

Research briefing:

Estimating the number of older households in England not to receive the £150 council tax rebate in April 2022

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Introduction

The Office of Gas and Electricity Markets (Ofgem) is responsible for the energy price cap, which sets the maximum amount that energy companies can charge per kWh of electricity and gas, to households on standard variable tariffs in Britain. The aim of the cap is to help protect households from paying high prices because they remain with the same energy provider, by ensuring energy companies are able to pass on reasonable costs to customers, but not charge them more than a fair price to make excessive profits.

Ofgem announced on 3rd February 2022 that the energy price cap would rise by 54% from 1st April 2022. In response to this increase in the energy price cap, the UK Government announced a package of support for consumers to sit alongside existing support. The additional package of support includes a £150 Council Tax rebate for properties in Council Tax bands A to D, and a discretionary fund to support vulnerable people and individuals on low incomes that do not pay Council Tax, or that pay for properties in bands E to H.

Legislative powers over local taxation are devolved to each the nations of the UK. The Council Tax rebate and discretionary fund announced by the UK Government therefore applies to England only. The Scottish Government and the Welsh Government have however announced that a similar rebate and fund will be available in their respective nations. In both nations, the Council Tax rebate will be broader than in England, with properties that include a Council Tax reduction also receiving the £150 rebate irrespective of the Council Tax band of the property¹.

This paper presents an estimate of the number of older households in England that will not be entitled to the £150 Council Tax rebate; the number of these households that live in poverty or just above the poverty the line and/or are in receipt of income related benefits; and a discussion of these estimates. It shows how some of the poorest and most vulnerable older households in England, defined as households with at least one person aged 60 or over, will not benefit from a policy designed to provide cushioning against the rise in the energy price cap in April 2022.

This paper also presents the methodology behind the analysis.

¹ In Wales, the Discretionary Assistance Fund which helps people pay for essential costs (including gas and electricity), will be extended to a wider group of people. In Scotland, the Fuel Insecurity Fund will be increased for 2022-23.

Number of older households in England by council tax bands

There are around 23.3m households in England of whom around 40% include one or more people aged 60 or over. Table 1 shows the number of these older households by Council Tax bands. It shows that of the around 9.2m older households in England, 2.1m live in properties with a Council Tax band E to H. These 2.1m older households represent around half of households in England living in properties with a Council Tax band E to H².

Table 1: Number of older households by council tax band of properties they are living in

Council Tax Band	England	Wales	Scotland	GB
A	1,900,000	75,000	195,000	2,100,000
B	1,700,000	95,000	220,000	2,000,000
C	1,800,000	125,000	125,000	2,000,000
D	1,600,000	90,000	140,000	1,900,000
E	1,100,000	95,000	165,000	1,300,000
F	600,000	55,000	85,000	745,000
G	410,000	35,000	50,000	500,000
H	45,000	4,500	9,000	60,000
I	N/A	4,500	N/A	4,500
Total	9,200,000	585,000	985,000	10,800,000

Note: Figures may not sum due to rounding

Source: Author's analysis of Family Resource Survey 2019-20

The 2.1m older households in England, living in properties with a council tax band E to H, will not be eligible for the £150 Council Tax rebate. Furthermore, up to half a million more households living in Scotland and Wales, may not be eligible for the rebate.

² There are around 23.3m households in England, and of these, around 4.3m live in properties with council tax band E to H. Around half (49%) of these households - 2.1m households - include one or more people aged 60 or over living in them.

Table 2 shows the number of older households in England, living in properties with a Council Tax band E to H, who are in receipt of income related benefits. It shows 7% of these older households (around 140,000) are in receipt of income related benefits.

Table 2: Number and proportion of older households in England living in properties with Council Tax band E to H by receipt of income related benefits

Council Tax Band	Not in receipt of income related benefits	In receipt of income related benefits	Total
E to H	2,000,000	140,000	2,100,000
	93%	7%	100%

Note: Figures may not sum due to rounding

Source: Author's analysis of Family Resource Survey 2019-20

Table 3 shows the number of older households in England, living in properties with a Council Tax band E to H, by poverty. It shows 13% of these older households (around 275,000) are living in poverty, with their after-tax household income (after housing costs) below 60% of the median after-tax income (after housing costs).

