers say the impact on those who are still excluded has worsened. Paper application forms are no longer available from many councils or have to be specifically requested. Some say it has become harder to contact the council for help with the online process. In some cases, contact details have been removed from local authority websites or phone numbers have been replaced with online contact forms.

Digital exclusion can also affect awareness of CTS. Online tools like benefit calculators and local authority websites can help people understand what CTS is and whether they might be eligible. Without access to these resources, people are less likely to be aware of, and apply for, the benefit.

## **Awareness and understanding**

Our advisers tell us that many of the people we help are either not aware of CTS or don't realise that they are eligible to receive it. Many advisers flag that people are not always advised to apply for CTS in relevant dealings with their local authority or with the Department for Work and Pensions (DWP).

What's more, the fact that CTS is a separate benefit from UC creates an additional barrier to uptake. Because UC combines several pre-existing benefits, some people assume that any discount they are entitled to on their council tax bill will be automatically deducted from their bill once they are receiving UC.

This can particularly be an issue for people moving from legacy benefits to UC. Our advisers tell us people can miss out on CTS because they didn't realise they needed to make a new application once they moved to UC. Our advisers also say people don't always realise that when they have a change in circumstances - like moving house - they need to make a new CTS claim.

For many of the people we help, missing out on CTS due to a lack of awareness can lead to a build-up of debt and risk of court action. Some of our advisers say that their local authority refuses to backdate successful applications, meaning people's entitlement is lost permanently. This can have a major impact on people's ability to cover their basic costs, as well as taking a toll on stress levels and mental wellbeing.

Scott\* has been receiving UC for a few years but didn't realise he needed to apply for CTS separately. As a result, he has racked up nearly £1,500 worth of council tax debt. After receiving advice from his local Citizens Advice, his son is now helping him to apply for CTS as his mental health condition makes it difficult for him to apply independently. If successful, his bill should be reduced from around £20 a week to less than £2. However, his local authority only offers up to a month's backdated CTS payments, meaning he will still be left in an impossible financial position. This had already had a severe impact on his health.

## Automation

Some local authorities have automated the process of CTS applications for new UC claimants. When someone makes a UC application, they're asked if they are happy for the information they provide to be shared with their local authority. If they agree, the local authority receives a notification and details of the new claim. Some local authorities use this information to automatically process a CTS application for that person. This means that you don't have to make a separate CTS and UC claim. In areas where automation takes place, our advisers say the system works well.



However, local authorities are not currently able to access the data needed to automatically process CTS claims for pre-existing UC claimants, or for legacy benefits claimants. This means that even in areas where CTS applications have been automated, there are still groups of people who don't benefit.

# What's next?

---

The combination of localisation and underfunding of CTS has created a postcode lottery. Less generous schemes are associated with higher levels of council tax debt, which can lead to bailiff enforcement and benefit deductions. What's more, millions of people are missing out on the support they're entitled to altogether, because of factors like lack of awareness and digital exclusion.

Councils nationwide are facing increasing financial pressure, with some effectively declaring bankruptcy and others expected to follow suit.<sup>20</sup> As local authorities try to make savings, CTS budgets are at further risk.

What's more, many council tax bills across the country are set to rise in the new financial year, by an average of 5.1% for those living in a Band D property.<sup>21</sup> This means many households could face a double whammy: higher council tax bills and less support to pay them.

## Recommendations

No benefit entitlement should rest on a postcode lottery. Below are recommendations which, individually or together, could lead to a more equitable benefit. Some of these are changes in practice, and some would require investment in schemes to make them more generous. Shifting the dial on CTS will take a joined-up approach between local and central government. There are steps councils can take, but ultimately help is needed from central government to ensure each authority has the funding it needs to meet demand in its area.

---

<sup>20</sup> LGA (2023) Section 114 fear for almost 1 in 5 council leaders and chief executives after cashless Autumn Statement. Available at: <https://www.local.gov.uk/about/news/section-114-fear-almost-1-5-council-leaders-and-chief-executives-after-cashless-autumn>

<sup>21</sup> Department for Levelling Up, Housing & Communities (2024) Council Tax levels set by local authorities in England 2024 to 2025. Available at: <https://www.gov.uk/government/statistics/council-tax-levels-set-by-local-authorities-in-england-2024-to-2025/council-tax-levels-set-by-local-authorities-in-england-2024-to-2025>

## Reducing the harms of council tax debt collection

1. **Exempt people receiving CTS from bailiff action.** Some councils have already adopted this approach, which protects people on low incomes from action which isn't appropriate for their circumstances.

## Reducing the CTS postcode lottery

2. **Remove minimum payments where possible** so that those on the lowest incomes are protected from council tax debt. Minimum payments are associated with higher levels of debt and should be avoided or kept as low as possible.
3. **Remove band caps** so people aren't penalised by an outdated system. Council tax bands aren't always a good indicator of people's ability to pay council tax. Without significant reform, they are not an effective way to target support to those most in need.

## Improving interaction with UC

4. **Keep CTS taper rates at or below 20%** to recognise the poor work incentives created by the double taper effect of UC and CTS.
5. **Disregard all non-standard elements of UC in income-banded CTS income calculations.** Claimants should not be penalised with higher council tax bills for receiving additional elements of UC like LCWRA, childcare or carer elements.

## Increasing take-up

6. **Make paper form applications for CTS readily available and widely publicised.** This will ensure that digitally excluded claimants have better access to support. Local authorities should also offer support for residents struggling to navigate the application process.
7. **Automate the CTS claims process** so that no one misses out on support because of a poorly designed system that sees CTS sit outside of UC. Some local authorities are already doing this, ensuring that as many eligible claimants as possible receive support. The DWP should work with local authorities to improve data sharing in order to expand automation to include legacy benefits and existing UC claimants.

# Methodology

---

These analyses are based on a dataset of 5,566 debt clients we helped in 2023/24 who lived in England and were in receipt of CTS, and data provided by entitledto about CTS schemes:

- 1. Our clients in areas with a minimum payment were 57% more likely to have council tax arrears than those living in areas without a minimum payment.**

We used a logistic regression model to examine the relationship between living in an area with a minimum payment and having council tax debt. The odds ratio was 1.57, indicating that individuals living in an area with a minimum payment have 1.57 times the odds of being in council tax arrears compared to individuals who live in an area with no minimum payment. We controlled for income and essential expenditure (energy, rent, transport (including fuel) and groceries).

- 2. For each 1% increase in minimum payment, we see a 0.23% increase in the proportion of our debt clients receiving CTS who have council tax debt.**

We used a linear regression model to examine the relationship between different predictors and the percentage of our clients with council tax debt. The coefficient for the minimum payment level was 0.23, suggesting that for each unit increase in minimum payment, there's an associated increase of approximately 0.23 percentage points in the debt percentage, holding other variables constant. The results were statistically significant to a 95% confidence level. The model accounts for a significant proportion of the variability in debt percentages, however, other unmeasured variables might also play a significant role in determining debt percentages.

# Citizens Advice helps people find a way forward.

We provide free, confidential and independent advice to help people overcome their problems. We are a voice for our clients and consumers on the issues that matter to them.

We value diversity, champion equality, and challenge discrimination and harassment.

We're here for everyone.

**[citizensadvice.org.uk](https://citizensadvice.org.uk)**



Published April 2024.

Citizens Advice is an operating name of The National Association of Citizens Advice Bureaux.

Registered charity number 279057.