



# Wyre Forest 2016/17 Council Tax Reduction Scheme Consultation

## *The Children's Society's official response*

The Children's Society is a national charity that runs local projects to support children and young people who are at risk of exploitation or harm, living in care or let down by the systems meant to protect them. In total, we worked with 34,893 children and young people, providing intensive support to 15,820 in 2014/15.

We ran a total of 127 services across England, which includes 88 targeted services through which we had sustained contact with 5,658 young people aged between five and 24. In addition, we saw 29,235 under-fives and gave intensive support to 10,162 through our network of 39 children's centres.

### **Question 2: Do you agree the council should change the current Council Tax Reduction Scheme to help make the savings needed?**

Providing support to the most vulnerable families is essential to help them make ends meet. For many families, the localisation of council tax benefit resulted in them no longer having the support they need to cover their council tax costs, whilst in some situations still living on an income below the poverty line. Evidence from The Children's Society found that in the past three years the number of households falling behind on their council tax has increased by over 25%. The FOI response that The Children's Society received from Wyre Forest showed that in 2013/14 the council do not know how many households are currently in council tax arrears.

Research from the Institute for Fiscal Studies (IFS) 'has shown that following a 10% cut worth £414m in central government funding and support protected for pensioners, many low-income working age families were faced with a shortfall on the support they needed to cover their council tax. This situation is mirrored in Wyre Forest which provided information in a Freedom of Information request that in 2012/13 6,025 households were in receipt of 100% subsidy for council tax which reduced to 2,709 in 2013/14. Under the Wyre Forest scheme 100% support is available only to pensioners as required by central government and the maximum entitlement for the working age scheme is 91.5%, reducing to 90% in 2014/15.

This has resulted in families in Wyre Forest faced with council tax support which is insufficient to cover their liabilities for the first time and may have resulted in more families failing into council tax debt. Across the country the localisation of council tax debt has resulted in an increased number of children living in families that are in council tax debt, and therefore experiencing the consequences of this as the problem escalates.

We would urge Wyre Forest to review their collection policies are part of any wider reforms to council tax support as any changes to the support families receive will affect the number of households falling into arrears. Whilst we welcome the council's policy of no further action being taken once an account is brought up to date, we are concerned by the speed of escalation to court summons employed by the council, as evidenced by the council's own debt collection policy that shows a summons can be issued after a first reminder notice, and how additional costs are incurred at early stages of proceedings.

### **Question 3: If there is no change to the Council Tax Reduction Scheme how do you think the council should make savings?**

### **Question 4: If the Council do not make changes to the Council Tax Reduction Scheme, what would your preference be for ways to make the savings required?**

We would urge Wyre Forest to systemically review their collection policies as part of any wider reforms to council tax support.

Our research highlighted that care leavers are a particularly vulnerable group at risk of council tax debt as they move into independent living and adulthood for the first time. Evidence from our own services shows how challenging care leavers can find managing their own budgets and how scary they found falling behind on their council tax. Many expressed concern as to how quickly bailiffs are sent round and felt the council should not move to this response so quickly, with bailiff visits being the cause of stress and sleepless nights for some of the young people we spoke to.

In Worcestershire County there were 640 children being looked after by the local authority at the end of March 2014. We believe that 100% council tax support should be made available to care leavers up to the age of 21 as they are an extremely vulnerable group of young people and should be protected from falling into debt whilst they are still under a duty of care as care leavers. This would require coordination between the county and district level and The Children's Society would be happy to support this.

There are examples of council that have put in place improved debt collection policies to better protect families whilst still maintaining – and indeed being above average – in terms of their council tax debt collection rates. These include Islington Council, who have a policy of not referring enforcement agents (bailiffs) to households in receipt of council tax support, recognising the vulnerability that many claimants of council tax support will face. Alongside this, the council ensures that there are links to the council tax welfare provision in the Resident Support Scheme for residents who are facing difficulty. We would recommend that Wyre Forest District Council adopts a similar approach adopting an explicit policy of not referring council tax support cases to enforcement agents.

### **Question 5: Thinking about option 1 (technical changes) do you support these changes to the way calculations are made?**

We appreciate that these changes would not affect those families on the very lowest incomes. However, we are concerned about the impact these will have on low income working families. If making changes which reduce support for families on a low income it needs to be considered what the impact could be in terms of families struggling to pay their bills and ending up in debt on their council tax.

We believe that councils could do more to ensure that they protect the most vulnerable residents. In addition the support that is provided to vulnerable residents through the Council Tax Reduction Scheme, the most vulnerable and those living on a low income could be protected by adopting a policy of not engaging enforcement agents for those families in receipt of council tax support, and for care leavers up to the age of 21.

Additionally, the council should allow families with children the opportunity to have their monthly instalments reinstated and manage their account in a way that is fair and open to all parents or young people living independently, including those unable to pay by direct debit.

It is welcomed that Wyre Forest, according to their Freedom of Information request submitted to The Children's Society signpost to debt advice before the court summons is sent as it is crucial that families facing council tax debt receive support and advice early on in the process. Evidence from The Children's Society's report 'Wolf at the Door' found that almost two thirds of parents said they would have liked to receive advice earlier than they did.

