

1. Zacchaeus 2000 Trust is an anti-poverty charity providing in-depth advice and long-term support for low-income Londoners, including those affected by the Government's cuts to Social Security benefits. This combination of casework and support informs our views about the policies pursued by national and local government and the issues we campaign on.
2. In 2011, we established the *NextDoor* service to help those threatened with homelessness as a result of the cap on Local Housing Allowance (LHA) and the subsequent "Bedroom Tax" and £500 a week Benefit Cap. In early 2013, we began undertaking research into the impact of the "localisation" of Council Tax Benefit (CTB) and later that year began our Tribunals Representation Service helping disabled and seriously unwell claimants appeal against DWP decisions to refuse their applications for Employment Support Allowance (PIP).
3. As part of its 2015/16 inquiry into the Local Welfare Safety Net, the committee visited the Beethoven Centre in Queens Park and spoke to some of the clients we were working with. Members heard that, while there were some examples of innovation by London boroughs in the use of the Local Welfare Assistance, most had more restrictive eligibility criteria than those that had been in place under national the discretionary Social Fund. Similarly, Discretionary Housing Payments (DHPs) were increasingly being rationed or made subject to "conditionality", which meant many of the tenants we worked with were falling into arrears and facing eviction.
4. In April 2013, at least 313,519 low-income households in London were hit with new or higher Council Tax bills as a result of the "localisation" of CTB and accompanying 10 per cent cut in funding. Nearly half of those were still in arrears at the end of 2013/14 and 118,027 of those households were served with a court summons for late-payment. For the majority of those, "court costs" of up to £120 were added to their bill and 15,944 had bailiffs instructed against them to recover the debt. The picture was similar in 2014/15, and over the course of the next three years it has grown worse as many Boroughs cut their local Council Tax Support (CTS), so that some disabled/unemployed claimants are now required to pay more than they were under the Community Charge or "Poll Tax" in the early 1990s.
5. In our evidence in 2015, we raised concerns about the increasing "Postcode Lottery" of Social Security, with some boroughs seeking to mitigate the impact of cuts while others simply passed them on to their residents. In the three years since then, the situation has deteriorated even further with some authorities adopting behaviours not seen since the Poor Law Guardians were finally swept away by the Post-1945 Welfare State. We hope this inquiry will mark a turning point and that Ministers will be persuaded to start repairing our battered Social Security system.

### **How should hardship and deprivation be measured?**

6. Zacchaeus 2000 supports the measures of relative, absolute and persistent poverty enshrined in the Child Poverty Act 2010. We also agree with the use of a measure of material deprivation. That said, Zacchaeus 2000 does recognise the weaknesses of these indicators, particularly in terms of housing and we believe the “After Housing Costs” measure is equally important. Given this, we welcome the proposed re-definition of poverty by the Social Metrics Commission to reflect the additional costs of childcare and housing and tease out wealth from assets as well as income. We hope that, following further refinement, this will form the basis of a measure that can be agreed by the Government.

### **What do we know about chronic deprivation and hardship in the UK? Is it changing? How?**

7. Frustratingly, we know much less than we ought to about chronic deprivation and hardship in the UK. The JRF’s excellent research earlier this year provides an insight, but we hope this inquiry will recommend the Government itself should now commission independent research into the extent and causes of these problems.

### **Why do some households fall into poverty and deprivation?**

8. It is probably true to say that poverty and deprivation have always been with us. However, these clearly fluctuate according to the economic conditions of the day and the extent of the welfare safety net. The past decade has seen both difficult economic conditions and cuts to Social Security, which we feel explains why so many people are now living in poverty, deprivation and even destitution.

### **Welfare Reform**

9. Since 2010, however, the Government’s “welfare reform” agenda has dramatically cut back the national Social Security system. For example, prior to 2010, tenants of social housing who were not working would generally have their rent paid in full via Housing Benefit and private tenants would be able to obtain a Local Housing Allowance rate up to the equivalent of the median of private rents in their Broad Rental Market Area (BRMA).
10. In 2011, DWP capped LHA rates at a maximum of £250 a week for a one-bed property, £290 for a two-bed, £340 for a three-bed and £400 for a four-bed or more. In 2012, DWP extended the Shared Accommodation Rate for under-25 year-olds to all those single people up to the age of 35 years-old. In 2013, DWP introduced the Bedroom tax, deducting 14 per cent of Housing Benefit from social tenants with a “spare” bedroom and 25 per cent for those under-occupying by two or more bedrooms. Later that year, the Household Benefit Cap of £500 a week for families and £340 for single people was put into effect.

