



# COUNCIL TAX SUPPORT

Consultation information  
29 July - 22 September 2019

**A**s the councillor with responsibility for finance, it is my job to make sure Harrow Council has enough money to carry out its duties – from picking up bins to protecting children and the elderly. Council tax is the main way that we pay for those services.

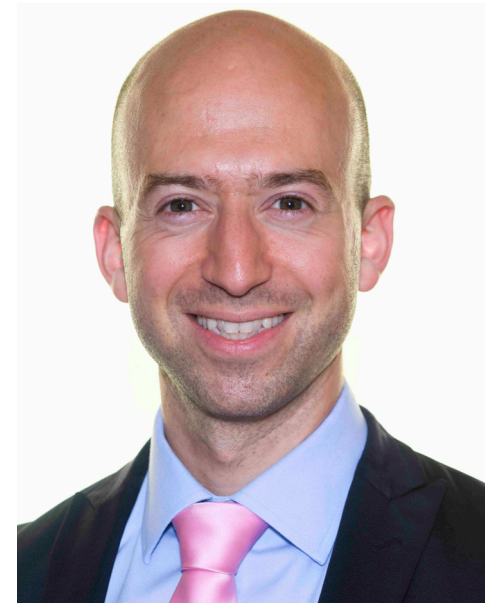
It's fair to say no one likes paying tax! Unfortunately, I can't make Council services free. But I can try to make sure that those with the broadest shoulders bear the greatest burden.

At a time when our most vulnerable residents are being hit by the effects of central government austerity, we need to do what we can to lighten their load. Council Tax Support, a programme of relief for our worst-off local tax payers, is one way we can do this.

We have run Council Tax Support in Harrow since 2013. Since then, Universal Credit has been introduced, overhauling much of the benefits system and making our local support scheme outdated.

We need to update our scheme. We're not cutting funding – but any changes may make some people better off while others get less than before.

We have come up with what we



think is the best and fairest way to update Council Tax Support in Harrow. Now we need your help to get this right.

You need to tell us if you think our changes are right or wrong. This will allow us to make adjustments before we put the changes into operation next year.

Please take the time to read our ideas and respond. You can get in touch by email or phone, from now until 22 September.

**Cllr Adam Swersky**  
**Cabinet Member for Finance**  
**and Major Contracts**

## Introduction

We are proposing to modernise Harrow's Council Tax Support in response to Universal Credit.

Residents who need help with Housing Benefit and Council Tax Support from the Council, would normally claim both together.

This allows the Council to use the same information to assess entitlement to both. Housing Benefit requires a complex means assessment and claimants often need to provide a lot of information and evidence.

As residents of working age will claim housing costs assistance from Universal Credit in the future, there is an opportunity to simplify the Council Tax Support scheme.

During the first year of Universal Credit being rolled out in Harrow, there has been a drop in the number of claimants receiving Council Tax Support.

This may be because residents previously claimed Council Tax

Support at the same time as Housing Benefit and did not expect to submit a separate application to the Council for help with their Council Tax.

There is also a risk that some claimants could see monthly changes to their Universal Credit entitlement. This could mean a corresponding change to their Council Tax Support entitlement, making it more difficult for claimants to understand and know what Council Tax to pay.

We are proposing the changes opposite to make it easier to claim Council Tax Support. We want to hear your views. Fill in the survey that accompanies this booklet and return it to us at

**Council Tax Support Consultation**  
**PO Box 730**  
**Harrow Civic Centre,**  
**Station Road, HA1 2DU**

You can also respond online or contact us by email or phone using the details at the back of this booklet.

