

Shropshire Council Tax Support Scheme changes 2018

A report on the impact of local welfare reform



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Executive Summary

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Introduction

In 2017, following several years of reduced funding from central Government, Shropshire Council consulted on making changes to their local Council Tax support scheme by reducing the support available for the majority of claimants receiving welfare benefits. Shropshire Council predicted over 7,747 people would be affected. We responded to the consultation, wrote a report detailing our serious concerns and presented our evidence to the Scrutiny board, who took it to the Cabinet meetings. In April 2018 Shropshire Council went ahead with their proposed changes. This report details our findings following a year of research by Citizens Advice Shropshire looking into the impact these changes.

Food poverty

The overwhelming impact of changing the Council Tax Support Scheme in Shropshire has been an increase in food insecurity or outright food poverty experienced by Shropshire residents living on benefit incomes.

National charity Sustain reports that 'Diet-related ill health is responsible for about 10 per cent of deaths in the UK, and is estimated to cost the NHS some £6 billion every year. This is more than double the cost of tobacco use. Some of the most common diet-related diseases include diabetes, cancer, cardio vascular disease, malnutrition and obesity'.

¹ These findings have a confidence level of 95% and a 9.6% margin of error.

Increasing people's risk of experiencing food poverty or food insecurity directly contradicts Shropshire Council's Health and Wellbeing aims. The Shropshire Together website states Shropshire has a vision 'for Shropshire people to be the healthiest and most fulfilled in England. Organisations from across Shropshire are working together to reduce health inequalities and improve the health and wellbeing of the local population.' It also states there is 'a clear prevention strategy and its key work programmes for 2016-21 include Healthy weight & diabetes prevention, and Mental Health' - two things the Council Tax Support scheme changes make harder for Shropshire's poorest residents to achieve.

The negative impact of the new Council Tax Support scheme is also taking away from the positive work Shropshire Council is involved in as part of the Food Poverty Alliance, a consortium of organisations committed to tackling food poverty in Shropshire that formed in January 2018, 4 months before the introduction of the new, less supportive, Council Tax Support scheme.

Arrears

46% of respondents were in arrears with their 20% Council Tax payments at the time of taking the survey. The average amount of money owed was £140 (we removed amounts relating to historic Council Tax arrears). Lone parents were more likely to be in arrears, and subject to a liability order.

Approximately half of those in arrears had been issued with a liability order when they took the survey. In Shropshire this process adds an extra £35 fee to the existing Council Tax arrears. Court summons cost people a further £35 on top of their existing debt.

The collection process is largely determined by national legislation, but local authorities do have discretion to not use Bailiffs / Enforcement agents for residents in receipt of Council Tax Support. A number of other local authorities have stopped using bailiffs and there is evidence that they have higher collection rates².

Using bailiffs often causes stress and anxiety which affects people's day-to-day lives and can make it harder for them to take positive action to tackle their debts. The Money Advice Trust carried out research and found no correlation between the extent of bailiff use and the amount of council tax collected. In fact, the opposite seems to be true; the ten heaviest users had an average collection rate of 22% of old debts, compared to 31% for the ten lowest users.

Debt collection process and fees

In July 2018 the costs charged to Local Authorities to obtain a liability order from a court dropped from £3 to 50p. Shropshire Council charges people £35 if they have to

² <http://www.moneyadvicetrust.org/media/news/Pages/Stop-The-Knock-2015.aspx>

request a liability order from the court.

For a couple working, ineligible for any Council Tax Support and paying full band A council Tax – this £35 charge represents 3.3% of their total bill. For a couple on benefits paying the average band A bill of £211.48 in 2018/19 this charge represents 16.5% of their bill. If they can't pay and have liability order and summons charges – they face a 33% increase on their bill. Working people only experience 6.6% added on in charges.

The cost of these charges passed on to people living on benefits and receiving Council Tax Support isn't proportional to the debt, and makes it even harder to pay than before.

Recommendations

For Shropshire Council

1. Reverse the changes to Council Tax Support in Shropshire and protect people on welfare benefits from paying
2. Do not use enforcement agents where a resident receives Council Tax Support as the emotional and financial costs are too high a price to pay and there is evidence local authorities forgoing the use of bailiffs achieve higher collection rates
3. Make fees and fines for people receiving Council Tax Support proportionate to the debt they owe
4. Work with CAS and other partners to improve the Council Tax Support Scheme / influence national Government to improve overall collection processes (benefiting the Council and our shared clients)
5. Join 64 other Local Authorities who have signed up to the Citizens Advice Council Tax Protocol and commit to best practice in this area.

For national Government (from Citizens Advice research)

1. Stop people being asked to pay their entire annual bill if they miss 1 monthly payment. This would make it easier for people to arrange and keep up with repayments.
2. Give councils the power to initiate deductions from benefits without getting a liability order. These would need to be made at affordable levels so people could continue making repayments.
3. Set out more steps councils must take before using the court process
This would ensure that all people in debt are given the option of affordable repayments to get back on track.
4. Remove the threat of imprisonment for council tax arrears in England
This would protect the most vulnerable people and change the culture of debt collection to be more positive.

Background

Each year Citizens Advice Shropshire helps hundreds of people with Council Tax problems and sees first-hand the difficulties Shropshire residents face understanding their liability, keeping up with payments, applying for discounts or exemptions, and coping with the rapid recovery process if they fall behind. As other debts have flat lined or fallen, Council Tax arrears has risen to become the single largest debt issue we help people with in Shropshire and nationally across the Citizens Advice network in England and Wales.

The national Council Tax Benefit was abolished in 2013 and replaced with localised schemes. Many local authorities quickly introduced minimum payments for residents living on welfare benefits. However, for four years eligible Shropshire residents continued to benefit from the same levels of protection from paying Council Tax as they had when the national Council Tax Benefit was in place.

In 2017, following several years of reduced funding from central Government, Shropshire Council consulted on making changes to their local Council Tax support scheme by reducing the support available for the majority of claimants receiving welfare benefits. Shropshire Council predicted over [7,747³](#) people would be affected. We responded to the consultation, wrote a [report⁴](#) detailing our serious concerns and presented our evidence to the Scrutiny board, who took it to the Cabinet meetings.

In 2017 Citizens Advice Shropshire recommended:

1. **That a minimum payment is not introduced.** We appreciate that Shropshire Council is facing difficult financial decisions but we believe that the costs of collecting arrears from those who have been unable to pay would be greater than the amount the council are able to collect in additional income.
2. **Further research into the impact of these changes needs to be carried out,** in addition to consulting, to ensure that these cost savings do not just move the problem elsewhere. There needs to be a strategic over view of how all the Welfare Reform changes impact on Shropshire residents and recommend that whatever the Council decision an annual review should be carried out to assess the impact on the poorest Shropshire residents.
3. **To reduce the indirect costs to the Council and cost of enforcement we need to work together as a Council and Advice Agencies to ensure enforcement action is affordable and proportionate.** We would like to work with the Council to review their Council Tax debt collection policy.

