



Z2K's response to Ealing'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 CTS 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 Ealing's original 15 per cent Minimum Payment was revealed during our discussions with hundreds of claimants who petitioned against its proposed increased charges in 2015. Most had really struggled to pay their new bill and many were in arrears. Some were among the thousands of CTS claimants Ealing served with a court summons or even the hundreds who had bailiffs sent to their door. We were pleased that Ealing subsequently scrapped the 8.5 per cent charge on disabled residents and helped many of those struggling through its Hardship Fund.

Notwithstanding these concessions, however, Ealing's current CTS scheme remains problematic. It takes around £350 a year from some of the Borough's poorest residents – those who can least afford to bear such a burden. Ealing's responses to our Freedom of Information requests reveal the impact of this cut – 3,485 CTS claimants were served with a court summons in 2014/15, 3,099 more in 2015/16 and 4,084 in 2016/17. Disappointingly, Ealing has refused to provide this data in the past two years. Most of those claimants have been charged costs as well. (In 2016/17 alone, Ealing charged CTS claimants legal/admin costs of £468,130.)

Z2K therefore welcomes this consultation on Ealing's proposed changes to its scheme in 2020/21. We especially appreciated the opportunity to hear about the proposals in detail from the Benefit Support Manager and to take part of the focus group run by Populus. 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.

Key Feature 1 - 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 Ealing 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 Ealing’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 offers no improvement on the current scheme. This is in contrast with the approach in Brent, which is also proposing to move to a Banded Scheme in 2020/21.

Brent currently has a 20 per cent Minimum Payment for non-disabled CTS claimants, but doesn’t charge those who are disabled, so its current scheme is very similar to Ealing’s. According to the responses to our Freedom of Information requests it also has more working-age CTS claimants (18,117 in 2018/19) than Ealing (14,558). As a result, it is spent £26.7 million on its CTS scheme in 2018/19, compared to Ealing’s £23 million. Brent is taking the opportunity provided by this move to a Banded Scheme to reinstate 100 per cent support for those on the lowest incomes, including JSA claimants and those on the UC equivalent.

- Z2K urges Ealing to follow Brent’s example and exempt all those in Band 1 from the current 25 per cent Minimum Payment.

Z2K is 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. Ealing’s proposed use of nine Bands with 10 per cent reductions in the maximum level of CTS discount has the advantage of smoothing those cliff edges. However, it does also mean the scheme is not as simple as it might otherwise be, and that some claimants might fluctuate between Bands quite frequently during the course of the year.

Our key concern is for those on the lowest incomes. As proposed, those in Band 2 (£120 - £139.99) who are not in a protected will be expected to pay 40 per cent of their Council Tax bill. In practice, that might mean someone earning £6,000 a year having to pay £600 Council Tax. While someone earning this much may well be in receipt of additional benefits, we feel this is an excessive burden and would urge Ealing to think again about the level of this contribution.

- Z2K therefore proposes that Band 2 of Ealing’s scheme should provide 75 per cent Council Tax Discount for non-protected claimants i.e. a 25 per cent Minimum Payment.

Key Feature 2 - 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, Ealing has required claimants on JSA to pay 25 per cent of their Council Tax bill and non-dependents who are out of work to contribute £6.39 a week, which we believe is a sum roughly equivalent to a 25 per cent Minimum Payment. Our understanding of Ealing's proposal is that the current lowest Band remains essentially the same at £6.50 a week or £338 a year. However, bringing together the other four existing Bands covering non-dependents who are in work is too blunt. It means those earning £150 a week pay the same as those earning more than £300 a week. A NDD similar to the current £11.93 Band i.e. £600 a year is more appropriate.

- We urge Ealing to reconsider its proposed NDD regime and introduce at least one additional NDD Band for those non-dependents in low paid work.

Key Feature 3 - Earnings Disregard

Z2K notes the argument for simplifying the Earnings Disregard at £30. We do not have any views of this aspect of the proposed scheme.

Key Feature 4 - £2 a week Minimum Award

Z2K believes that Social Security benefit claimants should get the money they are entitled to and that it should not be artificially capped. While we understand the frustration of local authority Benefits Services officers administering claims with those with a small entitlement, we do not agree that it is fair to end this entitlement altogether and so oppose this aspect of the proposed scheme.

Hardship Fund

Z2K acknowledges that, while Ealing's current scheme has one of the highest Minimum Payments in London for JSA claimants, it does at least have a Hardship Fund for those who are struggling to pay their bill. We also welcome the fact that Ealing has been willing to spend more than the agreed £150,000 budget if necessary even after the 8.5 per cent Minimum Payment for disabled people was scrapped - £209,446 to help 560 claimants in 2017/18 and £185,783 to help 498 in 2018/19. We hope Ealing will retain this Hardship Fund going forward and continue to consider all claims on their merits and increase the funding available when necessary.

Court/admin costs & Bailiffs

Z2K is especially concerned about the use of bailiffs to recover monies owed by CTS claimants. With bailiff fees, this results in a doubling of the original debt and can sometimes drive the Borough's poorest residents into a spiral of problem debt, or even the arms of unscrupulous money lenders. In response to our Freedom of Information request, Ealing told us it instructed bailiffs against 881 CTS claimants in 2015/16 and 591 in 2016/17. However, it has refused to provide the equivalent data for 2013/14, 2014/15, 2017/18 and 2018/19. Z2K is not persuaded Ealing's officers could not obtain this data if they were required to do so.

In contrast, Brent has adopted a specific policy of not using bailiffs against CTS claimants as part of a wider effort to take a more flexible approach to the debts of those on low incomes. Islington and Southwark have done something very similar. This has proved equally successful and avoids enriching bailiff companies at the expense of the Borough's poorest residents.

- We strongly urge Ealing to adopt a policy prohibiting the use of bailiffs against CTS claimants.

Similarly, we hope the opportunity provided by the renewal of its scheme will also encourage Ealing's 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. We were told the income generated by these costs was £404,260 in 2014/15, £358,583 in 2015/16 and £468,130 in 2016/17. Disappointingly, Ealing has refused to provide this data for 2017/18 and 2018/19, but we have no reason to imagine it will be substantially different. This is a significant sum being levied on Brent's poorest residents, which can only leave them living on incomes even further below the breadline.

- We urge Ealing to scrap its admin "court costs" against CTS claimants.

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 Ealing's decision to move to a Banded scheme. We hope our specific comments on the number of Bands, the generosity of Band 2 for non-protected claimants and the number of Bands in the Non-Dependent Deduction regime can be taken on board.

More broadly, we think Ealing must now take the opportunity provided by this consultation process to reflect properly on the impact of its current scheme on CTS claimants and move to ease that burden. Doing this would effectively bring Ealing into line with the nine London Boroughs who already provide 100 per cent support – Camden, City of London, Hammersmith & Fulham, Hounslow, Kensington & Chelsea, Merton, Richmond, Tower Hamlets and Westminster. Brent and Haringey are now moving in that direction too, while Newham has recently halved its Minimum Payment to 10 per cent and restricted its use of bailiffs.

We really hope Ealing can now build on the positive step taken in 2017 by joining those who will not impose the new Poll Tax on their poorest residents.

Marc Francis

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Zacchaeus 2000 Trust