## Summary of changes to Council Tax Support

1. Introduce a banded income scheme for Universal Credit claimants claiming Council Tax Support (see page 8)
2. Introduce a single non-dependant deduction for claims on the income banded scheme (see page 14)
3. Treat a Universal Credit notification from the Department for Work and Pensions (DWP) as a claim for Council Tax Support (see page 16)
4. Make Universal Credit entitlement a condition for receiving Council Tax Support for working age people once Universal Credit rollout in Harrow is complete. (see page 16)

We have also considered alternatives to this proposal including making no changes to the existing scheme; introducing fixed period awards; and not making Universal Credit a qualifying condition, but determined that the proposals set out in this consultation are the most

appropriate to address the issues that Universal Credit is creating for Council Tax Support. The draft Council Tax Support scheme that contains these changes can be found online [www.harrow.gov.uk/ctsconsultation](http://www.harrow.gov.uk/ctsconsultation). A summary of the proposals is set out in this booklet.

## What is Council Tax Support?

Council Tax Support (CTS) is a local discount scheme that provides financial support to Harrow Council Tax payers of working age on low incomes or receiving benefits.

The current scheme was implemented in 2013 and must be reviewed annually by law, but it has remained largely unchanged since its introduction.

However, due to the roll out of Universal Credit, we are now proposing to modernise the Council Tax Support scheme to bring it in line with these changes.

## Why is Harrow proposing changes to the way Council Tax Support is paid?

The “roll out” of Universal Credit in Harrow started in 2018 and current Government plans are that nationally residents entitled to Universal Credit will transfer from their existing welfare benefits by

2023. This will mean that many of our current working age Housing Benefit claimants will claim and receive assistance for their rent via the Department for Work and Pensions (DWP) rather than from the Council. As Council Tax Support is currently administered jointly with Housing Benefit by Harrow Council, we are proposing options for modernising the scheme to provide for this situation.

The introduction of Universal Credit also brings opportunities to make the Council Tax Support scheme less complex and easier for people to claim.

## Why am I being asked for my views?

Apart from pensioners for whom the local Council Tax Support scheme shall remain unchanged, everyone currently entitled to Council Tax Support will ultimately be subject to the new scheme, so it's important to have your say.

As the scheme concerns Harrow's local approach to support for Council Tax and consequently how Council Tax income is spent, we are keen to receive views

from all residents regardless of whether or not they currently are receiving Council Tax Support. The information provided will be treated confidentially.

We are committed to giving you the opportunity to comment on our proposed options for changes to the scheme and are therefore undertaking consultation between Monday 29 July 2019 and Sunday 22 September 2019 inclusive to give you the chance to have your say.

We have selected this timescale in order for responses to the consultation to be considered and the scheme determined within the Council's budget setting timetable for the financial year commencing 1st April 2020.

## How does Council Tax Support work now?

The current Council Tax Support scheme, introduced in 2013, was developed by the Council asking residents for their views. The feedback provided was used to shape the scheme that is currently in place in Harrow. The current Council Tax Support Scheme has three groups of

claimants:

1. Pensioners – who are not affected by the proposed changes under this consultation because the pensioner scheme is set by government.
2. Working Age Disabled and War Pension recipients (working age) – which consists of households where the customer, a partner or a dependent child is physically or mentally disabled and receives one of the following: Personal Independence Payments, Disability Living Allowance, Employment Support Allowance (Support group), Incapacity Benefit, Mobility Supplement, Severe Disablement Allowance; residents who are registered blind; residents for whom a disabled person's reduction has been awarded; or anyone who is working age and receiving War Disablement Pension or War Widows Pension.
3. All other working age – this group is for residents who do not fall into either of the above categories.

Claimants will receive different amounts of Council Tax Support depending on a number of factors including which of the above groups they fall into, their income level and their household

composition. Harrow's current Council Tax Support scheme is available online at [www.harrow.gov.uk/counciltaxsupport](http://www.harrow.gov.uk/counciltaxsupport)

In 2019/20 Harrow expects to spend £13.8 million on Council Tax Support for around 11,800 households. Around 6,700 of these are of working age and could be affected by the proposals set out within this consultation.

## Banded Income Scheme

The existing means-tested system would remain until the rollout of Universal Credit in Harrow is complete. This means that existing Council Tax Support claimants of working age that do not receive Universal Credit will continue to have their Council Tax Support entitlement determined under the Council's existing scheme arrangements until either they start to receive Universal Credit, or Universal Credit rollout is complete in Harrow, whichever is earlier.