³ <https://shropshire.gov.uk/committee-services/documents/s17354/15%20Council%20Tax%20Support%20002.pdf>

⁴ www.cabshropshire.org.uk/wp-content/uploads/2018/05/Council-Tax-Support-Scheme-CAS-response.pdf

The new Council Tax Support Scheme

With the consultation complete, in 2018 Shropshire Council went ahead with [option 4⁵](#) (the most expensive to clients) of their proposed changes and introduced their new Council Tax Support Scheme (CTS). The majority of working-age people receiving welfare benefits who previously received 100% Council Tax Support can now only claim a maximum of 80% towards their Council Tax bill.

This resident group now has to pay the remaining 20% out of their benefit income, a cost of around £15 – £35 a month. This affected people claiming:

- **Income support**
- Income based **Jobseekers Allowance**
- Income based **Employment and Support Allowance** – work activity group
- **Universal credit** – no earned amount

Pensioners, people who are claiming Employment and Support Allowance and in the Support Group, those with a Severe Disability Premium or people who have a War Pension are still eligible to receive 100% council tax support.

These changes to Shropshire Councils Council Tax Support Scheme were introduced 2 years into the 4 year freeze on working age benefits and 1 month prior to the introduction of Full Service Universal Credit which has been widely [reported⁶](#) to cause cash flow problems and long term debt. The [Joseph Rowntree Foundation⁷](#) writes that between April 2016 and November 2018 the cost of living for people on low incomes rose by £900 and as the benefit freeze moves into its fourth year families living in poverty will be £560 worse off on average – equivalent to three months of food shopping for an average low-income family.

We remained extremely concerned about the impact this local and national welfare reform would have on the people of Shropshire and how people living on limited benefit budgets would cope.



“It was a bit of a shock actually, my sister is getting into trouble as well. They can’t lower our benefits more than they already have, they’ve been frozen for years, it’s just another way of taking money off us and the cost of living is going up its ridiculous. Going food shopping for a few little bits costs £40 easily!”

⁵ <https://shropshire.gov.uk/committee-services/documents/s16709/Council%20Tax%20Support%20Scheme.pdf>

⁶ www.citizensadvice.org.uk/Global/CitizensAdvice/welfare%20publications/Universal%20Credit%20and%20Debt%20-%20final.pdf

⁷ www.jrf.org.uk/press/unjustifiable-benefits-freeze-means-another-tough-year-ahead-low-income-families

Our research

In light of our 2017 report recommendations, we decided that as a trusted, independent and impartial charity operating countywide we were well placed to research into the impact of the changes to Council Tax Support on Shropshire residents ourselves.

We carried out a survey from April 2018 – March 2019 which forms the basis of our research.

In order to secure respondents we promoted our research activity online through our websites, social media and newsletters, but the majority of our respondents were asked to participate in our survey by our teams of volunteers and client facing staff when engaging with our services. Staff and volunteers asked clients who came to us for help with problems with paying the 20% Council Tax for the first time, as well as people who did not present with this issue but were paying the 20%. We did this to ensure we weren't cherry picking 'the worst of the worst' and to capture a range of experiences.

Many of our clients struggle completing forms and paperwork, so we set up a system where clients would be booked in for a telephone appointment where a member of staff would go through the survey with them. We suspect that the unavoidable short delay from a face to face appointment or Adviceline call to the survey call back was a factor in approximately a third of clients who agreed to the survey then disengaging and being unreachable.

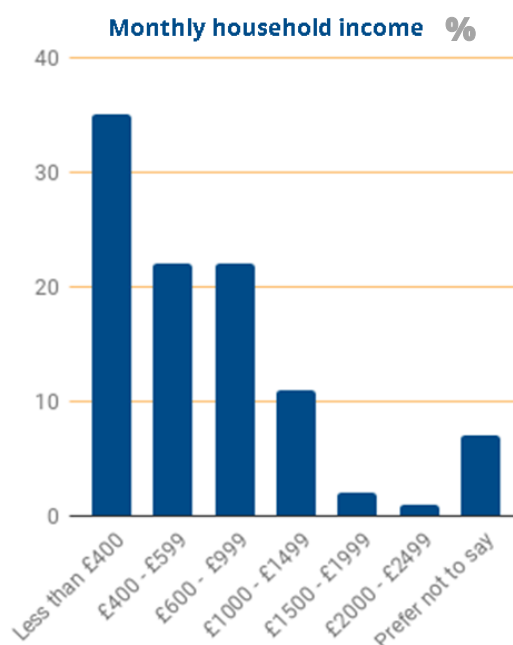
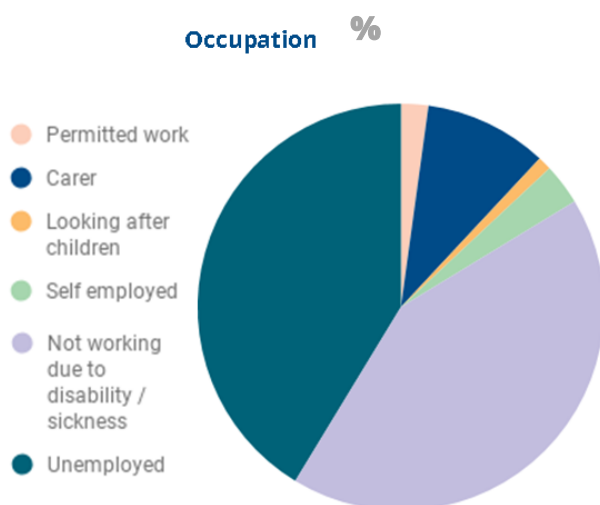
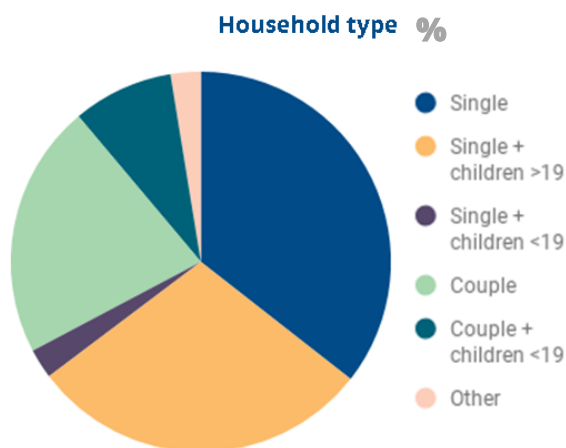
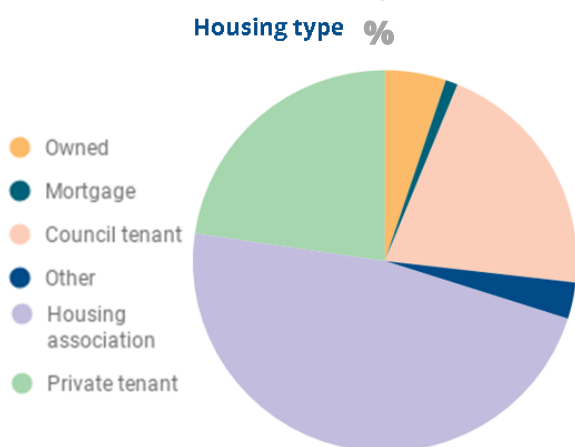
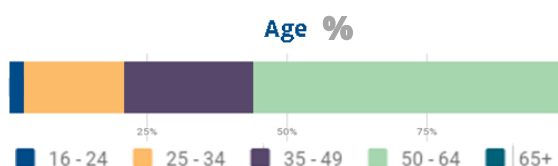
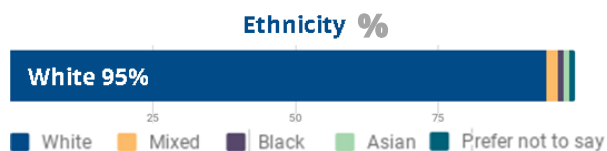
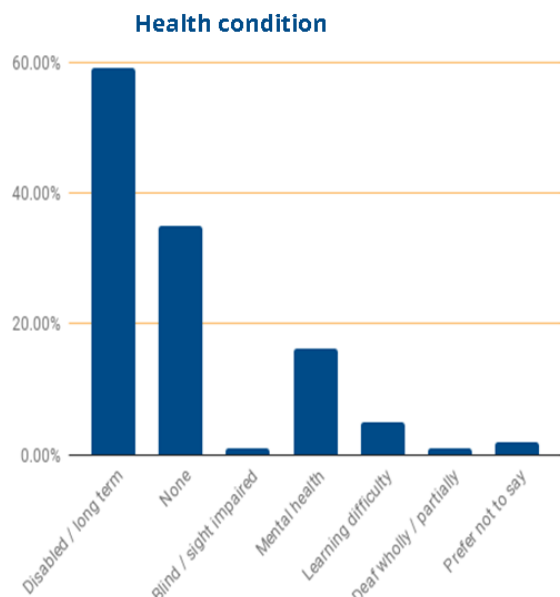
The survey was a mix of closed and open ended questions designed to gather quantitative and qualitative data. A few questions were abandoned as the survey progressed as we found respondents struggled answering these complicated questions that were difficult to convey over the phone without visual cues. Some questions also explored topics already covered earlier in the survey and we wished to avoid frustrating our respondents by asking them to repeat themselves. A copy of the survey questions is available on request.

