



Z2K and CPAG strongly object to the proposal for a reduction in the level CTS support under options 2 and 3. Our research on the impact of the localisation of Council Tax Benefit has shown that the minimum payment required by the council's CTS scheme is already pushing Barnet's most deprived residents deeper into poverty. Further cuts to support would only serve to entrench this. Rather than reduce funding for the CTS scheme, we urge the council to reduce the payment burden on Barnet's poorest residents.

Benefits are supposedly calculated on the basis of providing the minimum necessary to live on, yet they fall far short of Minimum Income Standards (the amount required for a minimum acceptable living standard, for more information see <http://www.jrf.org.uk/topic/mis>). For a single person over the age of 25 the £72.40 weekly Job Seekers Allowance is only 39% of their minimum income standard and for a couple with two children their benefits only provide 57% of what is required for an acceptable standard of living. Working households are also struggling. Recent CPAG research found that even families where both parents are working full time at the national minimum wage are 18 per cent shy of the income required to support two children at a minimum level (<http://www.cpag.org.uk/content/cost-child-2014-0>).

In Barnet all working age residents (except war pensioners and widow(er)s) are expected to pay a minimum of 8.5% of their council tax bill, regardless of their level of income. For the majority of CTS claimant this minimum payment has to come out of benefits, which are already insufficient to provide for the basics of life, and in many cases have already been reduced by other welfare reforms. This means that just over 20,000 residents have been placed in the impossible situation of trying to cut down their food, utility bills or other essential costs in order to pay their council tax.

In the accompanying consultation document it states that the collection rate for taxpayers in receipt of CTS is 90% and this *'suggests that those who have been required to make a contribution can afford to do so'*. We would question the 90% collection rate figure as responses to Freedom of Information request we submitted to Barnet suggested an 80% collection rate for working age claimants in 2013/14. We also believe that this is a misguided approach as it fails to take into account the impact that paying has on claimants. In our experience those who pay only just manage to meet the payments by cutting down on other areas of essential expenditure.

Despite the claimed 90% collection rate our evidence shows that many Barnet residents struggle to meet the minimum payment. For example in 4,101 Barnet residents receiving

CTS were issued with a court summons for non-payment in 2013/14. This means that almost 20% of working age CTS claimants in Barnet failed to keep up with payments in 2013/14. Our experience supporting vulnerable debtors tells us that the majority aren't refusing to pay, they simply can't. Unfortunately this impact is not referred to in the consultation materials, preventing residents from making an informed response.

While we appreciate that budget cuts are the driving force behind considering these proposals we believe that it is not possible to make the level of savings desired by squeezing the incomes of the poorest. The consultation document predicts an increase in income of £1.04million from option 2 or £1.8million from option 3. The document correctly predicts a lower collection rate if the minimum payment was increased, although it assumes the same collection rate of 80 per cent for minimum payments of 15 per cent and 20 per cent. Research by the *New Policy Institute* has demonstrated that higher minimum payments are accompanied by lower collection rates. We believed that the assumed collection rate of 80 per cent is optimistic for a minimum payment of 15 per cent and would certainly be even lower for 20 per cent.

We are also concerned about the impact of these changes on children living in the borough. 27 per cent of children in Barnet live in poverty, including one ward where over 40 per cent of children live in poverty (End Child Poverty figures). Increasing council tax liability will take money out of households already in poverty and struggling to afford essentials for children.

It should also be noted that, unlike other authorities with a comparable level of minimum payment, Barnet's scheme does not exempt vulnerable groups such as disabled people or single mothers with children under the age of 5 from the minimum payment.

Any assessment of the proposals contained within the consultation should be undertaken on the basis of the fullest possible information. It is important the council takes into account the experience of the first year of the scheme using evidence on arrears rates, cost of collection, other impacts on claimants and comparison with other local schemes. Without providing this information the authority has prevented Barnet residents from making an informed decision in their consultation responses. We can only hope that such evidence is provided to councillors in a thorough impact assessment of the 2013/14 scheme before they make the decision on the proposals.

Although we understand that financial pressure of the 10% funding cut has placed Barnet in a difficult situation, experience elsewhere in London shows it is possible to find a way not to pass this cut on to the borough's poorest residents. CPAG and Z2K therefore, not only oppose both proposals outlined in the consultation, but also call for Barnet to abolish the minimum payment and reinstate 100% council tax support as has been done in the City of London, Hammersmith & Fulham, Kensington & Chelsea, Merton, Tower Hamlets, Wandsworth and Westminster.

