

**Committee: Cabinet**

**Date: 16<sup>th</sup> November 2023**

Wards: All

**Subject: Council Tax Support Scheme 2024/25**

Lead officer: Asad Mushtaq, Executive Director of Finance and Digital

Lead member: Councillor Billie Christie

Contact officer: Rebecca Dodd, Head of Benefits

**Recommendations:**

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1. That the updating revisions for the 2024/25 council tax support scheme detailed in the report be agreed, in order to maintain low council tax charges for those on lower incomes and other vulnerable residents.
  2. That Council agrees the proposed revisions to the 2024/25 scheme.
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## **1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

1.1. This report details the proposed revisions to Merton's adopted council tax support scheme to ensure that the level of support awarded stays in line with the old council tax benefit scheme had it continued and therefore residents are not worse off due to the new scheme.

1.2. That Council agrees to implement recommendation 1 and 2.

## **2. DETAILS**

### **2.1. Council Tax Support Scheme 2024/25**

2.1.1. As part of the Spending Review 2010, the Government announced that it intended to localise council tax benefit (CTB) from 1 April 2013 with a 10% reduction in expenditure. These plans were included as part of the terms of reference for the Local Government Resource Review and the then Welfare Reform Bill contained provisions to abolish CTB.

2.1.2. Following a formal consultation exercise full Council agreed on the 21 November 2012 to absorb the funding reduction and adopt the prescribed default scheme in order to maintain low council tax charges for those on lower incomes and other vulnerable residents. CTB was formally abolished with effect from 1 April 2013

2.1.3. Council have subsequently agreed to continue with the same scheme, subject to revisions on an annual basis for 2014/15, 2015/16, 2016/17, 2017/18, 2018/19, 2019/20, 2020/21, 2021/22, 2022/23 and 2023/24.

2.1.4. The Government have stated that under the new local council tax support scheme pensioners must not be worse off and that existing levels of support for them must remain and this protection will be achieved by keeping in place existing national rules, with eligibility and rates defined in Regulations broadly similar to those that previously existed. This is known as the Prescribed Pensioners scheme.

- 2.1.5. When full Council adopted the Government's default scheme in November 2012 it was not clear what would happen with regards to the uprating of the default scheme from April 2014 onwards. Advice received from the then Department of Communities and Local Government (DCLG) at the end of September 2013 stated that if a Council did not formally agree a revised scheme for the following financial year which would include any "uprating" then its local scheme for the previous year would automatically become its default scheme and as a consequence the "uprating" would not take place and many residents would face an increased council tax bill.
- 2.1.6. In 2021/22, the Government introduced increases to disregarded earnings and grants and loans for the self-employed to support people during the COVID-19 pandemic. These resulted in increases to Universal Credit and other DWP benefits which reduced council tax support for our residents. The Council awarded the difference in the form of a hardship reduction as part of the Council Tax Hardship facility; however the Council was unable to amend the disregards set out in the Council Tax Support Scheme.
- 2.1.7. The rules of the scheme for 2021/22 were amended and agreed by full Council to permit any in year changes if the Government made any in year changes to disregards or elements of the Housing Benefit scheme or Prescribed Pensioners scheme that will benefit residents.
- 2.1.8. Any in year changes will be approved by the Section 151 officer of the Council. However, the Council's decision making process will be followed for any changes.
- 2.1.9. This means that if Merton wants to continue with its council tax support scheme which is broadly similar to the old council tax benefit scheme it would have to formally consult and agree on the revised "uprating" each year. Merton has subsequently agreed this approach in prior years and is now seeking agreement to the same for 2024/25.
- 2.1.10. It is estimated that if the uprating was not applied the expenditure of the scheme, if everything else remained constant, would be approximately cost neutral. Increases in payments for non-dependants living in households would not be applied and some residents receiving disability benefits or premiums could face higher council tax bills.

## 2.2. Council Tax Support Scheme 2024/25

- 2.2.1. Each year the Government "uprate" the housing benefit scheme and the prescribed Council Tax Support scheme for pensioners. This is where state pensions and benefits are increased by a set percentage and the Government also increase the applicable amounts and personal allowances (elements that help identify how much income a family or individual requires each week before their housing benefit starts to be reduced) and also non dependant adult deductions (the amount an adult who lives with the claimant is expected to contribute to the rent and/or council tax each week).

