



Z2K's response to Brent's proposed Council Tax Support Scheme 2020/21

Zacchaeus 2000 Trust (Z2K) was founded by campaigners opposing Margaret Thatcher's Community Charge or "Poll Tax" in the early-1990s who wanted to help some of those adversely affected. While it was not perfect, Michael Heseltine's compromise Council Tax system was much fairer, particularly through the inclusion of Council Tax Benefit (CTB), which essentially meant those on the lowest incomes were not required to pay. Z2K opposed the Coalition Government's abolition of CTB and its replacement by locally-designed and funded Council Tax Support (CTS) schemes.

Over the past six years, in partnership with the Child Poverty Action Group (CPAG), Z2K has carried out [research](#) into the impact of this cut on the poorest Londoners. This has shown that nearly half a million households who have been in receipt of Council Tax Support have been served with a court summons for late payment. Most of those households have been charged additional "court" costs of around £100 on top of the original bill. Of those, at least 100,000 have then had bailiffs instructed against them to recover the debt, adding hundreds of pounds more to their bill – forcing them to go without essentials and sometimes sending them into a spiral of unsustainable problem debt.

The impact of Brent's original 20 per cent Minimum Payment was first revealed when hundreds of claimants were summonsed to Willesden Magistrates Court in autumn 2013. We helped many claimants petition against this charge and the use of the same enforcement regime applied to those with enough money to pay. We were pleased that Brent subsequently extended the number of disabled residents who were exempt from the 20 per cent Minimum Payment and that it adopted a policy of not using bailiffs against CTS claimants. We highlighted this good practice in our reports and at a fringe meeting at Labour conference in 2015.

Notwithstanding these concessions, Brent's current CTS scheme remains problematic. It takes around £300 a year from some of the Borough's poorest residents – those who can least afford to bear such a burden. Brent's responses to our Freedom of Information requests over the past six years reveal the impact of this cut – over 28,000 CTS claimants have been served with a court summons. Most of those claimants have been charged costs as well. (In 2018/19 alone, Brent charged CTS claimants legal/admin costs of £486,840.)

Z2K therefore welcomes this consultation on Brent's proposed changes to its scheme in 2020/21. We especially appreciate the opportunity to hear about the proposals in detail and to question council officers and the Deputy Leader at a meeting with the local voluntary and advice sector in August. We hope this written response will help inform both officers' final proposals and councillors' decisions on the scheme's final shape. We would be happy to provide further information or to discuss our comments in more detail if helpful.

The Move to a Banded Scheme

Z2K recognise CTS entitlement is likely to fluctuate significantly for claimants who have been migrated on to Universal Credit (UC) and that there are additional administrative costs for local authorities responsible for recalculating that entitlement and household liability. We also understand that, even though UC is a long way behind schedule and “managed migration” may still be two or three years away, an increasing number of Brent residents are moving on to UC through “natural migration”. Z2K would always rather that the budget for CTS is spent on actual payments to claimants, rather than administration.

Given this, Z2K understands Brent’s rationale in moving towards a simpler “Banded Scheme” that is likely to involve significantly less administrative activity than would otherwise be necessary. The key principle for us in any such scheme are that those on the very lowest incomes are protected. In that respect, this proposed new scheme is a very welcome step forward from the scheme in place since 2013. Not only are all disabled CTS claimants protected, but those on the very lowest incomes, including Job Seekers Allowance (JSA) and the UC equivalent are too. This is undoubtedly the most positive feature of the proposals and the reason why, on balance, we support the package overall.

That said, we do have some misgivings. Our understanding is that this proposal is revenue neutral. If that is right, the increased generosity towards Brent’s very poorest residents is being paid for by an increase in the burden on those in part-time employment and Non-Dependents.

We are very conscious a majority of households living below the poverty line today are actually in work and that, after a decade of austerity, it is a daily struggle for many of those families to make ends meet. Z2K does not believe a CTS scheme delivers financial “work incentives” beyond those already in JSA/UC and their accompanying “conditionality” and shouldn’t seek these as an objective. Nevertheless, we don’t want to see households which include someone who is already working significantly worse off as a result of these changes.

Any Banded CTS scheme will create “cliff edges” in entitlement, which generally mean someone earning just over any threshold will be entitled to less and therefore required to pay more than they would under the existing scheme. Brent’s proposed use of just four Bands has the advantage of simplicity. However, it does also mean the cliff edges have a more dramatic impact, particularly for those part-time workers earning just over £150 a week, who will now be entitled to a maximum of just 30 per cent of their Council Tax bill being covered.

- Z2K therefore proposes that Brent should provide a more generous maximum level of support of 60 per cent instead of 50 per cent in the £111-150 Band and split the top Band so that those earning between £151-200 get 50 per cent and those earning between £201-250 are entitled to 30 per cent.

Non Dependent Deductions

Z2K accepts the principle that adult children in a claimant household should contribute towards a Council Tax bill if they are working themselves. However, just as we believe CTS claimants who are out of work, should not be required to pay Council Tax, so we believe their dependents who are not working should not be required to pay either. We are also aware that it is often the parent who still pays their son or daughter’s share of the bill and that where that isn’t always possible, disputes over such contributions can lead to difficult tensions within families and even homelessness.