This proposal will make the process of applying for Council Tax Support simpler as less information is required to assess entitlement.

It will be easier for claimants to understand how much they are entitled to and they will have fewer changes to entitlement as their Universal Credit fluctuates. It is also expected to prevent an increase in administration costs for the Council in response to Universal Credit.

Our proposed scheme will use the claimant and partner's gross earned income to work out how much Council Tax Support the household is entitled to. The amount awarded would also depend on whether the claimant was single; had a partner and no children; had a partner with children; or if they were a lone parent. A different rate of Council Tax Support would also be awarded if the household is classified as disabled. We are not proposing to change the criteria for classifying a household as disabled but will keep it as in the current scheme:

**Working Age Disabled and War Pension recipients (working age)** – which consists of households where the customer, a partner or a dependent child is physically or mentally disabled and receives one of the following: Personal

Independence Payments, Disability Living Allowance, Employment Support Allowance (Support group), Incapacity Benefit, Mobility Supplement, Severe Disablement Allowance; people who are registered blind; people who live in a property which has been granted a disabled band reduction; or anyone who is working age and receives War Disablement Pension or War Widows Pension.

Gross earned income will be calculated by totalling the claimant and their partner's earnings from employed and self-employed income before any deductions are taken for tax, national insurance etc. They will then be placed into one of the income bands set out in the table over the page and awarded the rate of Council Tax Support shown. This could be reduced if a non-dependant deduction is applied: more information about non-dependant deductions is given later in this document.

If entitlement is below £2, an award will not be made which is consistent with the current scheme.

This consultation also questions the use of gross earned income as opposed to net earnings and ask

for feedback on your views. We have proposed to use gross to keep the scheme simple but want your views on whether net should be used instead. Net earnings would be calculated by deducting tax, national insurance and all or part of any pension contributions. If net earnings were used the income bands used in the scheme would be altered accordingly.

Under the current scheme a Council Tax Support recipient could see a gradual change to the amount of assistance they receive as their circumstances change. Under the proposed banded scheme the amount of assistance received will only alter if the recipient's circumstances change to such an extent that they would move between income bands or move between the households groups set out in the table on the next page.

As a result, the change to entitlement, when it occurs, will be greater either awarding the claimant more or less depending on the nature of their change.

For example in our current scheme if one household earned £40 more than another, they would

Disabled and War Pension recipients		Not classified as disabled under the Council Tax Support Scheme									
% Award	In receipt of maximum Universal Credit or in-work	% Award	In receipt of maximum Universal Credit or	% Award	Single people without children	% Award	Couple without children	% Award	Lone parents	% Award	Couples with children
					Weekly gross earned income*		Weekly gross earned income*		Weekly gross earned income*		Weekly gross earned income*
86%	No earned income or gross earned income up to £440	70%	Maximum Universal Credit	65%	£0-75	65%	£0-75	65%	£0-75	70%	£0-100
				50%	£75.01 – £125	60%	£75.01 – £125	60%	£75.01 – £125	60%	£100.01 – £150
				40%	£125.01 – 175	50%	£125.01 – 175	50%	£125.01 – 175	50%	£150.01 – £200
				0%	>£175	40%	£175.01 – £225	40%	£175.01 – £225	40%	£200.01 – £250
						0%	>£225	30%	£225.01 – £275	30%	£250.01 – £300
								0%	>£275	20%	£300.01 – £375
										0%	>£375

**Table 1. The proposed banded scheme, showing the maximum percentage of council tax liability in a household depending on their band**

\* Includes those who do not work but do not receive maximum Universal Credit

receive less Council Tax Support. It is possible, that under some circumstances in the proposed scheme these claimants may receive the same amount of Council Tax Support: the higher earner may receive more than they do now while the lower earner may receive less.

More examples of how the proposed scheme will work are available on our website [harrow.gov.uk/counciltaxsupport](http://harrow.gov.uk/counciltaxsupport)

To calculate the band levels and the amount of individual awards,

information from the current scheme has been used.

