

UK Council Tax changes spell deepening poverty for millions

Dennis Moore
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A recent report published by Resolution Foundation, an independent research and policy organisation, describes the impact of benefit changes to the UK's Council Tax benefit system that came into force on April 1. These changes, part of the introduction of a raft of attacks aimed at ending welfare provision, are predicted to further drive more and more people into extreme levels of poverty.

Council Tax Benefit (CTB) is a means-tested benefit that currently provides financial assistance to up to 6 million low-income families in the UK, of which 3.2 million are of working age.

Each of England's 326 local authorities (and the Scottish and Welsh governments) will be handed the responsibility to provide Council Tax support through a system of locally designed "Council Tax Support Schemes."

Some of the poorest households in the UK will be affected, and though pensioners are to be protected, at least initially, most people on benefits will have to pay something towards the new Council Tax system.

Analysis carried out by the foundation's "No Clear Benefit" report shows that almost three quarters of local authorities in the UK will provide less support for those currently claiming CTB.

This report highlights for the first time what these changes will actually mean for low-income families, and for those on benefits who are unemployed or out of work because they are sick.

Most of the 2.5 million people not in employment who previously received full support for their Council Tax via the benefit will now have to pay something towards it. A typical CTB recipient will now have to pay bills between £1.80 and £4.90 a week under the new rules.

The impact of these reforms on those on low incomes

will vary greatly across the UK with many local authorities expected to hand out less Council Tax support.

A typical single parent working part-time receiving the national minimum wage (NMW) with children in child care will face Council Tax bill increases ranging from £96 to £577 annually, depending on the level of the local schemes being introduced. A typical couple with children where one partner is in full-time work on the NMW will face an annual increased Council Tax bill of between £96 and £446, again depending on the local schemes being introduced.

The report points out that of the 326 local authorities across the UK, 184 have confirmed what they are intending to do to implement these changes.

Across the UK, debt advisers are braced for an enormous increase in the number of clients who will be presenting with debts accumulated due to the Council Tax changes, leading to increasing numbers of families being pushed to the financial breaking point.

In one London borough, officials have described the changes as "likely to have a disastrous impact on child poverty." This comes on top of the move to cap benefit increases to 1 percent. Prior to these changes to the system, there had been a significant increase in the numbers of people getting into arrears with Council Tax. The Debtline national agency has stated that the proportion of clients with these types of debts has increased from 8 percent to 20 percent in the last eight years, with Council Tax rating as the third most common debt problem after credit cards and loans.

The rates at which people will have to contribute towards their Council Tax bills will likely not remain static, and it is anticipated that they could rise in the future, with people having to contribute more.

The government has said that there will be measures

in place to protect those who experience extreme financial hardship via a discretionary fund that will be used to provide financial assistance. However, this fund is limited to a finite amount, and at the present time, it is anticipated that the discretionary fund will be primarily dealing with shortfalls to Housing Benefit with little left for Council Tax.

In a further attack, the appeals process to deal with Council Tax benefit will change, with appeals now being heard by a valuation agency and not by Social Security. The valuation agency has no experience in dealing with means-tested benefits.

Local authorities across the UK are budgeting for losses with the introduction of the changes to Council Tax, as it is estimated that up to 84 percent of people on low incomes will not pay the tax. At the same time, the costs for recovering unpaid Council Tax via the courts will exceed the amounts local authorities are trying to recover in the first place. This will lead to some local authorities seeking to recover Council Tax benefit from some of the poorest in society directly via the claimant's benefits. The council in North Tyneside says "the low level of charge to the poor—amounting to £50 a year—means it is justified in collecting unpaid Council Tax from 'ongoing benefits'."

Gavin Kelly from the Resolution Foundation commented that "Millions of England's poorest households both in and out of work are already very close to the edge" and "They are going to find it very hard to cope".

The cumulative effect of recent benefit changes that have come into force in April will disproportionately affect some of the poorest in society and push a further 200,000 children in the UK into poverty.

Findings from the Poverty and Social Exclusion project, a joint collaboration with a number of universities in the UK, including the Open University, have shown there has been a marked increase in levels of poverty. Britain's poorest are now worse off today than they were at the height of the cuts being imposed under the Thatcher Conservative government in 1983.

For many in the UK, the introduction of these changes finds some historical resonance with the introduction in the 1980s of the Poll Tax that led to thousands of people taking to the streets in opposition to what at the time was seen as a tax on the poor. This culminated in 1990 in some of the most widespread

scenes of civil unrest that had been witnessed in central London in a century.

More than two decades later, millions now face attacks on living conditions that are unprecedented in the modern era. The Conservative Party/Liberal Democrat coalition government, continuing the attacks made by the previous Labour government, have begun the implementation of a social scorched-earth policy, removing every vestige of the social gains made by working people in post-war Britain.

As with every other attack launched against the working class by the coalition since 2010, the trade unions have not lifted a finger in opposition, leaving millions to face a life of continued austerity and want.



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