Halfway through the research project we carried out a selection of follow up telephone interviews six months on with 14 % of respondents to track how their experience had progressed.

This report discusses our survey findings based on 101 respondents.

This sample size has a confidence level of 95% and a 9.6% margin of error, based on a 'population size' of 7,747 effected residents as predicted by Shropshire Council.

Respondent demographic charts



Findings

Our survey found 1 in 5 respondents were unaware of the changes to the CTS scheme and their new liability before they came to Citizens Advice Shropshire for advice.

The majority of this fifth took the survey earlier in the year, but we spoke to people up to March 2019 who were still unaware of their new responsibilities. Many people assumed that it was a mistake that they were being asked to pay. Several told us it came as a shock and that they were unprepared, and didn't feel Shropshire Council did enough to communicate the changes to them.



"I found out when I went to the CAB last week [survey taken in July]. I have a shared post-box at my flats so my mail is intermittent. The letter I got said I had to be in court in three days and I had absolutely no idea."

20% of respondents stated they were shocked by the new rules, or had never received a letter from Shropshire Council detailing the changes or providing their new bill. Respondents reported they had issues receiving their post and were frustrated that only a single letter detailing their annual bill was sent. Shropshire Council achieved minimal coverage about the changes in local newspapers (other than the autumn 2017 consultation on the proposed changes to the Council Tax scheme) and the Shropshire Council website did not advertise clear details about the new scheme ahead of time (other than a document marked draft). The Shropshire Council news room pages did not publish an item on the new Council Tax scheme either. There was a strong feeling amongst respondents that Shropshire Council could have done much more to prepare them and help them understand what was coming their way.

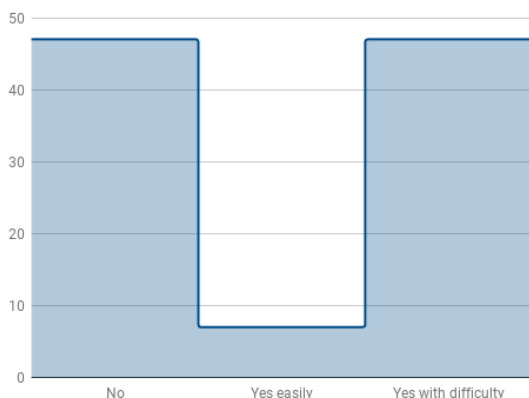


"I didn't know I had to pay it. I did get a letter but I thought there was a mistake. I never quite understood their letters anyway, I thought 'I don't pay that' - I just ignored it. They told me that everyone has to pay, [but] I found out after about 5 months so I'm in debt already. I had to pay so much extra and I have a lot of bills anyway and I haven't been able to do it - they are adding more on and I'm just getting in to debt with it."

People's ability to pay



"When I received this [council tax bill] I was completely overwhelmed by it...when I got this, it was like wow, I just can't, I just can't."



The average yearly Council Tax bill for survey respondents came to £230.83. Only 7% of respondents said they could pay their new bill easily. 93% told us they would find it difficult to pay or wouldn't be able to pay at all, rising to 96% for lone parents. 61% of the people who told us they couldn't pay this bill at all were managing a disability or long term health condition.

We asked respondents to think about how they would cover paying their new 20% Council Tax contribution. Key findings are presented to the right.

half (48%) said they had used or expected to use a food bank

over 1/3 said they'd borrow money from family or friends

1 in 5 said they'd sell or pawn their belongings

It's clear that the options available are very limited. Half of respondents told us they had used or expected to use a food

10% said they'd use an overdraft

6% said they'd use a credit or store card

3% said they'd use a bank loan

bank in order to free up money to pay their Council Tax bill. This reflects our original concerns that one of only things people living on benefits in Shropshire can make savings on is food, by reducing what they eat to unsafe levels and relying on emergency food parcels provided by charities (where support is short term and limited).



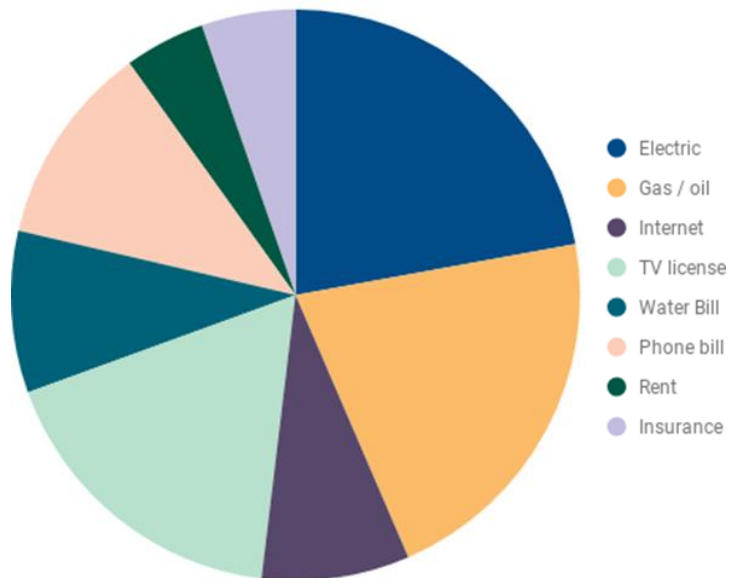
"Done that already, nothing else to sell. Foodbanks - we've had our limit for the year; they have refused to give us anything. It's humiliating. I've worked all my life. I have bad depression and can't even get myself back together to go to work, I can't get myself back together again, I can't afford to even buy food for myself."