We looked at the average Council Tax Support award, the average gross earnings and the type of household composition. The bands were then set according to these averages to minimise the level of change for existing claimants. However, the nature of a banded scheme means that some people will get more and some will get less.

Furthermore, because we are proposing to only use gross earnings to assess a household's

income, some claimants will see larger increases and others larger decreases to their entitlement. However, we have tried to create a scheme that minimises disruption to claimants and keeps the scheme total expenditure the same.

This proposed banded scheme does not affect people who currently receive a passported benefit and who would receive

maximum Universal Credit. The term passported benefit applies to people on Income Support, Job Seekers Allowance Income Based and Income Related Employment Support Allowance.

Many people classified as disabled under the Council Tax Support scheme who are in work will receive more Council Tax Support under this proposal.

The impact for all other households will depend on their circumstance. We have set out the average impacts in the table below.

Council Tax Support claimant category	Total number of claims in each category	Average weekly Council Tax Support entitlement under Harrow's current scheme	Average weekly Council Tax Support entitlement under the proposed income banded scheme	Average weekly difference in Council Tax Support
<b>All households classified as Disabled under the scheme</b>				
	2,993	£23.50	£24.13	£0.63
<b>Households not classified as disabled</b>				
<b>Maximum Universal Credit</b>	774	£17.31	£17.31	£0.00
<b>Households not on maximum Universal Credit and not classified as Disabled under the scheme</b>				
<b>Single people with no children</b>	473	£14.30	£14.03	-£0.27
<b>Couples with no children</b>	90	£16.33	£16.47	£0.14
<b>Lone parents</b>	828	£15.78	£15.75	-£0.03
<b>Couples with Children</b>	1,540	£18.78	£18.67	-£0.11

All households must be in receipt of Universal Credit to be eligible for Council Tax Support

While some households won't see a change in their entitlement, others could be affected either positively or negatively. Our modelling forecasts that 3,802 households will see no change under the proposal to introduce a banded income scheme.

1,152 will receive more Council Tax

Support as a result of this proposal, of which 57% will see an increase of more than £5 a week compared to their current entitlement.

1,744 will see a reduction in their entitlement. 23% of these households will lose more than £5 a week compared to their current entitlement.

#### Examples of reasons people might get more than they do under the current scheme are:

- They are in-work and at the top of one of the income bands
- They are classified as disabled under the proposed scheme and do not receive maximum Universal Credit
- Claimant qualifies for Universal Credit but also receives an income other than earnings e.g. maternity allowance, maintenance allowance or income from a boarder
- In receipt of a higher rate of tax credits and lower earnings

#### Examples of why people might get less are:

- They are in-work and are at the bottom of one of the income bands
- Claimant pays a relatively higher rate of child care proportionate to their earnings
- Claimant has not claimed tax credits that they may be entitled to
- Claimant receives a lower level of tax credits due to a higher level of earnings
- The higher the number of children in a household where the parent(s) have relatively higher earnings compared to some other claimants, the more likely it is that the Council Tax Support will reduce under the proposed income banded scheme
- No entitlement to Universal Credit (mostly owner occupiers who don't qualify for Universal Credit because their income is too high)

## Changing non-dependant deductions

Harrow's Council Tax Support scheme currently has five rates of non-dependant deductions. We are proposing to reduce this to one.

Non-dependants are adults that live in a household who are not the claimant or their partner.

An amount is deducted from the Council Tax Support award depending on the non-dependant's income.

This change is being proposed to help simplify the scheme and make it easier for claimants to understand how much Council Tax Support they will receive.

The deductions in the current scheme are set out in the table below.

