

**South West London Law Centres response to
Croydon Council Tax Support scheme consultation.**
9th December 2021

South West London Law Centres (SWLLC) support residents in Croydon by providing free and independent legal advice on social welfare issues including housing, debt, immigration and employment.

The changes proposed to the Council Tax Support (CTS) scheme are happening at a time when Universal Credit (UC) has reduced by an average of £87 per month and fuel costs have increased by up to 30% with further increases expected by April 2022. This means that the boroughs lowest income households are currently adapting to severe financial hardship.

SWLLC understand that Croydon Council is facing financial pressure as a local authority but to put the burden onto residents who are struggling the most in our borough will lead to an impact on other statutory services.

Debt can lead to homelessness, disruption in education and as Dame Hazel Genn's access to justice research tells us *"Worsening social and economic conditions may lead to long-term health consequences (especially for mental health) and widening health inequalities. As with previous economic recessions, the social welfare related workload could increase for healthcare professionals, placing additional strain on health services."*

SWLLC believe these proposals to be short sighted and although may lead to saving in years 1 and 2, there will be an impact further down the line and on other services such as health, education and social services.

SWLLC note that the existing Equality Analysis Review states that there is not relevant data available to help Croydon Council determine the impact of the proposals on people with protected characteristics. SWLLC feel that this information is crucial for Cllrs and council staff to have before making any decisions about the support our boroughs most vulnerable receive.

SWLLC is not only concerned with the proposed changes to the Council Tax Support scheme we are also concerned about the consultation process. It is disappointing that a consultation that could affect around 20,000 residents has only been open for 6 weeks. We encourage Croydon Council to extend the consultation period to at least 12 weeks to allow response from all groups and residents affected including those not online to engage with this consultation.

Croydon Council's Summer report into Resident Engagement reported that 81% of residents engage with the council housing services through telephone. This Council Tax Support consultation did not include any telephone number for residents to engage with that we have seen.

Other boroughs who have made similar proposals to their Council Tax Support scheme such as Camden and our neighbouring borough of Sutton held an extensive consultation to engage with community groups to ensure the impact of their proposals were properly considered. Frontline services were engaged with as part of the consultation in Camden at a developing stage of their proposals. SWLLC encourage Croydon Council to follow a similar programme of consultation.

SWLLC are pleased to see there is 'extra information' documents updated to the consultation website during the 6 week consultation period. We expect Croydon Council to enter another round of consultation as the Cabinet Report 18th December 2021 states that a draft council tax policy will be published for consultation purposes.

SWLLC were pleased to be part of an initial meeting before the consultation was launched but were disappointed to see colleagues who support groups most affected by these changes were not around the table.

Council Tax debt is one of the most serious debts that residents can have. It can lead to bailiff action and high court judgements with threats of imprisonment.

Will Croydon Council follow Camden's commitment to not pursue bailiff action for council tax debts owed by existing claimants of Council Tax Support? SWLLC are pleased that Croydon Council were one of the first local authorities to agree ethical council tax collection back in 2018. SWLLC believe Croydon Council's collection policy should be updated as the council no longer has an inhouse welfare support department and needs to protect its most at risk residents. SWLLC echo the poverty fighting charity Z2Ks belief that those in receipt of Council Tax Support are a potential vulnerable debtor.

SWLLC urge Croydon Council to publish information about its proposed hardship fund and updated information about its Council Tax debt recovery policy ahead of the next round of consultation to reduce the impact changes will have on residents in receipt of Council Tax Support.

Questions asked in the consultation

Do you currently receive council tax support?*

No

Question 2.

Are you:

South West London Law Centres (SWLLC) are a charity that support residents in Croydon by providing free and independent legal advice on social welfare issues including housing, debt, immigration and employment.

Question 3.

Would you support or not support us continuing to protect pensioners, vulnerable residents not able to work and care leavers under the age of 25?*

We strongly support

Question 4.

Tell us why you support or do not support this change:

We support that this group will continue to be protected.

We do not support that other groups such as carers or lone parents on Income Support will no longer be protected as we feel this will be hitting the lowest earners in the borough.

Question 5.

The council is proposing to introduce a new one-year hardship fund to help residents who are adversely affected by changes to the council tax support (CTS) scheme. Would you support or not support the introduction of a hardship scheme to help residents moving from the current to the new scheme?

Neither support nor do not support

Question 6.

Tell us why you support or do not support this change:

There is currently no clarity about how this fund will be offered, promoted or administered. Who will be eligible? Will it affect the other emergency support funds Croydon Council offers?

The local authority is obliged to protect people through the Council Tax Support changes. Without knowing what the proposal is of a hardship scheme we are unable to support or not support.

SWLLC would rather a local authority protect residents from hardship rather than residents having to apply to relieve it.

Question 7.

The income of any other working age adults (age 18 or over) living in the property, who are not the claimant or partner, may affect the amount of council tax support someone would receive.

