

Council Tax Support Scheme consultation

Frequently Asked Questions

The proposed change to the Scheme will affect only those who both work and receive Universal Credit.

Q. What is Council Tax?

The Council Tax that is collected funds local services provided by the Council.

Council Tax is based on the value of the property you live in. The level of Council Tax your household is required to pay is based on the band of the property (for example, Band D), and can be reduced by discounts, exemptions, Council Tax Support and Council Tax Support Hardship for which your household qualifies.

As a London borough we also collect money as part of the Council Tax for the Mayor of London to provide police, fire, and public transport services. This amount is included in your Council Tax bill.

Q. What is Council Tax Support?

Council Tax Support (also known as Council Tax Reduction) is a benefit to help people on a low income get a reduction in the amount of Council Tax they are being asked to pay.

The scheme is funded by the Council with 1 in 3 households in Enfield receiving Council Tax Support. In this financial year the scheme will reduce council tax income by £38.5m.

Council Tax Support reduces Council Tax bills by up to 75.5% for some working age households, with the household paying a minimum of 24.5%. Some other households claiming Council Tax Support may pay more Council Tax than this minimum payment due to the level of Council Tax Support received, based on the household's income and circumstances.

The amount of Council Tax Support awarded depends on the type of household (pensioner, single, couple, family, disability), the Council Tax Band, what income is received and whether an income and circumstances calculation is needed.

- Pensioners and those in the **protected groups** (see below) will have their award based on 100% of the Council Tax and the minimum payment will be £0.
- Those of working age and not in the **protected groups** (see below) will have their award based on 75.5% of the Council Tax and the minimum payment will be 24.5%
- Those in receipt of Income Support, Income based Job Seekers Allowance, Employment Support Allowance, Pension Credit and Universal Credit (regardless of whether this is an out of work or an in-work benefit) will get the maximum Council Tax Support (either 100% or 75.5% depending on whether protected or not)
- Those not in receipt of these out of work benefits, pension credits or Universal Credit will have a calculation based on income and needs. If there is excess income above needs (applicable amount figures provided by the Government) then Council Tax Support payments will reduce from the 100% or 75.5% starting point by a taper of 22.5% of the excess (above the applicable amount figures provided by the government)

There is currently inequity in the system which is why we are proposing to change it. Universal Credit claimants working do not have this taper arrangement in place to reduce the Council Tax Support they receive due to level of earnings. This means that those claiming Universal Credit who work pay less Council Tax than those working but claiming other benefits e.g. Working Tax Credit. We are proposing to change our scheme to ensure both sets of claimants pay similar amounts.

Protected groups

The Council's Scheme provides additional support for particularly vulnerable households listed below. These households are not required to pay a minimum contribution to their council tax bill, albeit that Council Tax Support is still based on the householder's income, savings and circumstances. These groups are known as '**protected**' because they are protected from paying the minimum amount:

- War Widows
- A Claimant or partner in receipt of Carers Allowance
- A Claimant or partner in receipt of High-Rate Disability Living Allowance (Mobility and Care component) or Enhanced Personal Independence Payments (Daily Living and Mobility Component)
- A Claimant or partner in receipt of the support component of Employment and Support Allowance
- A Claimant or partner who are Foster Carers and who were recruited and trained by Enfield Council
- Care Leavers under 25 years old

Q. Who receives Council Tax Support?

Households on low incomes qualify for Council Tax Support. It is a means tested scheme that considers the circumstances of a household, including but not limited to:

- Employment status
- Income
- Benefits received
- Savings, pensions and investments
- Property
- Who lives in the property (for example, a partner and children)

Q. What is the Council's proposal for the Council Tax Support Scheme in 2023/24?

The Council is proposing to introduce an earned income banded scheme for **those households claiming Universal Credit**, based on net earned income and household type.

There is currently inequity in the system which is why we are proposing to change it. Universal Credit claimants working receive more Council Tax Support and pay less Council

Tax then those working but claiming other benefits e.g. Working Tax Credit. This proposal will align these two groups of claimants to make the scheme fairer.

The table below will give you an idea of how much Council Tax households claiming Universal Credit will be asked to pay based on earnings and household circumstances. The income bands align the Council Tax Support awards for working households in receipt of an in-work legacy benefit (for example, working tax credit). Income bands will increase annually in line with Government benefit uprating, linked to the rate of inflation.

The table below displays how, should the proposal be implemented, the levels of Council Tax Support provided depending on household type and income.