In attempting to pay for their Council Tax bill, respondents told us how they would skip or delay other bill payments to free up money to pay Shropshire Council as they understood and were fearful of the fact it was a priority payment.



"It's a knock on effect though if you skip paying gas or electric because you go on to emergency credit and it ends up costing more."

Almost two thirds (60%) said that they would skip or delay paying their utilities bills, with many 'self-disconnecting' from gas / electric metres in their properties. Worryingly, 6% of people said they would skip or delay paying their rent to prioritise their Council Tax, potentially risking eviction and ultimately homelessness, with single parents more likely to take this action.



"Yes I would if I had to because I could go to prison for it [not paying Council Tax]. If I had to I'd not eat... I wouldn't, but the kids would eat. If I didn't have my disability money, without that I wouldn't be able to pay. This is taking nappies away from my baby and she's growing constantly and needs clothes."

Despite very low committal rates in Shropshire, the threat of prison for unpaid Council Tax was a clear concern for a number of respondents (8%) who were dedicated to doing everything they could to pay their Council Tax, but worried they simply just did not have room in their budgets to do so long term.



"Yes I will. They'll lock me up at the end of the day, but I haven't got it, simple - the bucket is empty I'm afraid."

Budget flexibility

We asked respondents to think about areas of spending they could cut back on to release money to pay their new Council Tax Bill. They were prompted to think about making savings in the following areas: Food, toiletries, clothes, socialising, travelling, housing costs, special occasions, extracurricular activities for children, sports or groups, the gym etc. for themselves, money for savings, debt repayments, holidays, and child care.

"I can't cut back anymore. I don't drink, don't smoke, don't go out. I use the car once a week. I've moved three times, and each time I've had to go to cheaper place, I've had a stroke now I don't need that stress no more."

"You can't save anything. It's a struggle day by day to try to put food on the table for your kids."

"Everything gets affected. It's always food when I've got debt that gets cut; I end up with nothing in the cupboard."

"We can't afford to buy food... can't remember last time we had a Christmas...We've got nothing left. I couldn't pay off anything else, we're in a proper predicament."

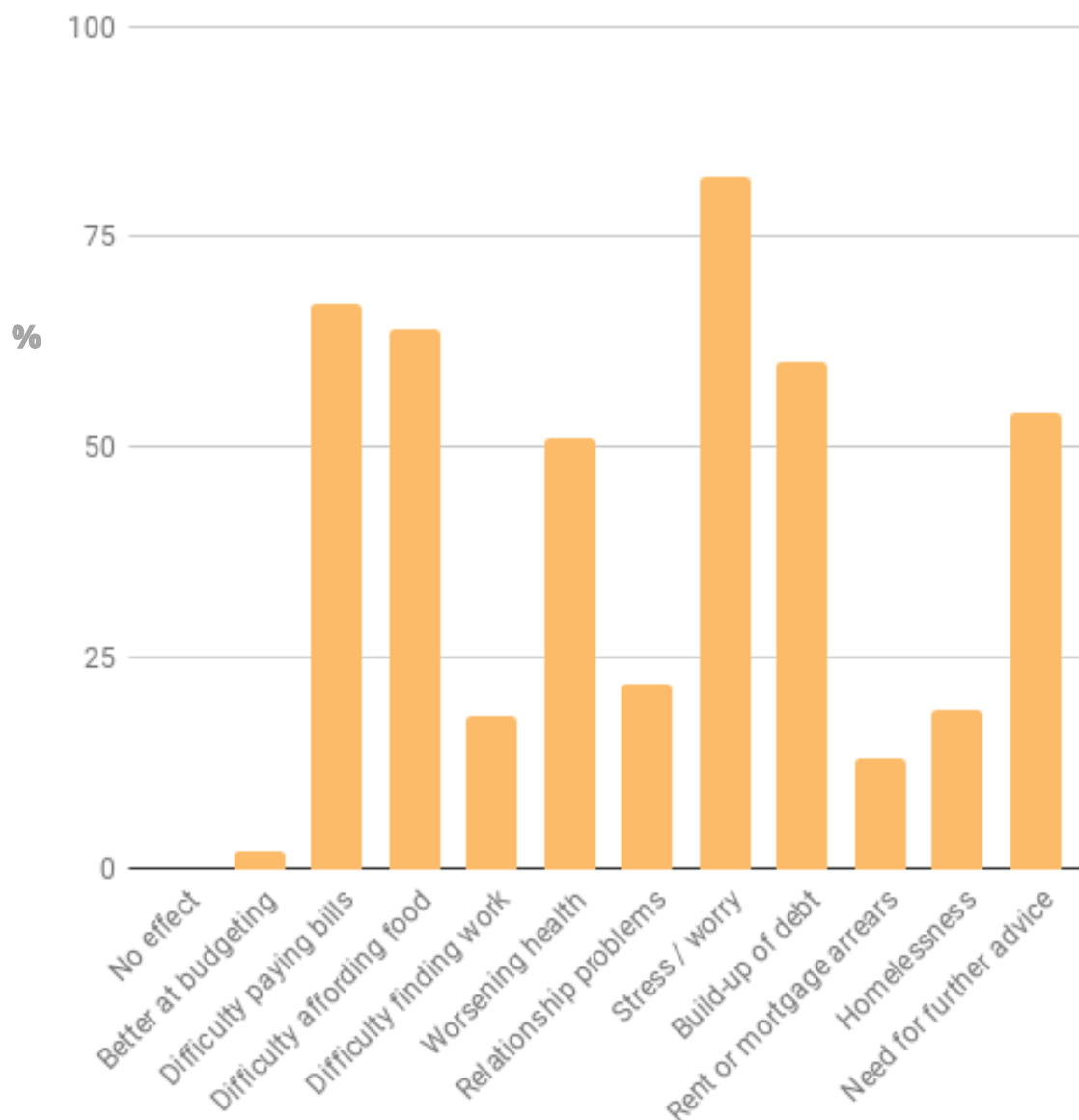
The overwhelming response was that people had very little they could safely cut back on to free up money to pay Council Tax. Food and other essentials had already been stripped right back, very few respondents had any kind of savings, and spending on special occasions or recreation had already been stopped for a number of years.