11. All these measures left tenants with less Housing Benefit than they needed to meet the rental liability for their home. The vast majority of those tenants were unable to negotiate a cheaper rent with their landlord and so were left with a choice of either trying to make up the shortfall from other Social Security benefits, or allow themselves to start falling into arrears and face possession action, eviction and potentially homelessness. Against a backdrop of increasing rents, the post-2015 freeze on LHA rates and the lower Benefit Cap have made those rental shortfalls even higher.
12. Importantly, tenants have been asked to meet these shortfalls from benefit levels that were already far too low to adequately meet their need for decent food, heating, clothing and any reasonable standard of living. Again, this has been exacerbated by the post-2015 freeze on Social Security benefits. JSA amounted to £67.50 in 2011 and had risen to £73.50 in 2015, which while inadequate, at least meant it had tracked one measure of inflation. However, it has been frozen at this rate for the past four years, while the cost of living has continued to rise. Its real-terms value has therefore fallen.
13. The calls on the money have also broadened during this period. For example, many disabled or unemployed households who were previously in receipt of Council Tax Benefit are now required to contribute towards their Council Tax. In the majority of local authority areas these “Minimum Payments” are now in excess of 15 per cent of the Council Tax bill and some are as high as 30 per cent – probably £300-400 a year. The impact of the abolition of CTB is discussed in more detail in our response to the question about progress since the committee’s 2016 report on the Local Welfare Safety Net.

#### Maladministration

14. As well as the express policy changes themselves, whether wilfully or unwittingly, DWP has made the Social Security system more complicated and much more difficult for claimants to navigate successfully. For Zacchaeus 2000, this is most obviously illustrated by the assessment processes by which the department decides whether disabled and seriously unwell people are entitled to Employment Support Allowance (ESA) and more recently Personal Independence Payments (PIP).
15. Despite all the media interest, Parliamentary scrutiny and ministerial assurances that the latest tweak will fix the problems, we continue to see dozens of disabled and seriously unwell clients who are denied ESA and PIP on the basis of being scored zero or close to zero against the descriptors. Few of these are rectified by DWP itself.

16. In the past four years, we have helped nearly 1,000 people pursue their appeal against a refusal of ESA or PIP to the independent Tribunal. The overwhelming majority – approaching 90 per cent – have been successful. However, they have usually been forced to endure a prolonged delay between the Mandatory Reconsideration of their claim being rejected and the Tribunal hearing.
17. ESA claimants have a right to the “Assessment Rate” during this period if they can obtain a “fit note” from their doctor, but many are not aware of that and at the same time DWP is writing to their doctors in a deliberately misleading attempt to discourage them from signing such notes. As a consequence, many claimants trying to appeal ESA decisions have been advised to claim JSA, which is subject to work-search conditions their illness or disability makes it almost impossible to meet.
18. Worse still, those appealing PIP decisions are not entitled to any Assessment Rate while they await a date at the Tribunal. That is bad enough for those applying for the first time, but for those who were previously in receipt of Disability Living Allowance, it can be disastrous. They are left for months on end without the extra money to help meet the additional costs of their disability or serious illness that they have been used to making budgeting decisions upon.

**What factors best explain the reported increases in indicators of deprivation like homelessness, rough sleeping and increased food bank use?**

19. As detailed above, we are in no doubt that the caps on Housing Benefit have led many private tenants to fall into rent arrears and face eviction and homelessness. Others, who would previously have been able to secure a tenancy in the private sector at or just above the LHA rate are now unable to do so and so they too are falling back on the homelessness safety net. The Government’s unwillingness to accept that the growing numbers of homeless households in temporary accommodation is a direct consequence of these caps is deeply disappointing. Whatever ministers choose to believe, the National Audit Office has made clear that there is a causal link between the two.<sup>1</sup>
20. The rise in the numbers sleeping rough is perhaps more complicated. There is no doubt that relationship breakdown, unemployment, mental health issues and substance misuse frequently feature prominently in the life stories of those who have ended up on the street. At the same time, however, the extension of the Shared Accommodation Rate up to the age of 35 years-old makes it almost impossible for young people on benefit to find an affordable flat of their own and it can be very difficult find a flat-share in higher demand areas.

