

## **Council Tax Support scheme consultation 2023/24**

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### **Response from online consultation**

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| Comments from Council Tax update consultation 2022                                              |
| No comments.                                                                                    |
| It shouldn't just be for people claiming benefits. Ordinary people are struggling too.          |
| Low council tax like Wandsworth why paying for centre of London when most people on good wages. |

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### **Response from Conservative group**

*Merton Conservatives support a Merton focused scheme that provides better value for money for Council Tax payers and would offer support to those on low incomes.*

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### **Response from GLA**

#### **Introduction**

As in previous years, the GLA recognises that the determination of council tax support schemes, under the provisions of the Local Government Finance Act 2012, is a local matter for each London borough. Individual schemes need to be developed which have regard to specific local circumstances, both in respect of the potential impact of any scheme on working age claimants (particularly vulnerable groups) and, more generally, the financial impact on the council and local council tax payers – and therefore the final policies adopted may, for legitimate reasons, differ across the capital's 33 billing authorities.

This fact notwithstanding the GLA also shares in the risks and potential shortfalls arising from the impact of council tax benefit localisation in proportion to its share of the council tax in each London billing authority. It is therefore important that we are engaged in the scheme development process and have an understanding of both the factors which have been taken into account by boroughs in framing their proposals, as well as the data and underlying assumptions used to determine any forecast shortfalls which will inform the final scheme design.

#### **Framing Proposals**

As part of the introduction of council tax support in 2013-14, the Government set out its expectation that, in developing their scheme proposals, billing authorities should ensure that:

- Pensioners see no change in their current level of awards whether they are existing or new claimants;
- They consider extending support or protection to other vulnerable groups; and
- Local schemes should support work incentives and, in particular, avoid disincentives to move into work.

The GLA concurs with those general broad principles and would encourage all billing authorities in London to have regard to them in framing their schemes.

### **Proposed Options for 2023-24 Scheme**

The London Borough of Merton has a commitment to keeping the Borough's CTS scheme for non-pensioners aligned to the Government's prescribed CTS scheme and the Housing Benefit (HB) scheme. The intention is that residents should get broadly the same CTS as they would have done if Council Tax Benefit (CTB) still existed. As a result, the council is consulting on two options relating to updating the scheme for 2023-24. These options are as follows:

1. Incorporate any changes made to the HB scheme and the prescribed Council Tax Reduction scheme for pensioners during the 2022/2023 financial year and retain the option to make changes within the year the scheme applies where changes are made to HB scheme, prescribed Council Tax Reduction scheme and national welfare benefits, tax credits, grants and loans, where it affects the award of CTS.
2. Continue to award Council Tax Support based on the current scheme, including the current rates of applicable amounts, personal allowances, and non-dependent deductions. No technical adjustments to the scheme to bring it in line with the HB scheme, prescribed Council Tax Reduction scheme and national welfare benefits, tax credits, grants and loans.

The GLA notes that Option 1 is the council's preferred option, as it would continue to ensure there are little or no differences between the prescribed scheme and Housing Benefit, and the Borough's local CTS scheme. Option 1 would, in broad terms, ensure that, providing a resident's circumstances remained the same, a claimant would receive the same level of CTS as they would have done had the former CTB scheme continued.

If Option 2 were adopted, applicable amounts and personal allowances would remain the same in 2023-24 as in 2022-23, and therefore the claimant would receive a reduced award of CTS compared to the amount which would be received had the scheme been updated, as in Option 1.

The GLA acknowledges that local authorities face difficult choices on CTS schemes, as overall funding from central government has reduced and funding for CTS is no longer identifiable within the settlement. However, the council has committed to maintaining the principle of mirroring the existing scheme, despite uncertainty over future funding levels. Furthermore, the council will continue its policy of not restricting applicable amounts to two dependant children only. These commitments are welcomed by the GLA.

It is clear from the council's website that a discretionary hardship fund is in operation. We would encourage the Council to take a proactive approach to informing those council tax support claimants facing difficulties paying council tax bills about the help

available, particularly in light of the current cost of living difficulties Londoners are faced with.

In light of the above comments, the GLA is content to endorse Option 1, as Merton's preference for the 2023-24 scheme, recognising that the proposed scheme is in accordance with the general principles set out by Government (as listed above).

### **Council Tax Protocol**

The GLA welcomes the fact that Merton remains signed up to the council tax protocol, developed by Citizens Advice, in partnership with the Local Government Association. In recent years the issue of council tax collection practices has become more high profile and the GLA is supportive of initiatives to improve collection processes.