Until now, Brent has required claimants on JSA to pay 20 per cent of their Council Tax bill and non-dependents who are out of work to contribute £6.60 a week, which we believe is a sum roughly

equivalent to a 20 per cent Minimum Payment. In its very welcome move to exempt households on JSA or UC equivalent, Brent has accepted that these households are essentially too poor to pay. However, non-dependents on JSA/UC are not being accorded the same recognition. While the weekly contribution is now £4 instead of £6.60, it seems 120 non-dependents who were previously exempt from this NDD by virtue of being in receipt of Income Support or Income-Related Employment Support Allowance (ESA) are now being required to pay. This creates an inconsistency in approach. Individuals are being required to make what is effectively a Minimum Payment if they stay at home, but not if they move out. It must be also borne in mind that those JSA claimants under-25 only get the reduced sum of £57 in the first place.

- We hope Brent will revisit this aspect of its proposal and exempt all those non-dependents who are out of work from this NDD regime.

Furthermore, we have concerns at the proposal to bring together the current three top Bands of NDD into a single one requiring a weekly contribution of £20. Essentially, this asks a non-dependent earning £9,000 a year to pay £1,000 of that towards their parents' Council Tax bill – a very significant proportion of their earned income. At the same time, a non-dependent earning more than £394 a week - £20,000 a year – is required to pay the same amount. This simply isn't fair. More practically, it also creates a dramatic cliff edge whereby a non-dependent earning less than £183 a week will suddenly find themselves subject to a NDD £600 a year higher if their wages go up a very small amount.

- Again, we hope Brent will revisit this aspect of its proposal and retain the existing £13.10 weekly deduction for those earning £183 to £300 a week.

Finally, in the consultation meeting in August we sought clarification whether Social Security benefits, especially disability-related benefits, are included within any calculation of “earnings” for the purposes of NDDs. Z2K notes the clearly stated intention in these proposals that a claimant's Social Security benefits will not be used in any calculation of earnings. However, no such statement has been made about non-dependents. We have seen in other Boroughs Personal Independence Payment being counted as income, which has resulted in very high NDDs being levied. PIP (and DLA) is designed to meet the extra costs of a disability, not pay Council Tax, and so it must not be counted. We would welcome a clear statement Brent will not do this.

Transitional Protection / Discretionary Payments

Z2K agrees that, given these proposed changes result in more winners than losers, it is not necessary to include Transitional Protection within the scheme. Nonetheless, there are still over 5,000 claimant households who are expected to receive a reduced CTS award. Given this, Z2K believes it is right that additional discretionary help is provided to those experiencing serious financial hardship as a result of their increased Council Tax bill. Our preference is that this is provided via a budgeted “Hardship Fund” with clearly stated eligibility criteria, rather than through the use of Section 13A of the Local Government Finance Act 1992 to provide relief.

- We would suggest a budget of £100,000 to £250,000 is set aside for this fund in 2020/21 and that any savings unexpectedly accruing as a result of the new scheme are recycled into this Hardship Fund to ease the burden on those facing higher bills.

Court/admin costs & Bailiffs

Z2K strongly supports and appreciates Brent's previous decision not to use bailiffs against CTS claimants and its wider effort to take a more flexible approach to the debts of those on low incomes. While some London boroughs have now instructed bailiffs against around 30,000 of their poorest residents, Brent has only resorted to such a move on a few hundred occasions and none at all in the most recent year (2018/19). We hope that the opportunity provided by the renewal of its scheme will also encourage members and officers to reconsider whether it is appropriate for those who are in receipt of CTS to be charged "court costs" or at least the admin element of those costs. The income generated by these costs was £399,600 in 2017/18 and £486,840 in 2018/19, which is a not-inconsiderable sum being levied on Brent's poorest residents.

Conclusion

While Banded schemes are not Z2K's preferred approach, we appreciate the growing administrative burden that arises as claimants are migrated on to Universal Credit and the number of changes of payments proliferates. Given that reality and our desire to see the maximum spent on the support and a bare minimum spent on administration, we do not oppose Brent's decision to move to a Banded scheme.

The really positive aspect of Brent's move is that it is combining it with the reinstatement of 100 per cent support to its poorest residents as happened previously under Council Tax Benefit. This effectively brings Brent into line with the nine London Boroughs who retain 100 per cent support – Camden, City of London, Hammersmith & Fulham, Hounslow, Kensington & Chelsea, Merton, Richmond, Tower Hamlets and Westminster.

The somewhat disappointing aspect of this proposal is that this is paid for by providing a less generous scheme to those claimants who are in part-time work themselves or who have a non-dependent who is in work. While Z2K does not agree with the Government's claim that austerity is over, we do note that the cuts to local government funding are less than was expected two or three years ago. In these circumstances, we believe Brent has some scope to provide for the increased generosity to those in Band 1 without increasing the burden so significantly on those in the other Bands and/or their dependents. It should also earmark a budgeted Hardship Fund.

Finally, we want to take this opportunity to congratulate Brent on a very open and constructive consultation process. Brent officers' willingness to provide details of the number of claimants and especially non-dependents adversely affected by the proposals is in sharp contrast to the approach taken by one or two other Boroughs. We feel strongly that genuine transparency at this stage will lead to more informed response from stakeholders, including claimants themselves and ultimately a better-quality decision-making.

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Zacchaeus 2000 Trust