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<sup>1</sup> <https://www.nao.org.uk/report/homelessness/>

21. Contrary to ministerial assertions, the exponential increase in the number of people reliant on the help of foodbanks is not caused by their prevalence. It is due to the cuts in Social Security benefits, which have left tens if not hundreds of thousands of people without the money they need to feed themselves. We see this daily at the foodbanks where we offer advice and amongst clients we see separately who we can offer a voucher. Many of our clients are reluctant to ask for voucher be it due to cultural reasons, shame or self-blame. However, when provided they are used.

**What about the local variations in these markers of deprivation?**

22. Zacchaeus 2000 Trust only operates in London, and so we are unable to comment on this question.

**Do Job Centre Plus procedures and benefit delays play a role?**

23. For several years, the overuse of sanctions against those claimants Job Centre Plus (JCP) staff perceived as not meeting job search conditionality was a significant problem for many of our clients. The lengthy process of appeal against these sanctions dissuaded those affected from challenging the decision. This seems to have eased somewhat in the last year or so.

24. There is, though, an ongoing issue in that most staff have very limited knowledge of the appeal system for those clients in receipt of ESA. There are circumstances when it is in the client's interest not to claim UC and await the outcome of the appeal instead. However, we regularly see clients who have been misadvised by JCP staff to make a UC claim in circumstances when they should actually apply for ESA pending appeal.

**What role does Universal Credit play in relation to deprivation or could it play in tackling it?**

25. For our many of our clients, one of the biggest issues is an assertion by DWP that they do not have a right to reside. In many cases, these clients have lived in the UK from the 1980s or 1990s. We have seen numerous cases where clients had to prove that had acquired a permanent right to reside which involves having a detailed chronology of their status. During the process they will have limited or no income at all. So far, we have been successful with requesting MR on all these cases so there is a clear training need here for the DWP.

26. A further issue is the loss of disability premiums when you are moved onto UC after a change of circumstances. In relation to housing costs the calculations are often flawed. For example, DWP often say a person under-35 is only entitled to the SAR even though they are exempt. Also, DWP is sometimes only paying half the housing

element even when a client has 100 per cent liability for rent. Furthermore, when arrangements have been set up for rent being sent direct to the landlord, some clients subject to the Benefit Cap have been left with no income at all.

27. There is also a problem with the level of deductions from UC for rent arrears, which can be up to 20 per cent of the personal allowance. This is well in excess of the figure of £3.70 which is determined by a court in cases when possession proceedings have been issued. Most private landlords already refuse to accept tenants on Housing Benefit, and the well-publicised problems with UC are making it even harder to persuade them to let to tenants on that benefit.

**Is our welfare safety net working to prevent people falling into deprivation? If not, how could it better do so?**

28. No. From the wider perspective of reducing poverty, we want to see the cuts made to Social Security since 2010 reversed. We recognise, however, that is unlikely to happen any time soon, and so hope the freeze on JSA/ESA and LHA rates can at least be eased in next year's Spending Review. In order to tackle the issues of deprivation and destitution, the most important steps would be reinstating the national systems of CTB and the discretionary Social Fund.

**What progress has been made in addressing the issues identified in the committee's 2016 report?**

29. Very little progress has been made in addressing the concerns raised in the committee's 2016 report, particularly in relation to the recommendations around the Discretionary Social Fund / Local Welfare Assistance and the "localisation" of CTB. Funding for DHPs has continued at a slightly higher level since 2015, but since the implementation of the lower Benefit Cap and the continuing "freeze" on LHA rates, it must now also be shared amongst many more potential recipients.
30. The only real substantive change made has been the exemption of full-time carers from the Benefit Cap as recommended by the committee. However, that was only secured as a result of a High Court judgment that applying the cap to full-time carers was discriminatory. Even then, it took a further 18 months for the exemption to come into effect and those who had been adversely affected up until that point were offered no redress for the hardship they had been caused.
31. As we detailed in our written evidence to the committee's recent inquiry into the impact of the lower Benefit Cap, we have also observed a further tightening of the "conditionality" attached to DHPs. For example, the latest changes in Westminster put an even greater emphasis on successful claimants making a financial

contribution to the rent shortfall and a reduction from six to three months in the duration of awards to assist working households.<sup>2</sup>