Non Dependant Income	Weekly deduction
Aged under 25 and on Income Support, Job Seekers Allowance (Income Based) or Employment Support Allowance (Income Related) assessment phase	£3.30
Aged 25 or over and on Income Support or Job Seekers Allowance (Income Based)	£3.30
Aged 18 or over and not in remunerative work	£6.60
In receipt of main phase Employment Support Allowance (Income Related)	£3.30
In receipt or Employment Support Allowance contribution based	£3.30
In receipt of Job Seekers Allowance contribution based	£6.60
In receipt of Pension Credit	£3.30
Gross income less than £202.85	£6.60
Gross income not less than £202.85 but less than £351.65	£13.10
Gross income not less than £351.65 but less than £436.90	£16.50
Gross income not less than £436.90	£19.80

We are proposing to replace the above deductions with a single rate of £7.00 a week irrespective of the non-dependant's income. As in the current scheme it is proposed to take a deduction for each non-dependant so one household could have more than one deduction.

If the claimant or their partner receive Disability Living Allowance Care Component or the Daily Living

element of Personal Independence Payment then a non-dependant deduction will not be applied. This is the same as the current scheme. Students will also continue to be disregarded for the purpose of non-dependant deductions, as in the current scheme.

Example: a household with two non-dependants would be affected as follows:

	Non-dependant income	Weekly non-dependant deduction under the current scheme	Weekly non-dependant deduction under the proposed scheme
<b>Non-Dependant 1</b>	Job Seekers Allowance (income-based)	£3.30	£7.00
<b>Non-Dependant 2</b>	In work earning £400 a week	£16.50	£7.00
<b>Total weekly non-dependant deduction</b>		£19.80	£14.00

If the claimant in this example was entitled to £24.00 a week Council Tax Support, this would be reduced to £4.20 under the current scheme.

If the proposed change is implemented, their entitlement of £24.00

a week would be reduced to £10.00.

In this example the claimant would be better off. However, if non-dependant 2 was also on Job Seekers Allowance then the total deductions would increase from



£6.60 to £14.00. This would make the claimant £7.30 a week worse off.

Based on the current Council Tax Support caseload we expect 115 households to be better off and 453 to be worse off if this proposed change to non-dependants is implemented.

The overall average impact to entitlement for the 568 affected households is a reduction to entitlement of £0.19. For those that will receive less, the average reduction is £2.27 and for those that will receive more, the average increase is £8.01.

This proposal will mean that households with non-dependants who work are most likely to receive more Council Tax Support than they do now, while households with non-dependants who are not in work are most likely to receive less.

## Using a Universal Credit notice as a claim for Council Tax Support

When people claim Universal Credit they must submit a separate claim to the Council if they also want to

claim Council Tax Support. People do not always do this and can miss out on Council Tax Support that they would have been entitled to.

When someone claims Universal Credit the Department for Work and Pensions (DWP) send the Council a notification if the claimant has told Department for Work and Pensions that they would like to claim Council Tax Support. We are proposing to use these notices as a claim for Council Tax Support.

This is a beneficial change for all working age Council Tax Support claimants as it will increase the level of take up for working age people in receipt of Universal Credit and simplify the claim process.

## Making Universal Credit a qualifying benefit for working age people

Under this proposal, from 1st April 2020 the income banded Council Tax Support scheme will only be available to new claimants who have a low income and are in receipt of Universal Credit.

This proposal would mean that

the council can get most of the information needed to work out Council Tax Support from the Department for Work and Pensions.

This is quicker and simpler for Council Tax Support claimants and keeps administration costs to a minimum. People who currently receive Council Tax Support and are not in receipt of Universal Credit will continue on the current scheme until they are required to claim Universal Credit or until they are subject to the rollout of Universal Credit for their particular circumstances. At that time, they will either transfer onto the Harrow Council Tax Support scheme in place at that time or, if they do not qualify for Universal Credit, they will no longer qualify for Council Tax Support.

We are aware that there are a number of households who are not claiming all of the benefits they are entitled to, for example, child tax credit and working tax credit and these could not migrate onto Universal Credit. We propose to advise these households, where they can be identified, that they may be entitled to Universal Credit. This will increase their income and potentially enable them to continue to receive Council Tax Support.

We realise that some people are not able to claim Universal Credit and will be detrimentally impacted by this proposal once the current scheme has ended following the completion of the rollout of Universal Credit.

We are therefore proposing an exception to the requirement for claimants to be in receipt of Universal Credit for people who receive contribution based Job Seekers Allowance or Employment Support Allowance.