2.2.2. The Government have also previously introduced new elements to the housing benefit scheme and pensioner scheme which can affect entitlement. These introductions are often made after Council has agreed the CTS scheme for the following year. For example, on 12<sup>th</sup> February 2022 the Government introduced [new legislation](#) which introduced the £150 energy rebate. This was introduced after Council agreed the scheme in November 2021 but before the new scheme began on the 1<sup>st</sup> April 2022. The changes to the scheme will include any changes affecting CTS entitlement under new legislation and changes to the pensioner scheme and Housing Benefit Scheme after Council have agreed the scheme and before the scheme commences on 1<sup>st</sup> April 2024.

2.2.3. The Government will uprate the housing benefit scheme from the 1 April 2024 and the detail of this process is unlikely to be known until early December 2023. The Government will also uprate the prescribed pensioner scheme for council tax support from 1 April 2024, with the details announced in December 2023. Once the detailed information is known it is proposed to use the data from these to uprate the council tax support scheme.

2.2.4. The new council tax support scheme will be effective from the 1 April 2024

2.2.5. Full details of the responses to the consultation are included in Appendix 3.

### **3. ALTERNATIVE OPTIONS**

3.1. The only alternative option for the Council Tax Support Scheme based on the consultation undertaken would be not to revise it and not uprate the scheme and continue with the existing scheme. This would result in some of the poorest residents facing increased council tax bills from April 2024.

### **4. CONSULTATION UNDERTAKEN OR PROPOSED**

4.1. A formal consultation exercise regarding the proposed revision of the scheme was undertaken between 16 August 2023 and 10 October 2023. The consultation was on 2 options which are detailed in the briefing paper in Appendix 1. Twenty two responses were received, 15 preferred Option 1, to apply the uprating, and 7 preferred Option 2, not to apply the uprating. Of the responses, 10 people indicated that they were in receipt of council tax support.

4.2. The Council has also consulted with our major precepting authority, the Greater London Authority (GLA). The GLA have acknowledged the Council's proposal and is content to endorse Merton's preferred option 1 and 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.

## 5. TIMETABLE

5.1. The key milestones for council tax support scheme are detailed below:

<b>Task</b>	<b>Deadline</b>
Consultation with public and precepting authority on proposed change to the scheme	16 August 2023 to 10 October 2023
Report to LSG and Cabinet for agreement to proposed change to the scheme	November 2023
Detailed analysis of the housing benefit and prescribed pensioner schemes uprating to establish exact parameters to be applied for the uprating of the council tax support scheme	December 2023– or as soon as the information is available from the DWP
Full Council approval	7 <sup>th</sup> Feb 2024
Testing of IT software for amended scheme	February 2024
Deadline for agreement of amended scheme	10 March 2024
Implement revised scheme	1 April 2024

## 6. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. Based on levels of council tax support, as at October 2023, it is estimated that £13.141 million will be granted in council tax support for 2024/25 assuming a 5% increase (Council Tax Referendum Limit) in council tax from April 2024. This figure includes the Greater London Authorities share of the scheme (£3.028 million), the cost for Merton is estimated at £10.113 million.
- 6.2. The council has recently submitted its Council Tax Base Return (CTB) to Government. This is based as at October 2023 and incorporates the latest information on council tax support and discounts and exemptions. This will be used to calculate the Council Tax Base for 2024/25 and the Medium Term Financial Statement 2022-2026 will be updated as appropriate during the budget process.
- 6.3. The level of reduction in Council Tax Base due to the Council Tax Support Scheme has decreased from last year and is the highest decrease since the scheme began. The adjustment for reduction in tax base as a result of local council tax support since the scheme was introduced is summarised in the table below:

