

**Submission from Zacchaeus 2000 Trust (Z2K) to Hackney Council's
Council Tax Reduction Scheme Consultation**

To what extent do you agree or disagree with the Council's preferred option of updating the current scheme and increasing the minimum contribution required from working age recipients from 15% to 20%?

Strongly disagree

Please provide additional comments to support your response

Z2K strongly objects to the proposal to further reduce the support available under Hackney's Council Tax Reduction (CTR) scheme. Our research shows this will simply serve to push some of the borough's poorest residents further into poverty.

We understand the difficulties councils are facing in financing services such as council tax support and we are campaigning to national government for the restoration of a fully-funded national system of council tax benefit. However, while we recognise the financial strain councils are under, we are wholly opposed to pushing the burden of government cuts onto the nation's poorest residents.

Eight London councils, including the neighbouring borough of Tower Hamlets, have maintained 100% support for claimants. A further 12 boroughs have kept their charges below 20%.

We therefore urge Hackney to stay in line with other councils and minimise the burden for the borough's poorest residents.

Impacts on the Council

Freedom of information requests show that since 2013-14 there has been a continued decrease in the cost of Hackney's CTR scheme, from £28,941,039 to £25,045,983. This means a reduction in costs of 13.5% over the last four years. Such a fall in expenditure is to be expected, as the number of working-age council tax support claimants has fallen by 12% (from 26,360 to 23,181) over the same period.

As the costs of the scheme are clearly declining despite the minimum payment remaining the same, there is little justification for the council to increase its charges. This is backed up by evidence from other councils such as Tower Hamlets, where the costs of the scheme have decreased by 9% whilst full support has been maintained.

We are therefore concerned that the information given in the consultation document may be misleading for residents, as it suggests the scheme has become increasingly expensive - when in fact the opposite is true.

In addition, the proposed changes will not necessarily lead to the expected rise in council revenues, as residents are already struggling to pay the existing amounts. Increasing the minimum payment is likely to lead to lower collection rates. This is the case in Hillingdon, where the collection rate fell from 91% in 2015-16 to 66.5% in 2016-17 after the council raised the minimum payment by a

quarter (from 20% to 25%). The proposal to raise the minimum payment by a third (from 15% to 20%) in Hackney might well lead to a similar drop in collection rates.

Combined with the falling costs of the scheme overall, this means the proposed changes would not therefore generate the increased revenue the consultation document suggests.

In addition, using bailiffs to recover outstanding payments will not solve this issue, as any money collected goes first to paying off the bailiff fees rather than increasing council revenues. Further reasons for our opposition to the use of bailiffs are explained below.

Impacts on residents

Our research on the impact of the localisation of Council Tax Benefit has shown that where local authorities have chosen to increase minimum payments, the struggle to meet the higher rate serves to push the authorities' most deprived residents even deeper into poverty.

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 couple with two children their benefits only provide 57% of what is required for an acceptable standard of living. For a single person over the age of 25 the £73.10 weekly Job Seekers Allowance is only 39% of their minimum income standard. Increasing the minimum council tax payment in Hackney to 20% will effectively place a tax on these benefits, bringing people further below the necessary level of income and pushing them into poverty.

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 Hackney residents will be placed in the impossible situation of having to cut down on their food, utility bills or other household essentials in order to pay for their council tax.

In our research and casework services we see the pressures residents are facing on a daily basis, with many people reporting they have had to cut back on essentials such as food and heating in order to pay the rising costs of these reforms.

Do you have any other comments on how you think the Council Tax Reduction Scheme should be set out and paid for?

One of our major concerns is Hackney's use of bailiffs to recover payments from families in council tax arrears; in 2016-17 the council referred 870 council tax support claimants to bailiffs. This means that a total of around 5,000 households in receipt of CTR have been referred to bailiffs since 2013. We suspect many of these will be families with children, or vulnerable single people and couples. As our previous research has shown, this leads to a great deal of distress for residents. We are strongly opposed to the use of bailiffs due to the unwarranted trauma they cause. We urge Hackney to follow the example of boroughs such as Brent, Islington and Southwark in adopting a policy of not referring council tax support claimants to bailiffs.

We welcome Hackney's provision of a discretionary hardship scheme for residents struggling to pay their council tax. We urge the council to make residents more aware of the scheme and to make it easier for people to apply for and receive support. It is also important that funding for the scheme is ring-fenced, and that any money not spent one year is rolled over to fund support in the following year, rather than being subsumed into overall council budgets.