Respondents paying the Single Room Subsidy (often referred to as the 'Bedroom Tax') or whose Housing Benefit or Universal Credit did not cover all of their rent had struggled to move in the years prior to the changes due to the availability of accommodation and the costs associated. Many felt moving to a cheaper home or area was completely unrealistic and saw a huge detriment in leaving their community, friends and family.



"I don't spend anything on clothes, toiletries are a minimum, food I shop around to find the cheapest place. You wouldn't have liked to be here this last Christmas; I didn't even put up a tree. I have a car I can no longer afford to run - no tax no insurance and no MOT. Most of my work used to be local and found by word of mouth, so moving to another area would make things difficult. If you lost your job would you want to move away from your home too?"

The overall impact of paying 20% Council Tax



87% of respondents told us that they were stressed or worried as a result of the changes to the Shropshire Council Tax Support scheme, (for disabled people and people with long term health conditions this increases to 95%), and over half (54%) said this was worsening their health as a result.



"Causing stress / worry is the understatement of the century; it's just been awful... I've had to ring the Samaritans because of worry."

71% of people said it would cause difficulty paying bills. 64% predicted paying Council Tax from their benefit income would lead to a build-up of debt (rising to 74% for lone parents) and 20% felt it could ultimately push them towards homelessness.

68% reported that they would find it difficult to afford to buy food, now that they have to pay towards Council Tax as well. For those who are disabled or managing a long term health condition, 71% said this would affect their ability to afford food, which is incredibly concerning. The prevalence and severity of food poverty experienced by survey respondents is devastating.



"Currently not eating properly - eating Oxo cubes in hot water. Last meal about 1 week ago."



Citizens Advice Shropshire have had big concerns that asking some of the poorest and most vulnerable people in the County to contribute towards Council Tax would create costly problems elsewhere, by increasing demand on local voluntary services and the NHS.



"I have times of high blood pressure, my daughter has anxiety depression, PTSD autism, but since all this started I am now on two blood pressure tablets a day, my daughter said mum all you're talking about is money and I was like 'oh god' - how are we going to manage?"

Over half of survey respondents told us they were likely to need more help from advice services like Citizens Advice Shropshire, to help them cope with their new bill.

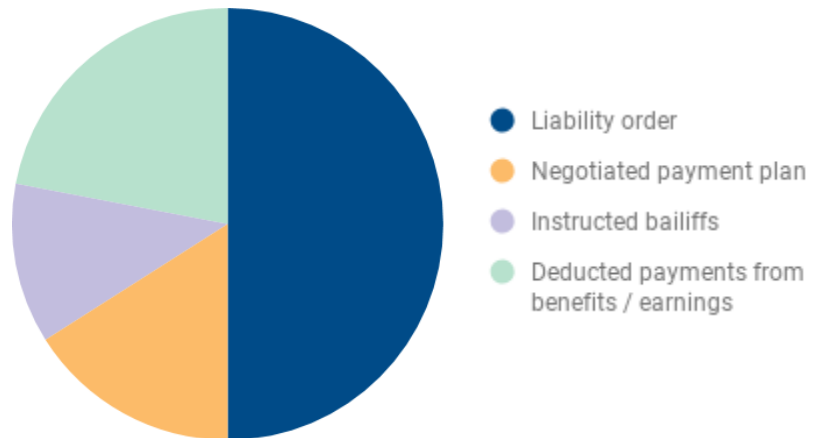


"If I've got to pay whatever it is they want every month out of lower income it's going to hurt everywhere. I can see homelessness and build-up of debt happening to a lot of people...a lot of people want paying and they will eventually get chucked out."

Arrears

46% of respondents were in arrears with their 20% Council Tax payments at the time of taking the survey. The average amount of money owed was £140 (we removed amounts relating to historic Council Tax arrears). Lone parents were more likely to be in arrears, and subject to a liability order. We asked people what action Shropshire Council had taken as a result of the arrears:

Approximately half of those in arrears had been issued with a liability order when they took the survey. In Shropshire this process adds an extra £35 fee to the existing Council Tax arrears. Further Court Summons costs adds another £35 on top, totalling £70.



Respondents told us about the impact of these additional charges:



"I don't know what to do, don't know how to pay, how can you magic it out of thin air it's in forefront of your mind all the time, its horrendous, all it does it make people worse. They're trying to hold their head above water but sinking at every turn."

71% of lone parents told us they had additional costs and fees added to their Council Tax arrears. Those costs can trap people in debt. On average Citizens Advice debt clients have just £14 a month disposable income.



"It's ridiculous isn't it; it's pretty obvious if you could pay it you'd pay it, if you can't afford what they're asking you won't be able to afford something on top."



"I can't afford to pay what they want me to pay, adding extra on isn't going to help me ... I'm getting piled up with even more and more bills that I couldn't afford to pay anyway."

Bailiff interaction

For those who possibly hadn't ever paid Council Tax, or not paid Council Tax recently, the speed at which the collection process escalated to Bailiff Intervention felt very fast. Respondents who had experienced or were facing the prospect of a visit from the Bailiffs spoke about the impact of having to quickly pay off the debt and how they found the overall interaction with the bailiffs.



"I've had a letter through from the council tax department saying I don't pay by certain amount of days they'll put in bailiffs in. I've had to pay that debt and I've fed my kids but I've not eaten since Wednesday last week." (Survey taken on a Wednesday).

The collection process is largely determined by national legislation, but local authorities do have discretion to not use bailiffs / enforcement agents for residents in receipt of Council Tax Support. A number of other local authorities have stopped using bailiffs and there is [evidence that they have higher collection rates](#)⁸.



"They wasn't very nice, it's a case of pay up or we'll take this and this, and they record you as well which is very intrusive and they're not small little fellas are they?"

Using bailiffs often causes stress and anxiety which affects people's day-to-day lives and can make it harder for them to take positive action to tackle their debts. The [Money Advice Trust](#)⁹ carried out research and found no correlation between the extent of bailiff use and the amount of council tax collected. In fact, the opposite seems to be true; the ten Councils with the heaviest bailiff use had an average collection rate of 22% of old debts, compared to 31% for the ten lowest users.



"They [Bailiffs] shoved a notice through the door, saying they'd been, so I phoned and explained and said I'd go to Citizens Advice to see how I can pay it and they said 'get in touch with Shropshire Council, they're the only ones who can help' and he asked how I was going to pay it and I said 'I'm on JSA I can only pay £10 a week' and he said 'if you can't pay I'll just come and take your goods' and I said 'you're not having anything out of my house mate'. They weren't very helpful at all."

⁸ www.moneyadvicetrust.org/media/news/Pages/Stop-The-Knock-2015.aspx

⁹ www.moneyadvicetrust.org/SiteCollectionDocuments/Research%20and%20reports/Council%20tax%20arrears%20and%20enforcement%20V7.pdf

How could Shropshire Council Support you?