### **Providing Information on Schemes**

Whilst we recognise that the detailed rules on council tax support schemes are inevitably complex, the GLA would encourage all boroughs to make every effort to set out information on their schemes as clearly as possible. Information that may help potential claimants could include an online calculator, to identify whether potential claimants are likely to be entitled to support, as well as 'Frequently Asked Questions' and a summary document outlining concise details of the scheme. In addition, for existing claimants, we would encourage boroughs to consider how the process for reporting changes in circumstances can be made as straightforward as possible.

### **Setting the Council Tax Base for 2023-24 and Assumptions in Relation to Collection Rates**

The council will be required to set a council tax base for 2023-24 taking into account the potential impact of the discounts the council may introduce in respect of council tax support and any potential changes the council may implement regarding the changes to the treatment of second and empty homes.

The council will need to make a judgement as to the forecast collection rates from those claimants and council taxpayers affected by any changes to council tax support. The GLA would encourage the council to provide it with an indicative council tax base forecast as soon as options are presented to members for approval, in order that it can assess the potential implications for the Mayor's budget for police, fire and other services for 2023-24. This should ideally be accompanied by supporting calculations disclosing any assumptions around collection rates and discounts granted having regard to the final council tax support scheme design.

### **Collection Fund and Precept Payments**

By 23 January 2023, the council is required to notify the GLA of its forecast collection fund surplus or deficit for 2022-23, which will reflect the cumulative impact of the localisation of council tax support since it was introduced in 2013-14. The GLA would encourage the council to provide it with this information as soon as it is available.

## **Response from the Liberal Democrats**

The Council's own consultation document states:

*“Merton’s Council Tax Support Scheme (CTS) was developed in 2012 after it was announced that the Government’s Council Tax Benefit (CTB) scheme would be replaced by individual CTS schemes run by local authorities from April 2013.”*

Furthermore:

*“The local CTS scheme is up to each Local Authority to decide.”*

And:

*“Since then, Merton’s CTS scheme has replicated the Government’s prescribed scheme to ensure that residents would get the same rate of CTS had CTB continued.”*

Concluding:

*“Merton has also decided to maintain that principle for the 2023/24 scheme.”*

Whilst the Liberal Democrats in Merton welcome the support the Council has made available for those in receipt of Council Tax Support, we believe further support is required. We are living through very different times to those when the scheme was first introduced. Many of our residents are facing unprecedented financial hardships. The cost-of-living emergency is impacting on almost everyone, in ways previously thought unimaginable. People beyond traditional benefit boundaries are in financial peril - food and fuel poverty is a daily reality for many, with the added strain of trying to keep a roof over their head.

The Resolution Foundation report – Arrears Fears<sup>1</sup> explains:

*“The cost-of-living crisis will send more financially-insecure families into arrears – the most harmful form of debt. Families face rising costs ... those who cannot cut back on spending and have no savings to fall back on will find themselves unable to keep up with their bills and so are likely to fall into arrears.”*

The Citizens Advice Bureau’s *cost of living dashboard*<sup>2</sup> illustrates this with the crisis advisors are seeing unfold and gives a near real-time insight into the problems people are facing.

The Liberal Democrats in Merton think simply rolling forward the same Council Tax Scheme formulated in 2012, without addressing the current and worsening cost of living crisis is an inadequate response. Neither option 1 nor 2 in the consultation document reflects the harsh economic realities facing a growing number of residents who now need help.

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<sup>1</sup> [Arrears fears • Resolution Foundation](#)

<sup>2</sup> [Our new cost of living dashboard: the crisis we’re seeing unfold | by Morgan Wild | We are Citizens Advice](#)

According to the Trussel Trust and staff at their foodbanks:

*“The cost of living crisis is forcing people into impossible decisions because they simply don’t have enough money. Do they eat or buy other essentials such as school shoes for their kids?”*

*“This isn’t right. If people are to have enough money to live with dignity, we need strong support systems that lift us out of hardship rather than plunging us deeper into poverty. This means investment in our social security system to ensure it’s a strong and effective lifeline for whenever any of us need support.”<sup>3</sup>*

We recognise the Council cannot change the social security system, but know that Merton Council could do more to support a greater range of residents through this emergency.

We consequently call on the Council to be bold and innovative in developing an expanded Council Tax Support scheme, or else other direct measures, to reach those residents who were just about managing, but are no longer doing so, and those who have additional needs that may be exacerbated by the crisis, such as disabled people.

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<sup>3</sup> [True Cost of Living - The Trussell Trust](#)

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