### Council Tax Support

32. The committee's 2015/16 inquiry seems to have reminded ministers that an amendment to the Local Government Finance Act 2012 tabled by Baroness Hollis and agreed by the House of Lords required DCLG to commission an independent review of the impact of the "localisation" of CTB. Recommendation 5 of the committee's 2016 report states,

*"... the recently announced DCLG review of local Council Tax support schemes in England and Wales include consideration of the underlying causes of recent increases in Council Tax arrears and whether particular local approaches to Council Tax support have contributed to the rise. Should an absence of relevant data preclude this, we would request that the review consider reasonable steps which local authorities ought to take to record and report such information. We further recommend that the review investigate, and if necessary recommend actions to eradicate, local authorities issuing court summonses, and instructing bailiffs, as a method of raising revenue."*

33. In response, DCLG rather unhelpfully simply stated, *"the review of Local Council Tax support schemes was announced on 2 December 2015 and the call for evidence has now closed. The terms of reference are available at:*

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/481604/151126\\_ToR.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/481604/151126_ToR.pdf)

34. The "independent review" turned out to be nothing of the kind. It was carried out by Eric Ollerenshaw – a former Member of Parliament who had voted for the legislation abolishing CTB. While stakeholders and the public were invited to submit written evidence of the policy's impact, and some were invited to a roundtable discussion, Mr Ollerenshaw did not speak to any individual actually effected by the new policy.

35. Local authorities were not required to provide any data for the review and the small secretariat did not have the capacity to obtain it. This need had been highlighted by the Public Accounts Committee in its own inquiry in 2014 and so there had been plenty of time to rectify it.<sup>3</sup> DCLG simply chose not to do so. And Mr Ollerenshaw

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<sup>2</sup> [https://www.westminster.gov.uk/sites/default/files/dhp\\_policy\\_sept\\_2017.pdf](https://www.westminster.gov.uk/sites/default/files/dhp_policy_sept_2017.pdf)

<sup>3</sup> <https://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/news/council-tax-support-report-publication/>

does not appear to have challenged that failure or ask local authorities to supply it voluntarily. Mr Ollerenshaw alone determined the content of the report. Needless to say, the conclusions and recommendations were somewhat limited. In our view, this review did not properly meet the requirements of the legislation.

36. Worse still, DCLG (now MHCLG) has done little or nothing to action those recommendations it did make. The review was submitted to ministers in March 2016. However, it was not until January 2018, that MHCLG published its response. Only one of the 14 recommendations was agreed in full – the provision of a statement to confirm that CTS would not be incorporated into UC. Of the others, recommendations 9 and 10 were potentially the most important to CTS claimants themselves, and so it is worth stating those in full along with MHCLG’s responses.

- **Recommendation 9:** Government should take steps to better understand the impact of local council tax support on individuals and councils, widening the data it holds on local council tax support. This will enable future policy evaluation.

“The Government acknowledges the concerns noted in the review about the possible impact of the local council tax support reforms on local citizens and the need to understand the scale and scope of them. We will explore options for data gathering and analysis and decide next steps in due course.”

- **Recommendation 10:** Government should commission in-depth academic research on the impact of local council tax support within the wider context of other welfare and socioeconomic changes.

“Understanding the impact on citizens and local authorities of the changes introduced through local council tax support is methodologically complex. We will explore options, including the potential for undertaking a feasibility study, to better understand what further research or analysis may be able to contribute (over and above that which is available from existing data sources), before deciding whether to commission additional research.”<sup>4</sup>

37. These promises after 21 months simply to “explore options” have been followed by a further 11 months of inactivity on MHCLG’s part. This leaves us with the distinct impression that the department has no desire whatsoever to either “*widen the data it holds .... (to) enable future policy evaluation*” or “*to understand the scale and scope*” of “*the impact of local council tax support reforms on local citizens*”.

