



**Do you agree with the Council adopting a 'Working Age' CTR Scheme requiring most households to contribute a minimum of 30% towards the cost of their Council Tax liability/bill?**

Strongly disagree

**How do you feel this proposal would affect you / the people your organisation represent?**

Z2K strongly objects to the proposal to reduce the support available under Wandsworth'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 introduce a minimum payment, 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 Wandsworth 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 maintain 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.

Wandsworth is proposing to introduce a minimum council tax payment of 30%. 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 Wandsworth 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. For example a single unemployed person living in a Band D property in Wandsworth faces an annual charge of £203.30, which is equivalent to almost three weeks of income annually. It is impossible to pay this charge without it having a serious impact on the claimant's standard of living and ability to afford essentials.

Unsurprisingly many of those asked to pay in other authorities have been unable to do so. Our joint report with the Child Poverty Action Group, *A new poll tax?*, found that nearly 40%

of those that were paying more council tax as a result of the abolition of Council Tax Benefit fell into arrears and were issued a courts summons in 2013/14. In total 220,231 CTR claimants have been issued with court summons as a result of non-payment from 2013/14 – 2014/15. Introducing a Minimum Payment into Wandsworth’s CTR scheme is likely to mean thousands of claimants are unable to pay and lead to rise in court summons and claimants in arrears, with a consequent increase in the cost of collection for the council.

This increased cost of collection was recognised by Wandsworth in 2012 when determining what kind of CTR scheme to introduce:

*“The size of these amounts in respect of council tax would in many cases be uneconomic to recover, with the costs of collection, including legal recovery costs, which fall to the Council being higher than the bill, and would in all likelihood have to be written off when the debt is uncollectable, which would mitigate against the savings made on reducing the level of support.”* (Wandsworth Borough Council Finance and Corporate Resources Overview and Scrutiny Committee, 4 October 2012)

If this was true in 2012 why is it no longer the case in 2015? The council may argue that these cuts are none the less necessary due to the loss of funding for CTS but that is not necessarily correct. While it is true that Wandsworth, in common with all local authorities, faces significant further funding cuts the actual funding for Council Tax Support has not been reduced further. As the government stated in a response to a recent parliamentary question:

*“We provided £3.7 billion for localised council tax support in 2013/14 and 2014/15, and will be providing the same amount in 2015/16.”* (House of Lords, *Hansard*, 14 January 2015, col WA247)

We are also concerned that Wandsworth should consider going straight from 100% support for working age claimants to a 30% minimum payment, without any assessment or understanding of the potential impact on claimants. In percentage terms this would put Wandsworth’s minimum payment joint highest in London. Although we recognise that the low level of council tax charges in Wandsworth mean that in cash terms the payment is less than those boroughs with a similar percentage level, it must be understood by councillors that this is still a significant amount of money for low income claimants.

We understand that the financial pressure of the initial 10% funding cut placed Wandsworth in a difficult situation, however experience elsewhere in London and, over the past three years in Wandsworth, 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 Wandsworth to maintain 100% council tax support as has been done in the City of London, Hammersmith & Fulham, Kensington & Chelsea, Merton, Tower Hamlets and Westminster.

**Within the proposed scheme the following households would not have to make the 30% minimum contribution?**

**Protected Households:**

- **Households receiving a disability premium within their CTR award (including for a child)**
- **Households receiving a carer's premium within their CTR award (Claimant or Partner)**
- **Households receiving the Support Component of Employment and Support Allowance (Claimant or Partner)**
- **Households residing in a property that has been re-banded for disability purposes**
- **Households receiving a War Disablement or War Widows Pension**
- **Households with a child under 3 years old**

**To what extent do you agree or disagree with this approach?**

Strongly agree

**Please use this space to comment on this proposal**

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 should be exempted. It is correct therefore that Wandsworth recognises disabled claimants, households with young children and other groups as vulnerable and thus exempts them. If Wandsworth were to proceed with the introduction of a minimum payment then it would be essential that these exemptions be introduced alongside it.

**The 2015/16 CTR Scheme included the following elements which reduced the level of support available for working age claimants:**

1. **Those living in band F, G and H properties had their maximum support capped to the level of a band E property.**
2. **Those who were entitled to less than £3 a week, received no support towards their Council Tax bill.**

**The proposed scheme for 2016/17 will not include these elements**

**To what extent do you agree or disagree with this approach?**

Neither agree nor disagree

**Please use this space to comment on this proposal**

While the proposal to introduce a minimum payment amounts to a significant cut to the support available through the CTR scheme removal of these elements will make the scheme more generous for a particular set of claimants. However, while Z2K is in favour of a CTR scheme that most closely resembles the old Council Tax Benefit system (which did not feature a band cap or a minimum award), we are of the opinion that unemployed working age claimants and the lowest income workers who are most in need of support. Therefore if

the maintenance of these measures would mean a lower minimum payment we would be in favour of this approach.

**Under the current scheme, a person with an income above the means test level has their CTR reduced by 25%. The Council is proposing that in future the reduction should be 20%.**

**To what extent do you agree with this approach?**

Strongly agree

**Do you agree with or disagree that the calculation of CTR should align with other means-tested Welfare Benefits?**

***This would mean the amounts used within the calculation will not increase other than those related to disability.***

Strongly disagree

**How do you feel this proposal would affect you / the people your organisation represent?**

Z2K is strongly opposed to the freezing of Jobseekers Allowance and other benefits. When taken together with the impact of other welfare reforms and inflation, particularly of housing costs in London, this will act to further erode the real level of support offered by the social security system and lower the standard of living of those least able to cope. We therefore also oppose the extension of this measure into Wandsworth's CTR scheme as this will only serve to compound the impact of the national freeze and the other cuts to support proposed in this consultation.

**It is proposed to align the CTR scheme with new Housing Benefit rules on 'declared earnings'. This will mean that any earnings declared will relate to the period they were earned rather than when they were received.**

**Please use the space below to comment on this proposal:**

We have no comment on this proposal.

**Please use the space below to comment on any part of the proposed Council Tax Reduction scheme:**

We have no further comments.