CTB year	Reduction in Council Tax Base due to Local Council Tax Support Scheme	Change in CT Base	Yr..on Yr. % Change
CTB Oct.2013	10,309.31		
CTB Oct.2014	9,686.64	(622.67)	-6.04%
CTB Oct.2015	9,099.90	(586.74)	-6.06%
CTB Oct.2016	8,639.20	(460.70)	-5.06%
CTB Oct.2017	8,192.10	(447.10)	-5.18%
CTB Oct.2018	8,177.10	(15.00)	-0.18%
CTB Oct.2019	7,688.10	(489.00)	-5.98%
CTB Oct.2020	8,320.70	632.60	8.23%
CTB Oct.2021	8,086.00	(234.70)	-2.82%
CTB Oct.2022	7,462.06	(623.94)	-7.71%
CTB Oct.2023	7,220.00	(242.06)	-3.24%

## 7. LEGAL AND STATUTORY IMPLICATIONS

- 7.1. Under the Local Government Finance Act 1992, as amended by the Local Government Finance Act 2012, ("the Act") every billing authority in England is required to make a Council Tax Reduction Scheme (CTRS). Merton refers to its CTRS as its Council Tax Support Scheme.
- 7.2. Each financial year every billing authority in England is required to consider whether to revise or replace its CTRS. The Act imposes certain procedural requirements which must be satisfied before a billing authority can make any revisions, including a requirement to consult persons who are likely to have an interest in the operation of their CTRS.
- 7.3. The statutory consultation is intended to ensure public participation in the decision-making process. In determining what revisions, the Authority should make to its CTRS, if any, it must have regard to the requirements of the Act, including the outcome of the consultation and the public sector equality duty referred to below. The outcome of the consultation is considered elsewhere in this report.
- 7.4. If the Authority's CTRS is to be revised as proposed the decision to do so must be made by Full Council no later than 10 March 2024 to enable the revisions to come into force on 1 April 2024.
- 7.5. As with any public law decision of the Authority it may be challenged by way of an application for judicial review.
- 7.6. If the revised scheme is not agreed by 10 March 2024, then the scheme the Council administered for the previous year (2023/24) would become the default scheme for 2024/25.

## **8. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 8.1. A formal consultation exercise has been undertaken. The results of this are detailed in section 4 above.
- 8.2. Any changes to the council tax scheme which results in reductions of support will mean some residents facing an increase in their council tax bills. Some of these residents, due to the yearly uprating undertaken by the DWP, would not have previously been faced with increased council tax bills. In the past it has sometimes proved difficult in collecting council tax from residents who are on limited income and or benefits.
- 8.3. In considering the proposed revisions to the Council Tax Support Scheme, upon which the Authority is required to consult, the Council must consider the Council's Public Sector Equality Duty under Section 149 of the Equalities Act 2010 and to have due regard to the need to:
  - a) Eliminate unlawful discrimination, harassment and victimisation
  - b) Advance equality of opportunity between persons who share a protected characteristic and persons who do not, and
  - c) Foster good relations between people who share a protected characteristic and those who do not.

## **9. CRIME AND DISORDER IMPLICATIONS**

- 9.1. None for the purpose of this report.

## **10. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

- 10.1. The Council will need to continue to closely monitor the cost of the council tax support scheme to ensure it is affordable for future years. Although in previous years we have not seen an increase in caseload, it is possible that the full impact of the welfare reform could result in more families located in inner London moving into Merton which would result in an increase in council tax support expenditure.
- 10.2. Additionally, the applicable amounts and personal allowances used to calculate the local council tax reduction, may rise to match inflation. This may increase the number of residents who are entitled to CTS if wages do not rise in line with inflation. The council tax support expenditure for 2024/25 could further increase if there is an increase in claims. The current economic climate is volatile given the impact of increasing inflation, particularly in energy costs. Unemployment rates are currently low, but many claimants are working and any increase in benefit allowances will mean more people may qualify under the new rates.

## **11. APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

- 11.1. Appendix 1 Consultation briefing paper
- 11.2. Appendix 2 Equalities Impact Assessment
- 11.3. Appendix 3 Consultation comments from respondents

## **12.BACKGROUND PAPERS**

None

## Appendix 1 - Council Tax Support update for 2024/25

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. The Government decided that pensioners would not be worse off under any local council tax support schemes. To achieve this, the Government continued with a prescribed CTS scheme for pensioners (where the entitlement is determined by regulations). The local CTS scheme for working age residents is up to each Local Authority to decide. The decision-making process must include consultation with interested parties.

