



Richmond Council Tax Reduction Consultation - Z2K Response

Z2K strongly objects to the proposal to reduce the support available under Richmond's Council Tax Reduction (CTR) scheme. Our research on the impact of the localisation of Council Tax Benefit has shown that where local authorities have chosen to introduce a minimum payment, such as that being proposed in this consultation, the struggle to meet this payment serves to push the authorities most deprived residents deeper into poverty. In the past, we have highlighted Richmond as an example of best practice in Council Tax Reduction for not having a minimum payment. Rather than reduce funding for the CTR scheme, we urge the council to maintain 100% support for working-age claimants.

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.irf.org.uk/topic/mis>). For a single person over the age of 25 the £73.10 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.

Richmond is proposing to introduce a minimum council tax payment of 5% for 'non-vulnerable' working age claimants. For the vast majority of CTR claimants 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 will mean that thousands of Richmond residents will be placed in the impossible situation of trying to cut down on their food, utility bills or other house essential costs in order to pay their council tax. Although 5% might seem like a small sum it must be seen in the context of the low income level of claimants where even the small reduction in income can have a significant effect.

Unsurprisingly many of those asked to pay in other authorities have been unable to do so. Our joint report with the Child Poverty Action Group, *A new poll tax?*, found that nearly 40% of those that were paying more council tax as a result of the abolition of Council Tax Benefit fell into arrears and were issued a courts summons in 2013/14. In total 220,231 CTR claimants have been issued with court summons as a result of non-payment from 2013/14 – 2014/15. Even boroughs which adopted a low minimum payment experienced significant

levels of non-payment and hardship. For example, in Redbridge, whose minimum payment is 5% (the same as is being proposed in Richmond), court summonses were issued to 2,256 claimants in 2013/14. Introducing a Minimum Payment into Richmond's CTR scheme is likely to mean thousands of claimants are unable to pay, leading to a rise in arrears and court summons, with a consequent increase in the cost of collection for the council.

The council may argue that these cuts are none the less necessary due to the loss of funding for CTR but that is not correct. While it is true that Richmond, in common with all local authorities, faces significant further funding cuts the actual funding for Council Tax Support has not been reduced further. As the government stated in a response to a recent parliamentary question:

"We provided £3.7 billion for localised council tax support in 2013/14 and 2014/15, and will be providing the same amount in 2015/16." (House of Lords, *Hansard*, 14 January 2015, col WA247)

While we are opposed to the entire concept of a minimum council tax payment, we are of the opinion that where an authority does introduce one vulnerable groups should be exempted. It is appropriate therefore that Richmond should propose to exempt vulnerable groups from the minimum payment. We are however concerned that the definition of vulnerability adopted by Richmond is too narrow.

We are particularly concerned about the impact of these changes on children living in poverty in the borough. The proposed changes will have detrimental effects on lone parent, already at higher risk of living in poverty. If Richmond were to proceed with the introduction of a minimum payment then its definition of vulnerable groups should be expanded to include lone parents with children under 5 so that they may be exempted, as was done in Croydon.

We understand that the financial pressure of the initial 10% funding cut placed Richmond in a difficult situation, however experience elsewhere in London and, over the past three years in Richmond, shows it is possible to find a way not to pass this cut on to the borough's poorest residents. Z2K therefore opposes the proposal to introduce a minimum payment and calls on Richmond to maintain 100% council tax support as has been done in the City of London, Hammersmith & Fulham, Kensington & Chelsea, Merton, Tower Hamlets and Westminster.

Finally, we note the rushed manner in which this proposal has been forward is in sharp contrast to the careful analysis before the current scheme was first introduced. In particular, the absence of the kind of detailed analysis carried out by both Richmond's Overview and Scrutiny committee and its External Stakeholder Groups makes it difficult for respondents to engage in a meaningful and informed way with this consultation. In addition the consultation fails to outline any potential alternatives to the introduction of a 5% minimum payment. As such, we believe it does not meet the requirements set out in the judgment of the Supreme Court in the case of *R v LB Haringey*.