We are proposing to treat people who meet the following criteria the same as people who receive maximum Universal Credit:

- Not in receipt of Universal Credit; and
- receive JSA(C) or ESA(C); and
- have no other income or their only other income is disability benefits that are disregarded under the current Council Tax Support scheme; and
- have under £16,000 in capital

The above will apply once Universal Credit rollout in Harrow is complete. Households who do not receive Universal Credit will continue to claim Council Tax Support from the current scheme

until that scheme no longer exists. At this point they will transfer on to the banded scheme if the above criteria are met.

### Transitional Protection

While the proposed changes to Harrow's Council Tax Support scheme will benefit many households, we recognise that some will receive less Council Tax Support.

To ensure people are able to manage this change we will publicise changes so people are aware of how their Council Tax Support could change when they move onto Universal Credit. Through the consultation we also intend to understand in greater detail who will be impacted and what the impact will mean to people.

This will not only help to inform the decision of whether or not to implement these proposals, but will also enable us to assist those most affected.

We are also proposing to introduce transitional relief for those households who as at 31 March

2020 are in receipt of Universal Credit and in receipt of Council Tax Support in Harrow. Households who would lose 10% or more of their Council Tax Support at the point of transferring onto the new scheme will be awarded 50% of the loss for the first year of the scheme. This is intended to give people who will lose proportionately more time to adjust to the change in entitlement.

As Council Tax is an annual charge, the award will be a one off payment based on 50% of their overall reduction in entitlement for 2020/21 only.

We don't know how many households will be entitled to transitional protection because we don't know how many will be in receipt of Universal Credit as at 31 March 2020, but we estimate it will be around 300.

## How you can give your views?

We will be listening to your comments from Monday, 29 July 2019 to Friday, 22 September 2019

There are lots of ways you can give us your views:-




- **Questionnaires:** You can fill in the questionnaire that accompanies this booklet and return it to us at:
 

**Council Tax Support Consultation**  
**PO Box 730**  
**Harrow Civic Centre**  
**Station Road**  
**Harrow**  
**HA1 2DU**
- **Event Days:** You can also come and see us in person at one of our events/workshops. Please come along and talk to us when we are out. Details of where we will be in the borough are online: [www.harrow.gov.uk/ctsconsultation](http://www.harrow.gov.uk/ctsconsultation)
- **Workshops/Meetings:** We will be working with Voluntary Groups in the area to ensure that the organisation and its customers are given the opportunity to have their say.
- **Online:** Visit [www.harrow.gov.uk/ctsconsultation](http://www.harrow.gov.uk/ctsconsultation) where you'll find all the information about the consultation. You can complete the questionnaire online as well.
- **Postal Survey:** We will be carrying out a postal survey with some of our residents including Council Tax Support recipients and Council Tax payers.

**For a glossary of terms used in this booklet, visit [www.harrow.gov.uk/ctsconsultation](http://www.harrow.gov.uk/ctsconsultation)**

## Contact Details

You can contact us with your views on the options for the new Council Tax Support scheme in the following way:

-  [www.harrow.gov.uk/ctsconsultation](http://www.harrow.gov.uk/ctsconsultation)
-  020 8416 8037 (24hour answerphone)
-  [CTS.Consultation@harrow.gov.uk](mailto:CTS.Consultation@harrow.gov.uk)

Council Tax Support Consultation  
PO Box 730  
Harrow Civic Centre  
Station Road  
Harrow  
HA1 2DU

## How the decisions will be made

Once the consultation is complete the feedback will be collated and anonymised to ensure the consultation is transparent and inclusive. This will then ensure your feedback shapes the recommendations for any changes to the Council Tax Support Scheme.

A report will then be developed which will be presented to the Council's Cabinet meeting in January 2020, and then to Full Council in February 2020 where the final decision on the Council's Council Tax Support Scheme for 2020 will be determined. This will be available for access on the Harrow Council website. We will also write to you if the scheme agreed by Full Council is going to have an impact on you.