We asked respondents if there was anything Shropshire Council could do to support people paying their Council Tax. Perhaps unsurprisingly the vast majority of people suggested that the changes to the Council Tax Support Scheme should be reversed. Others talked about spreading the payments out over 52 weeks to make it easier to pay, or removing the 20% contribution for people who have serious health issues but who wouldn't qualify for the existing exemptions. Respondents also suggested raising Council Tax payments for 'rich people' in order to protect poorer people from paying as a solution. People also talked about paying a smaller percentage than 20% which would be more affordable to those living on welfare benefits.



"I think it is unfair. Those people, the highest earners should be asked to pay 20% more, I know I would say that wouldn't I, but the difference is it wouldn't touch the sides with them, it wouldn't be a life changing event and it is massive for me."

The overwhelming feeling was that the introduction of the 20% contribution towards Council Tax was unfair. Respondents told us they felt 'penalised' 'criminalised' and 'humiliated' by the changes to local Council Tax Support. An opinion shared by several respondents was that these changes were part of a systematic removal of support by local and national Government that was short sighted at best, and at worst designed to make the lives of people living on benefit income intolerable and untenable.



"It's basically in my honest opinion there are people like me who will never ever work again because of ill health and the government is shortening my life expectancy deliberately - the stress is not doing me any good whatsoever; I'm also now suffering from insomnia."



"I think its wrong I really do. We're struggling as it is. I worked all my life until I become sick and then I paid my stamps and that should cover me. I can understand why now there are so many people out there people are homeless because of the situation that the Government and the Council are putting them through."

Emotional impact

We explored with clients how the overall experience was making them feel. It was apparent that the stress and worry of paying this new bill was having a negative impact on the majority of respondents' wellbeing.



“Extremely stressful and worrying to think where you’re going to find an extra £20 a month, and I’m on the bare minimum already and have had to have food bank parcel, that’s why I went straight to the Citizens Advice, I didn’t know what to do. It keeps you awake at night and people don’t realise that it just adds. To them it may only be £20 but to you its everything, to feed, clothe, it’s your gas & electric.”

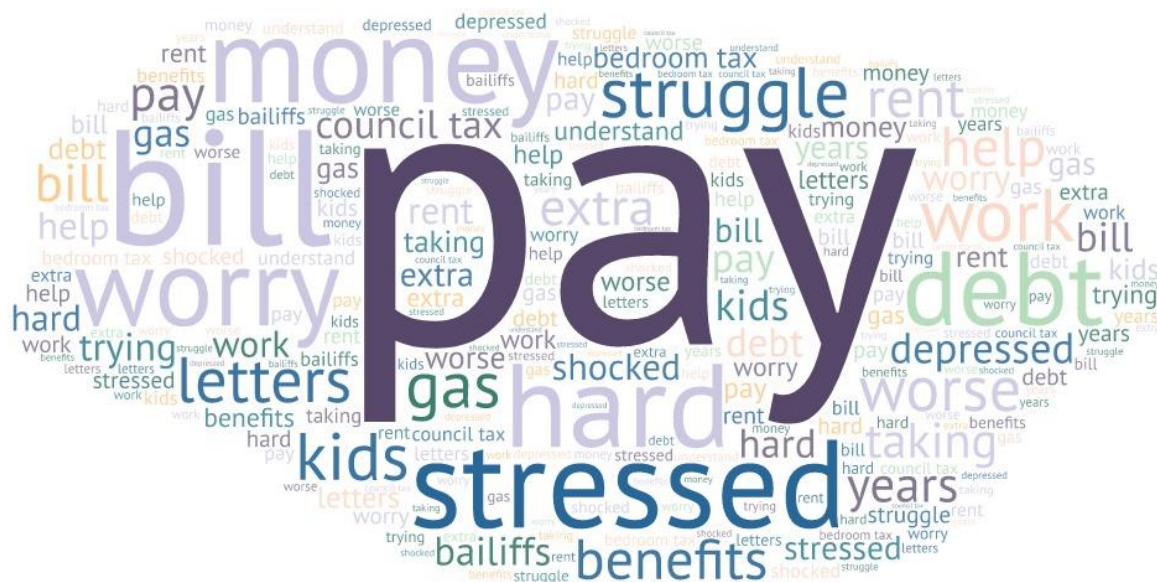


Figure 1 - emotional impact word cloud

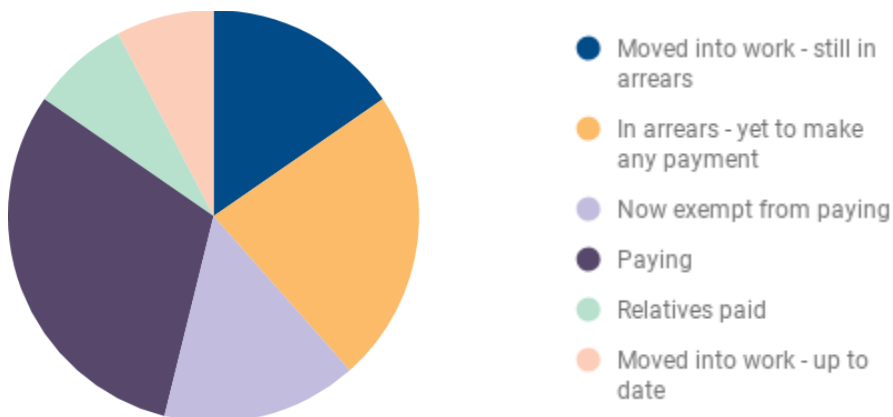


"It's devastating really, I know it's only £5 a week, but last week I felt sick, I felt really, really down and devastated. The one thing I worry about is losing a roof above my head and I see the young lad who lives in a tent, that's one thing that really scares me and bailiffs knocking at your door that's the start of it isn't it? Just £5, that extra bit, that push, when things are hard...I never understood what depression was and now I do for the first time, life is so hard."

Follow up interviews

Approximately half way through 2018/19 and our research period we spoke to 14 survey respondents for a second time to see how their situations had progressed.

The majority of people we spoke to were making payments but were still in arrears.



Those who had moved into work were finding the jump from the 20% to the higher applicable amount hard to manage and struggling to live on Insecure / low wage work.



"I am maxed out on credit cards, spending more time in [my] overdraft than ever, now I've gone back to work I'm worse off now when I was on benefits"

Where participants had not experienced a change of circumstances, their predictions about how they expected this additional bill to impact on them were largely accurate and had not been over stated whilst they came to terms with the reality of paying a new bill. Respondents did go on to live in poverty and fought to feed themselves and their families adequate healthily food.