We would recommend that the Council put in place more data gathering procedures to understand the scale of council tax debt amongst their residents. As discussed earlier Wyre Forest District Council was unable to provide information on the number of households facing council tax arrears and were also unable to provide information on the number of households that were paying back council tax arrears through a deduction from benefits order or an attachment from earnings. Without this information it is challenging to identifying how many families are able to pay back council tax debt through less harmful methods than referral to an enforcement agent and therefore we would recommend that the council starts to annually collect this information.

### **Question 6: Thinking about option 2 (reducing the maximum level of support) what level of minimum payment do you think should be supplied?**

We are concerned that this measure reduces support for families living on the very lowest incomes. Families in receipt of council tax support are already struggling to make ends meet, and this measure would further reduce the support available to feed and clothe their children.

One likely response is for families to get into debt on their council tax. If the council introduces measure of this sort enforcement actions available to the council should be reviewed at the same time.

Parents in problem debt are engaged in a 'juggling act', caught between making payments on debts, buying essentials or cutting back. Whilst Wyre Forest did not provide figures for the number of families in arrears, we did note that the number of households referred to bailiffs has increased in the last year, and we would argue that the number of families being referred to enforcement agents will increase as the number of households liable for council tax increases,

which is evidenced by trends from across the country. The changes that are being proposed by Wyre Forest through this consultation should be seen in the context of wider changes to family incomes that will see an overall reduction due to changes to the welfare system that are currently progressing through Parliament, primarily through the Welfare Reform and Work Bill.

Falling into debt has consequences not only for the ability of families to meet their basic needs, but also the potential for long term impacts on children, including effects on relationships with family and peers, and their ability to make the most out of their education and to take part in social activities. If the Council Tax Reduction Scheme were to be reduced so that the minimum payment were increased, this would produce an additional strain on family incomes and make it even more difficult for them to provide adequate support for their children.

There are impending changes at a national level that are due to come into place through the Welfare Reform and Work Bill that will have a damaging effect on the income of families with children. It is important that the council see the decision that they take in the wider context of these families' lives, rather than in isolation. The 2010 indices of multiple deprivation showed that while child poverty levels were low overall, there are some very deprived wards in the local authority area, and these families will need to be given proper and compassionate consideration.

**Question 7, 8 & 9: Thinking about Option 3 (reducing the capital limit) do you agree with the principle that the capital level is reduced? How much do you think the savings limit should be before support is stopped?**

We recognise this measure will have little impact on those families with the lowest levels of savings. However, we are concerned that such a measure could act as a disincentive to save, as families could ultimately see their financial situation become more difficult as a consequence of responsibly saving for future emergencies.

The impact on families with little to no savings should be minimised as much as possible. Even for families who appear to be financially secure, a substantial fall in income or increase in expenditure can lead to the use of credit, and difficulties in repayments, that can cause major financial problems. An unexpected 'shock' such as long-term illness or death can lead to family finances spiralling out of control. Having become indebted following an employment shock families then face the further expenditure pressure of having to find the money for debt repayments, while meeting basic living costs. Our interviews found that this often led to families being caught in a debt trap where they were borrowing simply in order to pay off previous debts.

**Question 10: Thinking about Option 4 (maintaining a Council Tax Support Fund) do you agree with the principle of the council maintaining such a fund?**

We agree that the council tax support fund should be maintained. We also believe that certain vulnerable groups in Wyre Forest should be told proactively about the fund before falling into debt – for instance, care leavers and families affected by the benefit cap.

We would also urge the council to ensure that knowledge of the support fund is as widespread as possible, by advertising it as visibly as possible in services that low income families access

regularly, such as children's centres and services that support care leavers in their transition into independent living, and by making sure that local councillors have access to as much information as possible so that if a constituent comes to them they are in the strongest position possible to offer appropriate advice.

In line with this, we would also recommend that the councils works towards better integration with local welfare provision, and also with social care services so that if families are presenting in need of council tax support any underlying problems are addressed. Often, when a family falls into council tax debt, there are underlying issues that need to be addressed, and making sure a holistic response to any such situation is available is of paramount importance.

The Children's Society has created [this advice note](#) for local councillors which we believe should be circulated to all elected representatives in Wyre Forest.

## **Question 11 & 12: Space to outline what other considerations the council should make**

The Children's Society is submitting this response following our work examining the impact of council tax debt on families and children.

In the context of more limited support available for council tax bills, we would urge the council to review their debt collection policy and council tax support scheme alongside the following recommendations from that report:

1. Councils should not engage bailiffs for collecting council tax debt for families with children. This is particularly important for the most vulnerable families.
2. Families with children should be given at least one opportunity to bring their account back up to date and have their monthly instalments reinstated.
3. Local authorities should improve the way in which they provide independent advice and support for families with children and vulnerable young people who fall behind on their council tax.
4. Councils should always allow families to negotiate repayments even when the debt has been referred to an enforcement agency.
5. Councils should put in place a 'breathing space' scheme for families with children under 18 which places accounts on hold while the family receives independent and free debt advice
6. Care leavers should be eligible for 100% council tax support until the age of 21.
7. Court proceedings should not be pursued if a repayment plan for council tax debt has been agreed and is being observed by the family or young person.
8. Councils should review their council tax collection policy and include the following groups as being particularly vulnerable:
  - a. Care leavers
  - b. Families with children under 18 in receipt of council tax support or housing benefit
  - c. Families with disabled children

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