For more information: Over 18 charges

Would you support or not support the new changes for people aged 18 or over, living in a property, who are not the claimant or partner?*

Question 8.

Tell us why you support or do not support this change:

SWLLC know that Non Dependant Deductions (NDD) within Housing Benefit can lead to rent arrears and homelessness. If a main tenant has the support they receive reduced because of an NDD they may ask the NDD to leave the property or forgo paying other priority debts to meet the shortfall caused by the NDD. SWLLC are concerned that an extension of this model would continue putting households at risk of hardship, debt and homelessness.

SWLLC agree with other bodies supporting BAME residents in Croydon that increasing the NDD levels could disproportionately affect BAME households who are more likely to be multigenerational.

Question 9.

Under the proposed new scheme, the council estimates it will spend around £30m a year providing council tax support discounts. Would you support or not support the principle that help should be prioritised on households on the lowest incomes?

Neither support nor do not support

-

Question 10.

Tell us why you support or do not support this change:

Without a breakdown of financial support the council receive from central government to support people with council tax and where the council tax support costs are being spent SWLLC are unable to support or not support this proposal.

SWLLC believes these changes are short sighted and although may lead to a saving to Croydon Council in year 1 the following years will likely see an increased pressure on statutory services. Social justice reporting tells us that debt and reduction of welfare support causes an increased demand on services such as health, social services, and education. This will lead to an increase spend by Croydon Council on other services.

Question 11.

Would you support or not support the introduction of an income band approach which bases the level of council tax support discount a household receives on their level of income?*

***Excluding disabled residents who are not able to work, eligible pensioners and care leavers under 25 years of age.**

Neither support or not support

Question 12.

Tell us why you support or do not support this change:

SWLLC knows from our existing caseload of Croydon residents that people in work on low incomes and those on Universal Credit and/or means tested benefits are in extremely pressured situations. The government has calculated means tested benefits to the minimum that people can be expected to live on.

In Croydon 16% of residents are considered fuel poor and in fuel poverty. Introducing income banding to people on low income or means tested benefits will mean that some residents will be forced to choose between heating, eating, or paying the shortfall caused by the reduction in their Council Tax Support.

Question 13. Would you support or not support increasing the amount of council tax people who are not in a protected group, will need to pay?
Protected groups in the proposed new scheme include the lowest income households in our community, including eligible pensioners, care leavers (under 25) and disabled residents who are unable to work.*

Neither support or not support

Question 14. Tell us why you support or do not support this change:

SWLLC believe that the proposals in this consultation do not seek to increase the amount of council tax that people pay, it seeks to decrease the amount of support available to people who were previously considered vulnerable and had applied for Council Tax Support.

From the experience of SWLLC decreasing the amount of support available to already vulnerable residents it will push them into debt as they are already relying on restricted income to survive on.

With the removal of automatic support for residents in receipt of Personal Independence Payment or Disability Living Allowance how will Croydon Council determine who is eligible and considered a disabled resident?

Question 15. Would you support or not support the £50 weekly income bands for council tax support entitlement?

Neither support or not support

Question 16. Tell us why you support or do not support this change:

SWLLC are not opposed to the principle of an income banding system, which has the advantage of allowing for changes in income without CTS entitlement being affected. However, SWLLC can only support such a scheme if it takes account of individual circumstances that give rise to increased living costs such as disability and caring responsibilities.

Croydon have sought to highlight the fact that other councils, Camden included, have moved to income banded schemes. However, Camden's scheme includes additional discounts within each income band for families with children, working people with disabilities and carers. They have also provided 100% support for those with weekly earnings of £86.80 or less.

By contrast, Croydon are proposing to introduce the punitive measure of increasing their minimum payment from 15% to 20% of Council Tax liability, which will mean that all households with no earnings from employment will face an increase in their Council Tax bill, unless they fall within a protected category. This does not accord with Croydon's stated priority of supporting those on the lowest incomes.

To take one example, under the existing scheme a lone parent of a child under 5 in receipt of Universal Credit would receive full Council Tax Support. Under the proposed scheme, our understanding is that they would be expected to pay 20% of their Council Tax liability out of their benefits entitlement. SWLLC are very concerned about the impact that these changes are likely to have on child poverty in the borough.

Question 17. The new scheme proposes that households will receive a council tax support discount if they have an income below £450 a week. Would you support or not support the maximum weekly income level of £450 per week?*

Question 18. Tell us why you support or do not support this change:

SWLLC are unclear how this low threshold was reached. SWLLC were pleased to receive clarity from Croydon Council that the income figures within each income band will not include Housing Benefit or Universal Credit Housing Costs and hope this will apply to the weekly income threshold also. SWLLC also hope that any non-dependant income will also not contribute to this threshold.

Question 19. If you have any other comments or ideas you'd like us to consider as part of this consultation, tell us below:

Please refer to opening statement.