38. Over the past five years, along with the Child Poverty Action Group (CPAG), Zacchaeus 2000 has monitored the impact of the localisation of CTB in London -

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<sup>4</sup> <https://publications.parliament.uk/pa/cm201516/cmselect/cmworpen/924/924.pdf>

analysing the data reported back to us through Freedom of Information requests to the 33 London boroughs. In 2017/18, we found:

- The total number of council tax support claimants reported by London Boroughs in 2017/18 was 640,664. However, Kensington & Chelsea did not respond and so the real total will be closer to the previous year's figure of 657,383.
- The total number of working-age claimants reported was 424,555. Again, however, RBKC did not respond. The actual figure is therefore probably a little lower than the total of 445,251 reported in 2016/17.
- A total of 89,929 CTS claimants were reported as having been served with a court summons for late-payment in 2017/18 – representing 20 per cent of all working-age claimants. This is similar to the 89,390 in 2016/17, though both figures are an under-estimate as several authorities did not provide the data.
- A total of 69,201 CTS households were reported as having been charged “court costs” totalling £6,887,228 on top of their actual bill. Again, the actual total will be more as several Boroughs refused to provide this data.
- In total, 17,894 CTS claimants were reported as having been referred to bailiffs – a number comparable to the 18,864 referred in 2016/17 and 19,212 referred in 2015/16. However, the actual figure will again be higher as some of those Boroughs we know are using bailiffs refused to provide this data.

39. Over the past five years since the abolition of CTB:

- At least 498,273 summonses for late-payment of Council Tax have been issued to council tax support claimants
- At least 386,253 claimants have been charged court costs totalling at least £41.6 million during this period
- At least 85,606 claimants have had their debts referred to bailiffs for enforcement – usually adding at least £200-300 extra to their bill.

40. Prior to April 2013, London accounted for around one-fifth of the 2.4 million working-age households in receipt of full or partial CTB. If the experience in London can be extrapolated across the whole of England nearly two and half million summonses will have been issued to CTS claimants, and nearly two million of those will have also been hit with extra “court costs” and over 400,000 had bailiffs instructed against them recover the arrears. There is no doubt that this measure will have forced many of those households to borrow from unscrupulous lenders – sending some into a spiral of problem debt.

41. In London at least, the picture is not universally bleak. Seven Boroughs – Hammersmith & Fulham, Kensington & Chelsea, Kingston-upon-Thames, Merton, Tower Hamlets and Westminster and the City of London have retained a scheme based on CTB itself with 100 per cent support, and several others have exempted disabled residents from their Minimum Payment.

42. Even more positively, Camden scrapped its 8.5 per cent Minimum Payment and reinstated 100 per cent support in 2017. Richmond is also reinstating 100 per cent support from next April and Haringey is doing the same for families and says it intends to extend that to single people in April 2020. Newham's new Executive Mayor has indicated she intends to halve that Borough's 20 per cent Minimum Payment in 2020/21 as well.
43. One trend that has evolved since the committee's 2016 inquiry is the use of "technical changes", which have the effect of cutting support. For example, Waltham Forest has increased the taper rate from 25 per cent to 30 per cent and introduced a "minimum award" beneath which CTS is simply not paid. Several Boroughs are now using the "Minimum Income Floor" introduced under UC to determine the entitlement of self-employed claimants, which effectively means many are no longer eligible.
44. The most worrying recent trend has been the "alignment" of CTR schemes with the Government's "two-child" rule for Child Tax Credit (CTC) and UC. To be fair, the reduction in CTC and UC for families whose third child was born after April 2017, would otherwise result in them being entitled to more CTS and therefore cause local authorities additional expenditure. However, given that simply reflects the fact they get less CTC and UC, it seems perverse to hit them again with a reduced entitlement to CTS too. This will be even more unfair if families with children born before April 2017 are retroactively drawn into the net by making a UC claim after next February.

**What are the remaining weaknesses? How should these be addressed?**

45. The "localisation" of Council Tax Benefit has been a disaster for many of England's poorest residents and in those authorities that have decided against charging, it has added to the pressures on their General Fund and in all probability resulted in other cuts to frontline services being made. Zacchaeus 2000 believes it is now time to follow the lead of Scotland and Wales and end this tax on the Social Security benefits of the nation's poorest citizens. We believe that the next Spending Review should reinstate the fully-funded national system of Council Tax Benefit.
46. Similarly, while a small number of local authorities are clearly continuing to do good work with their Local Welfare Assistance funding, most have cut it, and so the national system of Discretionary Social Fund should be reinstated.

**Marc Francis**

**Zacchaeus 2000 Trust**