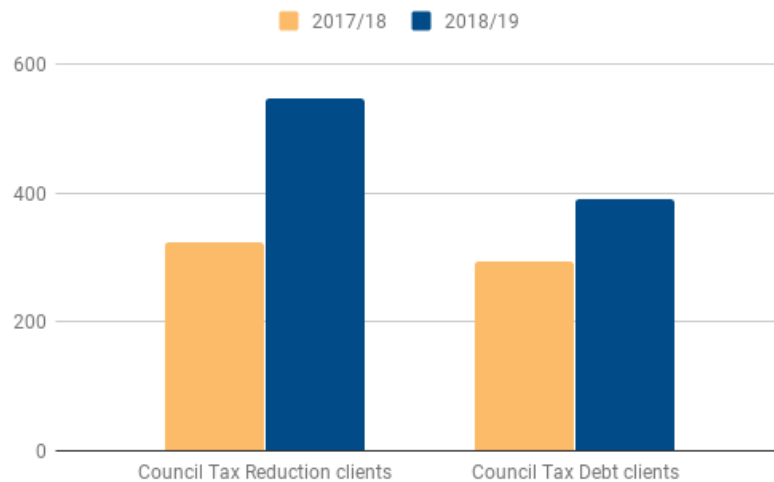


"Cutting back on stuff to do it, what we buy to eat, how much we use the heat. Now they've introduced it it's going to keep going up. [We] budget ourselves on the electric as well, we're just cutting back on different foods ...its only £25, but we're not eating healthy as such, the cheap packets of sausage, and she has to have different food as she's diabetic as well...We're taking it out of our money jars that we put the 5ps in that we usually use for Christmas."

Citizens Advice Shropshire statistics comparison

Council Tax arrears are the most common debt problem Citizens Advice Shropshire helps people with every year, and this has been the case since Council Tax support was localised in 2013.

Council Tax clients comparison 2017/18 and 2018/19



In 2018/19 we saw a 68% increase in clients who needed help with Council Tax reduction schemes and a 32% increase in clients seeking help with Council Tax debt compared to the previous year. We expected to see an increase across both of these advice areas as a consequence of Shropshire Council's changes to the local scheme. [The IFS found that Introducing minimum payments of more than 8.5% led, on average, to a 30-40% increase in Council tax debt queries recorded by local Citizens Advice.](#)¹⁰

Freedom of information requests

Following a full year of the new Council Tax scheme in Shropshire, we put in a Freedom of Information request to Shropshire Council. There was also an existing Freedom of Information Request from a member of the public enquiring about the usage of Section 13.A discretionary write offs. (Section 13.A of the Local government Finance Act 1992 allows Local Authorities discretion to write off Council Tax debts for residents experiencing exceptional hardship or with no ability to pay.)

Shropshire council advised that they 'have not kept a separate record in relation to how many applications we have had for discretionary council tax discount over the previous six financial years. I can advise on how much discretionary council tax discount has been awarded under Section 13A of the Local Government Finance Act 1992 and this is provided in the table' on the following page.

¹⁰ <https://www.ifs.org.uk/comms/r90.pdf>

Financial year	Amount of discount awarded under Section 13A LGFA 1992 (£)
2018 - 19	42,354.69
2017 - 18	0.00
2016 - 17	730.70
2015 - 16	2,281.59
2014 - 15	0.00
2013 - 14	964.38

As you can see from the table, 2018-19 saw the biggest payments to residents. Although they did not record how many applications this relates to, and Section 13.A is open to those who are fully liable for their entire bill and those receiving discounts and liable to pay 20%, the 965% increase in payments made compared to the averages over the 5 previous financial years is remarkable.

There was also a marked increase in the number of payments from the Local Support and Prevention Fund to Council Tax accounts in 2018/19. Shropshire Council's website states that the Local Support and Prevention Fund (LSPF) exists to help vulnerable people who are facing crisis, or who may need help to stay independent in the community. It's there to meet short-term immediate needs.

Financial year	Local Support and Prevention Fund (£)
2018 - 19	4,872.34
2017 - 18	0.00
2016 - 17	0.00
2015 - 16	0.00
2014 - 15	0.00
2013 - 14	0.00

Discretionary Housing Payments (DHPs) were regularly cited by Shropshire Council employees as a mechanism for helping alleviate hardship for people living on low incomes and struggling with paying their Council Tax.

However DHPs are short term solutions and are only available to people who have to make up a shortfall of housing costs, such as rent, or people who need help with moving costs, or making up a Tenancy Deposit, and so aren't appropriate for many of our clients or many of the survey respondents as they did not have a shortfall of housing costs. DHPs cannot be made for Council Tax payments.

Shropshire Council debt collection policy

[Shropshire Council's Debt Collection Policy¹¹](https://shropshire.gov.uk/media/8763/debt-collection-policy.pdf) was not formally updated in 2018/19 to reflect a new group of paying residents or the introduction of Full Service Universal Credit to the whole county by June 2018. However, Shropshire Council introduced a 'soft reminder' letter which goes out to people paying the 20% Council Tax. This reminder goes out to people before a normal reminder is sent. Unfortunately

¹¹ <https://shropshire.gov.uk/media/8763/debt-collection-policy.pdf>

Shropshire Council informed us in talks that they face low levels of engagement as a result of their letters, and the additional letter has not proved any more successful in encouraging residents to contact the council if they are finding it difficult to pay.

Shropshire Council also asked Enforcement Agents not to charge the initial visit fee to those living on welfare benefits. The Enforcement agent will try to initiate contact with the resident before adding the £75.00 compliance stage fee (worth 32% of the average 2018/19 Council Tax bill for people paying the 20 %.)

Liability orders and court costs

Councils have limited powers to recover council tax debt without getting a court order. The encouragement to get a court order leads to frequent use of bailiffs and adds significant additional costs (a national average of £84 for a court order and 2 £310 for bailiff fees) onto people's debts.

The collection practices encouraged by regulations are expensive and make people's financial difficulties worse. Most evidently, a combination of court costs and bailiff fees add large sums to people's debts.

In [July 2018¹²](#) the costs charged to Local Authorities to obtain a liability order from a court dropped from £3 to 50p. Shropshire Council charges people £35 if they have to request a liability order from the court.

For a couple working, ineligible for any Council Tax Support and paying full band A council Tax – this £35 charge represents 3.3% of their total bill.

For a couple on benefits paying the average band A bill of £211.48 in 2018/19 this charge represents 16.5% of their bill.

If they can't pay and have liability order and summons charges – they face a 33% increase on their bill. Working people only experience 6.6% added on in charges.

The cost of these charges passed on to people living on benefits and receiving Council Tax Support isn't proportional to the debt, and it makes the debt even harder to pay than before.

Not only is the council tax bill for those on benefits a higher proportion of their income, the fines and charges associated with arrears and enforcement are too. Shropshire Council needs to work to make collection practices and charges proportional to the amount of the debt owed.

