



## **Z2K's response to Camden's proposed Council Tax Support Scheme 2020/21**

Zacchaeus 2000 (Z2K) welcomes this consultation on Camden's proposed changes to its Council Tax Support scheme in 2020/21. We especially appreciate the early opportunity to hear about the proposed direction of travel in the meeting with advice agencies and other stakeholders in January and to question council officers on the more detailed proposals at the meeting in June. We hope these further detailed comments 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.

### **1. To what extent do you agree or disagree with the Council's proposed Council Tax Reduction Scheme?**

Z2K is opposed to the taxation of means-tested Social Security benefits that by their very nature are designed to provide subsistence level income for the country's poorest households. That is why we opposed the Community Charge or "Poll Tax" in the early-1990s and have consistently argued both against the "localisation" of Council Tax Benefit since 2013 and individual local Council Tax Support schemes that require a Minimum Payment from those who would have previously been exempt. Z2K warmly welcomed Camden's decision in 2016 to scrap its 8.5 per cent Minimum Payment and reinstate 100 per cent support along the lines of that provided under Council Tax Benefit.

Ideally, Z2K would like to see Camden retain its existing CTS scheme. However, we recognise CTS entitlement is likely to fluctuate significantly for claimants who have been migrated on to Universal Credit 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 be two or three years away, an increasing number of Camden residents are moving on to UC through "natural migration". Z2K would always rather that the budget for CTS is focussed on actual support, rather than administration.

Given this, Z2K understands Camden'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 continue to be protected and Camden is clearly doing that by retaining 100 per cent support for all those who are either not working or who are earning less than £84 a week. This is very welcome and will ensure Camden retains its place as one of the top third most generous schemes in London.

At the same time, however, we are also 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. A Banded CTS scheme will create “cliff edges” in entitlement, which generally mean someone earning just over any threshold will be required to pay more than they would under the existing scheme. We note Camden admits the average loss for the 2,900 households who are potential losers under the new scheme will be £9 a week – a not-inconsiderable sum for some of those families. Financial hardship arising from the adverse impact on those households should be addressed through mitigation in the short-term and through changes to the Bands if the Budget is underspent or as funding for local government increases.

**2. To what extent do you agree or disagree that the proposed scheme will deliver on the Council’s principles for the scheme to be fairer, simpler and more affordable.**

Z2K does not agree that the new scheme will be fairer than the current one. However, it will be fairer than the potential alternative reintroducing a Minimum Payment if that is what is needed to keep the scheme within the overall £25 million budget as administration costs rise. It will certainly be simpler and as a result really ought to be more affordable.

**3. To what extent do you agree or disagree with the proposed changes to deduction for non-dependents?**

Z2K is also concerned at the relatively high flat-rate deductions for Non Dependents. As we understand it, non-dependents over the age of 25 years-old living in a Band D property will be subject to a deduction of £8.96 a week from earnings as low as £84 a week. When set alongside any contributions to rent and utility bills, this would theoretically leave the individual with as little as half their eared income. In reality, however, we know many non-dependents don’t actually make the contribution nominally required as parents are reluctant to press them for it. As a result, a CTS claimant who is entitled to 100 per cent support personally, might still find themselves with a £500 Council Tax bill. We believe these flat rates need looking at again.

**4. To what extent do you agree with the proposed change to allow claims to be backdated to the start of a Universal Credit claim?**

Z2K strongly supports this proposal. We have regularly seen clients from other Boroughs who don’t realise the housing element of their UC no longer triggers a parallel Council Tax Support claim and who are forced to have to make a backdated CTS claim. Some Boroughs that have shortened the backdating period, have found themselves billing claimants they did not intend to charge, prompting an unnecessary demand for Hardship Fund payments or Section 13A relief, which have created an even greater administrative burden. At least one of those Boroughs has no extended the backdating period to 12 months. We think it makes much more sense to be flexible with the backdating period.

**5. Please give any comments on the other options that the Council considered, but did not take forward as a proposal or make any suggestions for alternatives.**

As indicated above, Z2K's ideal preference is for the existing scheme. However, if this is no longer deemed affordable within the £25 million budget, the proposed Banded Scheme is better than any of the alternatives Camden has examined and rejected.

**6. Please give any additional comments you have about the Council's proposals to mitigate the impact of the changes on households negatively affected by the proposal.**

Z2K believes the best mitigation is not to charge CTS claimants in the first place and for the majority in Camden that remains the case, which is very welcome. We note that the consultation references Camden's existing "Hardship Fund" and commits to retaining it. Our understanding of Camden's Hardship Fund is that it is based upon Section 13A of the Local Government Finance Act 1992 and is therefore an examination whether a household should get "relief" from their Council Tax liability. IN a separate meeting with the Camden Advice Forum, the Council Tax Recovery Team talked persuasively about their approach. However, we remain concerned that the threshold for help under the scheme are too high. We also feel a bespoke budget of at least £100,000 should be set aside in 2020/21. It can always be reviewed mid-year if it is found insufficient.

More positively, Z2K very much welcomes the commitment not to use bailiffs to recover debts owed by CTS claimants. We believe any household in receipt of CTS should be classified as a potential vulnerable debtor and so we were disappointed to see that bailiffs were used against 253 CTS claimants in 2018/19. We hope this specific new commitment and the wider commitment to an "ethical debt collection" policy will ultimately lead to an end to the use of bailiffs to recover Council Tax debt, as had been pioneered in Hammersmith & Fulham.

**7. Please give any additional comments you have about the Council's proposals to change the Council Tax Reduction Scheme for working age households.**

If members decide to go ahead with the proposed scheme, Z2K hopes they will at least give both the Bands and the flat-rate Non Dependent Deductions under review. If the new scheme is found to be delivering within the £25 million budget, we believe it is only right that the additional income/savings is recycled back into the pockets of claimants through an in-year budget increase for the Hardship Fund and thereafter through more generous Bands and less onerous NDDs.

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**Zacchaeus 2000 Trust (Z2K)**