Bands	Examples of household type				Not protected group		Protected group	
	Single Weekly net earned income	Couple Weekly net earned income	Family with 1 dependent Weekly net earned income	Family with 2 or more dependents Weekly net earned income	Maximum CTS (%)	Minimum Council Tax to be paid (%)	Maximum CTS (%)	Minimum Council Tax to be paid (%)
1	0	0	0	0	75.5	24.5	100	0
2	Between £0.01 and £95.00	Between £0.01 and £135.00	Between £0.01 and £185.00	Between £0.01 and £235.00	60	40	84.5	15.5
3	Between £95.01 and £145.00	Between £135.01 and £185.00	Between £185.01 and £235.00	Between £235.01 and £285.00	45	55	69.5	30.5
4	Between £145.01 and £195.00	Between £185.01 and £235.00	Between £235.01 and £285.00	Between £285.01 and £335.00	30	70	54.5	45.5
5	Between £195.01 and above	Between £235.01 and above	Between £285.01 and above	Between £335.01 and above	15	85	39.5	60.5

Earnings are based on **net earnings** as calculated within your Universal Credit payment.

Deductions from your Council Tax Support for 'non-dependant adults' who live with you (like an adult child, parent, friend etc.) may be made based on their income and circumstances. This is known as a 'non-dependant deduction'. If you or your partner have savings of over £16,000 you will not be eligible to receive Council Tax Support.

Q. If implemented, how would the proposal impact on me?

If you are working and in receipt of Universal Credit from 1 April 2023 you will be impacted by this change. The proposal, if implemented, will be in place from 1 April 2023.

The following table shows the impact of four */-different household types with various levels of net earned income receiving Universal Credit

- Column F shows what the current award is based on a band C property with no discount. This is either 75.5% of the council tax charge if not protected or 100% if protected
- Column G shows what the current amount of Council Tax being asked to pay. This is either 24.5% if not protected or 0% if protected
- Column H shows the change of award under the new proposals from the award in Column F (based on 22/23 rates)
- Column I shows the change in Council Tax to pay under the new proposals from the amount to pay in column G

A	B	C	D	E	F	G	H	I	J
Household Type (see Table)	Protected (Y/N)	Council Tax based on 22/23 band C property charge (no discount)	Council Tax charge per week	Net Earned Income (with Universal Credit) per week	Current weekly Council Tax Support award for 22/23	Current amount of Council Tax to pay for 22/23	Proposed scheme - Council Tax Support award 23/24	Proposed scheme Amount of Council Tax to pay 23/24	Band Type (see Table)
Single	N	£1,637.08	£31.40/wk	£80/wk	£23.71/wk	£7.69/wk	£18.84/wk (60% of £31.40/wk)	£12.56/wk (40% of £31.40/wk)	2
Family with 1 dependent child	N	£1,637.08	£31.40/wk	£200/WK	£23.71/wk	£7.69/wk	£14.13/wk (45% of £31.40/wk)	£17.27/wk (55% of £31.40/wk)	3
Family with 2 or more dependent children	N	£1,637.08	£31.40/wk	£300/wk	£23.71/wk	£7.69/wk	£9.42/wk (30% of £31.40/wk)	£21.98/wk (70% of £31.40/wk)	4
Couple	Y	£1,637.08	£31.40/wk	£250/wk	£31.40/wk	£0.00/wk	£12.40/wk (39.5% of £31.40/wk)	£19.00/wk (60.5% of £31.40/wk)	5

Q. My earned income changes every month. How will this proposal impact me and the changes to Council Tax Billing?

If you remain on Universal Credit and your net earned income changes:

- There will be no change to your award if the change remains in the same band for your household type
- If the change takes you into a different band, your Council Tax Support award will change, and you will receive a revised Council Tax bill for the remainder of the financial year. The bill will either:
 - reduce if earnings decrease or
 - increase if earnings increase

Q. Why is the Council recommending an earned income banded scheme for households in receipt of Universal Credit?

The Council is proposing to change the scheme for the following reasons:

1. Consistency and fairness

Calculations for the Council Tax Scheme are different for those who receive Universal Credit than those who do not. To ensure consistency with non-Universal Credit assessments the Council is proposing to introduce an earned income banded scheme

- Universal Credit can be an out of work benefit (replaced Income Support, income based job seekers allowance and employment support allowance) or an in-work benefit (replaced tax credits) but there is no distinction in the current Council Tax Support Scheme. Both those working and those not working, with the same circumstances, get the same amount of Council Tax Support.
- For those not on Universal Credit and working, their award is based on the income they received compared to their needs (applicable amount figures provided by the government). Council Tax Support payments are reduced from the 100% or 75.5% starting point by 22.5% of the excess.

The Government are moving more and more households on to Universal Credit and this change will ensure those who receive Universal Credit are treated the same as those who do not receive Universal Credit.