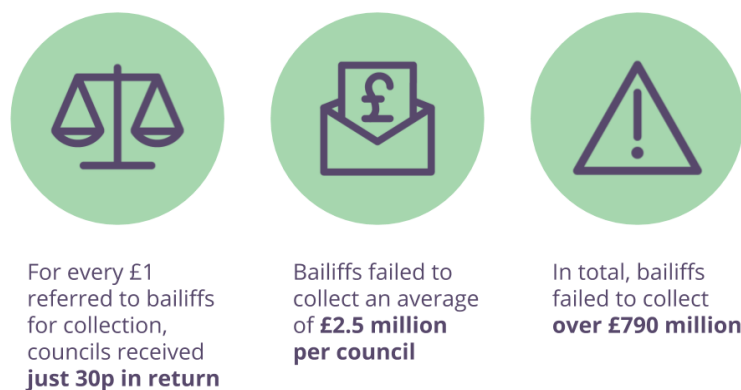
¹²http://www.legislation.gov.uk/ukxi/2018/812/contents/made?utm_source=Expert+advice&utm_campaign=7ea272c4da-EMAIL_CAMPAIGN_2018_07_27_11_59&utm_medium=email&utm_term=0_19bd99be06-7ea272c4da-&mc_cid=7ea272c4da&mc_eid=cc314115b9

Citizens Advice national Council Tax research

In 2019 Citizens Advice sent a Freedom of Information request to all councils in England. 286 councils responded including Shropshire Council. The [data gathered](#)¹³ showed that Council Tax collection regulations are not only failing households - they're also failing councils by pushing them towards inefficient collections methods. Their key findings are below.

Bailiffs are ineffective. The total value of debts referred to bailiffs each year has been steadily increasing since 2014. Over the same time period, the value of debts collected has remained broadly constant. Over the last 5 years, on average, they collected just 30% of the debt they were sent.

In 2018/19, councils issued nearly 2.3 million liability orders and used bailiffs over 1.4 million times to collect council tax. They used other methods, such as third party deductions far less. Over the same period:



Bailiffs are expensive - over the last 5 years, councils estimate bailiffs have cost over £600,000 per council. That includes administration costs paid by the council, fees paid by people in debt and wider costs to the taxpayer.

Over the last 5 years, bailiffs cost 53p for every £1 they recovered. Most of these costs are paid by people in financial difficulty. This represents money that could otherwise be used to pay back arrears.

¹³[https://www.citizensadvice.org.uk/Global/CitizensAdvice/Debt%20and%20Money%20Publications/Citizens%20Advice%20FOI%20request%20-%20council%20tax%20arrears%20collection%20\(1\).pdf](https://www.citizensadvice.org.uk/Global/CitizensAdvice/Debt%20and%20Money%20Publications/Citizens%20Advice%20FOI%20request%20-%20council%20tax%20arrears%20collection%20(1).pdf)

Working with Shropshire Council

In 2018/19 Shropshire Council agreed to quarterly meetings with Citizens Advice Shropshire's Specialist Services Manager, Chief Officer and Research and Campaigns Coordinator. These were beneficial meetings that allowed each organisation to build on their understanding of how each other worked, and where we were able to start the ball rolling to secure a significant amendment to the new Council Tax and Support Scheme from 2019/20 onwards.

ESA amendment

In 2018/19 we used our evidence and welfare benefit expertise to influence Shropshire Council to make changes to their Council Tax Support scheme for 2019/20 so that there is parity between legacy benefit Council Tax exemptions and those for Universal Credit.

Under the Shropshire Council 18/19 scheme, those in the Employment and Support Allowance (ESA) Support Group were eligible for 100% Council Tax Support and didn't have to pay any Council Tax. Somebody with exactly the same circumstances, but who was claiming Universal Credit (which replaces ESA) and in the Limited Capability for Work / Work Related Activity group (LCWWRG), was only eligible for 80% Council Tax Support and had to pay around £20 a month towards this bill, despite being just as vulnerable as their ESA counterparts.

Case study

In 2018/19 Brian (name changed) was charged 20% Council Tax although he received the Limited Capability for Work and Work Related Activity element of Universal Credit. If he had received ESA and was in the Support Group he would be exempt from 20% Council Tax charge.

Brian has a serious heart condition and is unable to work. He was experiencing considerable hardship by paying Council Tax and was struggling to afford travelling to hospital appointments and to see his children. Brian felt he was being discriminated against because he was not in receipt of the legacy ESA benefit. This made him feel depressed and anxious.

Brian told us that the week before he receives his Universal Credit he doesn't have any money left and expected that he'd have to use a food bank.

Because of the evidence we provided to Shropshire Council more sick or disabled people will be protected from paying Council Tax in 2019/20 and the scheme is improved and fairer. This immediately benefits 570¹⁴ people on Universal Credit in Shropshire, saving a minimum of £185.53 (band A average for 2019/20 minus 25% single person discount). A further 5,672¹⁵ people are currently receiving ESA –

¹⁴ <http://dwp-stats.maps.arcgis.com/apps/Cascade/index.html?appid=8560a06de0f2430ab71505772163e8b4> – accessed 09/19

¹⁵ May 19 Stat-xplore statistics – accessed 09/19

Support Group and will be migrated over to Universal Credit over the next few years, and will benefit from the changes.

Conclusion

The overwhelming impact of changing the Council Tax Support Scheme in Shropshire has been an increase in food insecurity or outright food poverty experienced by Shropshire residents living on benefit incomes.

This unintended negative consequence is taking away from the positive work Shropshire Council is involved in as part of the Food Poverty Alliance, a consortium of organisations committed to tackling food poverty in Shropshire that formed in January 2018, 4 months before the introduction of the new, less supportive, Council Tax Support scheme.

In 2018 Shropshire [Food Poverty Alliance](#)¹⁶ found that 'Food poverty is increasing in Shropshire. 81% of respondents to their survey felt that food poverty had increased in the past year. Food banks report an increase in referrals from across the county...In many cases the food budget is the only area where households can cut their spending.' This is reflected in our survey's findings.

Experiencing food poverty has a damaging effect on people's health and wellbeing. The charity [Sustain](#)¹⁷ states that 'food poverty can result in a poor diet, which is linked to diet-related ill health. There are both personal and economic costs associated with ill health.

Diet-related ill health is responsible for about 10 per cent of deaths in the UK, and is estimated to cost the NHS some £6 billion every year. This is more than double the cost of tobacco use. Some of the most common diet-related diseases include diabetes, cancer, cardio vascular disease, malnutrition and obesity'.

Increasing peoples risk of experiencing food poverty or food insecurity directly contradicts Shropshire Councils Health and Wellbeing aims. The [Shropshire Together](#)¹⁸ website states Shropshire has a vision 'for Shropshire people to be the healthiest and most fulfilled in England. Organisations from across Shropshire are working together to reduce health inequalities and improve the health and wellbeing of the local population.' Shropshire Council has a clear prevention strategy and its key work programmes for 2016-21 include 'Healthy weight & diabetes prevention, and Mental Health'.

Shropshire's new Council Tax Support scheme is making it harder for Shropshire's poorest residents to meet these aims.

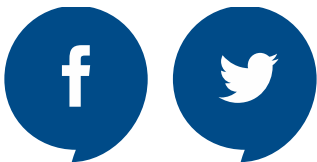
¹⁶ <https://www.shropshirefoodpoverty.org.uk/>

¹⁷ https://www.sustainweb.org/foodaccess/what_are_the_consequences_of_food_poverty/

¹⁸ <http://www.shropshiretogether.org.uk/wp-content/uploads/2016/05/FINAL-HWBB-Strategy-2016.pdf>

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