

Z2K response to Richmond upon Thames Council Tax Reduction Consultation

Requiring all working age residents eligible for Council Tax Reduction who are not treated as vulnerable to pay a minimum of 15% of their Council Tax themselves

No I don't agree with this change

Reducing the period for which a person can be absent from Great Britain

No opinion on this change

Removing the Family Premium for all new working age applicants

No I don't agree with this change

Limiting the number of dependent children taken into consideration for Council Tax Reduction to a maximum of two

No I don't agree with this change

Please tell us if you have any other comments about the proposed changes:

Z2K strongly objects to the proposal to further 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 increase minimum payments, 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 reintroduce 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.jrf.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 increase its minimum council tax payment to 15% 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.

In the example given in the consultation document a lone parent with two children would face an annual charge of £236.60 in 2017/18, an increase of £157.56 2016/17. This is a significant financial burden that is impossible to bear without damaging impact on a low income household's standard of living.

Any assessment of the proposals contained within this consultation should be undertaken on the basis of the fullest possible information. It is important the council takes into account the experience of the introduction of a minimum payment on 2016/17, analysing whether it met the policy objectives set out by the council and what the impact on CTR claimants was. Diligent CTR policy making should be based on an analysis if on arrears rates, cost of collection and other impacts on claimants. For example if the experience of the 5% minimum payment has been that large number of claimants have been unable to pay and the cost of collection has significantly increased then it would be advisable not to further increase the minimum payment. This consultation however provides no such information.

Without providing this information the authority has prevented Richmond 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 introduction of a minimum payment before they make the decision on the proposals.

While it is correct that the overall funding received by Richmond has been cut by the government we believe the figures provided in the consultation document are misleading. Although the Revenue Support Grant has been cut the government insists that the specific funding provided for CTR remains unchanged. This casts doubt on the estimates for the council's 'subsidy' provided in the consultation document.

Indeed the reality is the cost of Richmond's CTR scheme has already fallen year on year. In responses to freedom of information requests council officers told us that the total CTR budget has fallen from £12.1m in 2013/14 to £10.9m 2015/16. This is in large part due to declining claimant numbers, which have fallen from 10,200 in 2013 to 9,100 in March 2016. Given the introduction of a 5% minimum payment in 2016/17 and the likely continued decline in claimant numbers the total cost of the scheme is certain to have fallen further in 2016/17. Given this overall financial context it should perfectly possible to maintain or even increase the level of support available, as Camden have recently decided to do.

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 at least, should be exempted. It is appropriate therefore that Richmond should continue 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 has been done in Croydon and Ealing.

We understand that the financial pressure of the initial 10% funding cut placed Richmond in a difficult situation, however experience elsewhere in London and, between 2013 and 2015 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 reintroduce 100% council tax reduction as has been done in the City of London, Hammersmith & Fulham, Kensington & Chelsea, Merton, Tower Hamlets and Westminster.