2. Alignment of rules with Universal Credit calculation

The proposed earned income banded scheme only considers earnings above the Universal Credit standard allowance and top up amounts for children, disability, and other additional needs. The Council Tax Support will not change if the Universal Credit allowance changes as this reflects the Government assessment of need. Income like Disability Living Allowance, War Pensions and Child Benefit will continue to not be included in the calculation.

3. Minimising the number of existing households impacted

If the proposal is implemented from 1 April 2023, over 80% of existing households in receipt of a Council Tax Support will not be impacted, including:

- Not in-work households receiving Universal Credit. These households will continue to receive the maximum 75.5% Council Tax Reduction award
- Households not receiving Universal Credit will continue to be assessed in accordance with the Council Tax Support Scheme rules aligned with Housing Benefit which consider earnings
- Pensioners will continue to be assessed in accordance with the statutory scheme

There are approximately 15,000 households currently in receipt of Universal Credit of which 6,500 are working and would be impacted by this change. Out of 35,500 total households in receipt of Council Tax Support, 29,000 households would see no change.

4. Modernisation

The proposal will update the basis of assessment for the working age Council Tax Support Scheme to allow for the smooth transition for the remaining non-Universal Credit households. The Scheme will allow for the Council to respond to Government changes to welfare benefits to be incorporated into the Council Tax Support Scheme without major changes to the financial assessment process. Most information required to assess the Council Tax Support for the earned income banded scheme will be available from the assessment of Universal Credit. This will keep the cost to the Council of administering the Council Tax Reduction Scheme as low as possible, avoiding the need to ask households for information they have already provided to the Department of Work and Pensions.

If your income goes up or down but stays within the same band, the amount of Council Tax you pay won't change. This reduces the regular monthly changes brought about by Universal Credit and therefore reduces the possibility of monthly Council Tax rebilling. The Council Tax Support earned income assessment will use the Universal Credit household earnings figure which will ensure consistency and transparency. The proposed Council Tax Support Scheme ensures it remains affordable to Enfield Council Taxpayers.

Q. Why is the Council proposing to change the scheme now?

The Council intended to review the Council Tax Support Scheme for 2020/21 before most working households transferred to Universal Credit but this was not possible or appropriate due to the pandemic. This is the earliest opportunity the Council has had to present proposals to change the scheme to residents.

Q. Will the proposals impact pensioners?

No. The proposal only affects working age households, working in receipt of Universal Credit.

Q. What alternatives were considered by the Council?

The Council considered not making any changes. However, this would mean that the inconsistency in Council Tax Support calculations would continue between those who receive Universal Credit and those who do not, and the overall cost of the Council Tax Support Scheme would continue to rise as households transfer across to Universal Credit.

Q. Does the Council provide any additional support for those experiencing financial difficulties where Council Tax Support does not meet the full cost of Council Tax?

In recognition of the difficulties faced by households in receipt of Council Tax Support, the Council introduced, and has maintained, a discretionary Council Tax Support Hardship Scheme. Households facing exceptional financial hardship can apply to the Hardship Scheme and receive help with their Council Tax. A resident may be eligible for a Council Tax Support Hardship payment if they are:

- Registered as a Council Taxpayer
- In receipt of Council Tax Support
- Actively taking steps to address the financial hardship they are facing

Details on how to apply for the Hardship Fund are on our website

<https://www.enfield.gov.uk/services/benefits-and-money-advice/council-tax-hardship-scheme>

In 2021/22, £288,365.80 was awarded to 1225 households and £600,000 has been set aside for 2023/24.

Q. How can residents check whether they are likely to be impacted by the proposal?

One-to-one sessions

If you would like to discuss the proposals over the phone or face-to-face, please email us (haveyoursay@enfield.gov.uk) and provide your name, address, and contact details so that call back or email response can be given. These sessions are only intended for discussing the proposals.

Q. How can local groups and organisations tell the Council their views on the proposal?

There are four ways in which individuals and representatives from organisations can get involved.

Online questionnaire

- The online questionnaire, and accompanying information, can be accessed at www.enfield.gov.uk/haveyoursay
- At the end of the questionnaire, you press the 'Submit' button and the completed questionnaire will be sent to us
- A link to a questionnaire and accompanying information has been sent to key Third Sector organisations in Enfield who, for example, represent groups such as those with disabilities and the elderly, or provide advice relating to financial matters

Email your feedback

- If you do not wish to complete a questionnaire, please email us your views at haveyoursay@enfield.gov.uk. Please note, if you send us your feedback via questionnaire, we assure confidentiality.