Table 3: Number and proportion of older households in England living in properties with Council Tax band E to H by poverty³

Council Tax Band	Not in Poverty	In Poverty	Total
E to H	1,850,000	275,000	2,100,000
	87%	13%	100%

Note: Figures may not sum due to rounding

Source: Author's analysis of Family Resource Survey 2019-20 and Households Below Average Income Dataset 2019-20

³ We define older households to be living in poverty if their after-tax household income (after housing costs) is below 60% of the median after-tax income (after housing costs)

Table 4 shows the number of older households in England, living in properties with a Council Tax band E to H, who are living just above the poverty line. It shows around 90,000 such older households are living just above the poverty line⁴.

Table 4: Number of older households in England living just above the poverty line⁴ in properties with Council Tax band E to H by poverty

Council Tax Band	Just above the poverty line
E to H	90,000

Note: Figures may not sum due to rounding

Source: Author's analysis of Family Resource Survey 2019-20 and Households Below Average Income Dataset 2019-20

Table 5 shows the number of older households in England, living in properties with a Council Tax band E to H, who are living in poverty and/or are in receipt of income related benefits. It shows 17% of older households living in properties with Council Tax band E to H (around 370,000), are living in poverty and/or are in receipt of income related benefits.

Table 5: Number of older households in England living in properties with council tax band E to H by poverty and/or in receipt of income related benefits

Council Tax Band	In poverty line and/or in receipt of income related benefits	In poverty or just above the poverty line and/or in receipt of income related benefits
E to H	370,000	440,000
	17%	21%

Source: Author's analysis of Family Resource Survey 2019-20 and Households Below Average Income Dataset 2019-20

Table 5 also shows one-in-five older households in England living in properties with Council Tax bands E to H (around 440,000), are living in poverty or just above the poverty line and/or are in receipt of income related benefits.

⁴ We define households with an after-tax household income (after housing costs) at or above 60% but below 70% of the median after-tax income (after housing costs) as living just above the poverty line

Discussion

From 1st April 2022 the energy price cap is to rise by 54%, and in response to this increase in energy prices, some properties will be eligible for a Council Tax rebate in April 2022.

In England, households paying Council Tax by direct debit will see £150 go directly into their bank account, whereas households not paying by direct debit will be contacted by their council and invited to make a claim.

In England, 4.3m households will not be eligible for this rebate because the properties they live in are in Council Tax bands E to H, among whom half (2.1m) include at least one older person aged 60 or over. Among these older households, one-in-five (21%) are living in poverty or just above the poverty line and/or are in receipt of income related benefits. These older households will include some of the poorest and most vulnerable people in England.

To support people missing out on the Council Tax rebate, a discretionary fund will be available. It will be important that the amounts available are sufficient and that access to this fund is easy, quick and timely – otherwise some of the poorest and most vulnerable older people in England will not receive the support they will require as energy prices shoot up from April 2022.

Furthermore, the challenges these older households already face raises the question, why the poorest and most vulnerable older people are required to apply for support to cushion against the rise in energy prices that is automatically available to other households.

Appendix

This appendix presents the assumptions, calculations and datasets used to estimate the number of older households in England living in properties with a Council Tax band E to H. For the purposes of this analysis, older households are defined as households where the oldest person is aged 60 or over.

The starting point for the analysis was the Family Resources Survey 2019-20. This is a national survey designed to collect information on the income and circumstances of people living in the UK to help develop, monitor and evaluate social welfare policy. The fieldwork was carried out between April 2019 and March 2020, with interviews suspended in mid-March in line with the introduction of the national lockdown in response to the Covid-19 pandemic.

From the Family Resource Survey 2019-20 we took information on after-tax household adult income, income-related benefits and Council Tax bands. Income received by children was excluded from the calculation of after-tax household income.

The next step was to bring in information on whether a household had after-tax household income (after housing costs) below 60% of the median after-tax income (after housing costs) and/or below 70% of the median after-tax income (after housing costs). This information was sourced from the Households Below Average Income 2019-20 dataset, which is derived from the Family Resources Survey.

The final step was to calculate weighted figures as presented in this paper. The weighting factor provided in the dataset is applied to each household to make the dataset representative of the UK.

About Age UK

Age UK is the country's largest charity dedicated to helping everyone make the most of later life. Our vision is to make the UK a great place to grow older. Our ambition is that all 11.8 million older people across the UK can:

- Have enough money to live without the fear of poverty in later life
- Enjoy life and feel well
- Receive high quality health and care
- Be comfortable and secure at home
- Feel valued and able to participate

Age UK includes the charity, its charitable and trading subsidiaries, and national charities (Age Cymru, Age Scotland and Age NI). Age UK is a charitable company limited by guarantee and registered in England (registered charity no. 1128267 and registered company no. 6825798). The registered address is 7th Floor, One America Square, 17 Crosswall, London, EC3N 2LB