



**Camden**

# **Making the Poor Pay**

Briefing document

## **An evidence based report by Citizens Advice Camden on the impact of the council tax reduction scheme in the London Borough of Camden highlighting good practice and recommending improvements.**

The abolition of national council tax benefit has hit those on benefits the hardest. On average very poor households have had to pay £167 a year more tax and 590,000 families have had to pay over £200 extra tax a year<sup>i</sup>. Citizens Advice recently reported that council tax debt was the number one debt problem the charity helped with, overtaking credit card debt and unsecured personal loans<sup>ii</sup>.

The purpose of this report by Citizens Advice Camden is to raise understanding of the impact of the scheme in the London Borough of Camden and also to highlight what has been done well and how the administration of the scheme could be improved. It is based on published research reports, our own database and a survey of our clients, which we carried out followed up with interviews with respondents and council representatives.

Camden Council has gone some way to minimise the impact of the council tax reduction scheme:

- Limiting the charge to 8.5% (the range across London councils is 0-30%).
- Adapting its policy to assist less well-off households e.g. not charging court costs in the first year, and adding an extra stage in their debt collection process for those on benefits.
- Being responsive to cases when Citizens Advice Camden or other agencies are involved.

But, as a recent report, *Too Poor to Pay*, stated: "Out-of-work benefits still only provide 39% of what single, working-age people need to reach a minimum income standard. It is therefore inconceivable that paying council tax out of this income does not have a significant impact on the claimant's standard of living."<sup>iii</sup>

### **Our research indicates the following:**

Most council officers are helpful and try to make the system work, for example one resident found the council officers 'really nice and open' and 'very helpful in organising the direct debit.' However, some residents perceived an impersonal process by time-constrained officers based on letter writing and some lack of listening. The clients with bad experiences tended to be some of the most vulnerable, whose difficult situations were not fully appreciated. In these cases, a more personalised, human, sympathetic engagement may have generated a better outcome for the individual as well as for the council. As one resident put it "Camden should be more lenient. They shouldn't penalise people who make small mistakes. Even if people do mess up they should be given more time to put things right. It is not as if we owe lots of money and are going to escape the country without paying our debts."

In the first year of the scheme (2013/14), a total of 4,360 court summonses were issued to families in Camden who were receiving council tax reduction. In March 2015, there were 4,747 council tax reduction scheme recipients in arrears, owing £576,000<sup>iv</sup>. These figures are of concern and should be addressed by early advice intervention and a personalised approach.... such an approach can significantly reduce arrears and the necessity for court action.

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you are in debt, you are not going to miraculously find more money because you have been threatened. There is no magical pot of money. It doesn't work like that."

### **Our main recommendations are as follows:**

- We welcome the council limiting the minimum council tax payment to 8.5% and recommend an annual review to consider whether to reduce this percentage or eliminate the charge for those on benefits entirely. This review should include a full cost benefit assessment of the costs and impact.
- The research has revealed the need for a more personalised approach which relies less on letter writing and more on early text messages followed by individual debt counselling support. The process of recovering debt should be reformed in order to reduce significantly the number of summons currently issued and to end the use of bailiffs. A number of other local authorities have stopped using bailiffs and there is evidence that they have higher collection rates<sup>v</sup>.
- The council should be encouraged to work with advice agencies to negotiate a payment plan wherever possible even if the household has missed more than one payment, and especially where the residents are on welfare to work benefits.
- Finally, we would encourage advice agencies to work more closely with the council to provide support and ensure they handle difficult cases sensitively so as not to increase stress, anxiety and push families into greater debt.

**For a full copy of this report please go to our website**  
[www.camdencabservice.org.uk/about-camden-cab/campaigns/](http://www.camdencabservice.org.uk/about-camden-cab/campaigns/)

### **References**

<sup>i</sup> New Policy Institute <http://counciltaxsupport.org/impacts/>

<sup>ii</sup> <https://www.citizensadvice.org.uk/about-us/how-citizens-advice-works/media/press-releases/council-tax-arrears-now-biggest-debt-problem-reported-to-citizens-advice/>

<sup>iii</sup> Sam Ashton, Marc Francis and Megan Jarvie (July 2015) *Too Poor to Pay: The impact of the second year of localised council tax support in London*, CPAG with Zacchaeus 2000, p. 13.

<sup>iv</sup> Information supplied by the Head of Council Tax and Business Rates, Camden Council, August 2015

<sup>v</sup> Money Advice Trust (2015) *Stop the Knock* <http://www.moneyadvicetrust.org/media/news/Pages/Stop-The-Knock-2015.aspx>