Since then, Merton's CTS scheme for working age residents has mirrored the Government's prescribed scheme for pensioners. This ensures that that residents would get the same rate of CTS had CTB continued and that working age residents receive a similar level of support as pensioners. Merton has also decided to propose the continuation of that principle for the 2024/25 scheme.

Additionally, every year national benefits and tax credits for working age people are reviewed by the Government. These adjustments are not always known in advance of the scheme being set by Merton. These reviews can result in increases, decreases or indeed no change to the amount of:

- HB
- Prescribed CTS scheme and
- national welfare benefits, tax credits, grants and loans.

To ensure the principle of mirroring the scheme continues, several changes are required to the existing scheme from 2023/24 and therefore we are consulting on these proposed changes.

We are consulting on the following options:

**Option 1 – To incorporate any changes made to the HB scheme and the prescribed Council Tax Reduction scheme for pensioners during the 2023/2024 financial year including all revisions required to give effect to amendments made by the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, as amended, or otherwise. Additionally, the scheme will 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:**

This is the Council's preferred option. It allows Merton to amend the scheme in line with these changes made by the Government at a national level, at any time during the financial year to which it applies. These in year changes will be approved by the Section 151 officer responsible for the proper administration of the council's affairs. The Section 151 officer can also refer the decision to Cabinet.

The effect of this will be that:

1. Any national changes which affect the award of CTS such as equivalent applicable amounts, personal allowances, non-dependant deductions and disregards, may be reflected in the CTS scheme. This includes those changes already known and any which occur in the year the CTS scheme applies. This includes beneficial and non-beneficial changes and allows for consideration of the financial impact to the Council and its residents. It also includes any schemes introduced by central government after this consultation has taken place.
2. There may be changes announced which are beneficial to claimants which we would not be able to introduce until the following year if Option 2 is the selected option.

Broadly speaking Option 1 means the claimant would receive the same amount of Council Tax Support as they would have done under the Government's previous Council Tax Benefit scheme, providing circumstances remain the same. It will allow the Council to decide how changes made to the HB scheme, prescribed Council Tax Reduction scheme and national welfare benefits, tax credits, grants and loans, should be treated under the CTS for Merton.

**Option 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. Not make 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 effect of this will be that:

1. if the national applicable amounts, personal allowances and disregards are increased these would remain the same in the CTS scheme and therefore the claimant would not get

as much Council Tax Support compared to the amount they would have got under the Government's old scheme.

2. if the national applicable amounts, personal allowances and disregards are decreased these would remain the same in the CTS scheme and therefore the claimant would more Council Tax Support compared to the amount they would have got under the Government's old scheme.
3. Not making the changes will leave the council tax support scheme misaligned with the prescribed pensioner scheme and HB scheme.

Merton's current scheme will become our default scheme for 2024/25 if no changes are required or full Council do not agree a new scheme.

# Appendix 2 - Equality Impact Assessment



What are the proposals being assessed?	Council Tax Support Scheme for 2024/25
Which Department/ Division has the responsibility for this?	Corporate Services / Resources

<b>Stage 1: Overview</b>	
Name and job title of lead officer	Rebecca Dodd, Head of Benefits
1. What are the aims, objectives and desired outcomes of your proposal? (Also explain proposals e.g. reduction/removal of service, deletion of posts, changing criteria etc)	<p>Agree the Council Tax Support scheme for 2024/25.</p> <p>The national Council Tax Benefit (CTB) scheme ended on 1st April 2013 to be replaced by a locally determined system of Council Tax Support. The funding available for the new scheme will be cash limited and be determined by the Council.</p> <p>The aim of the council tax support scheme is to provide financial assistance to council taxpayers who have low incomes. Persons who are of state pension credit qualifying age are protected under the scheme in that the calculation of the support they are to receive has been set by Central Government. For working age applicants however, the support they receive is to be determined by the local authority.</p>
2. How does this contribute to the Council's corporate priorities?	Ensures that residents on low income are supported by the Council with help with their council tax
3. Who will be affected by this proposal? For example, who are the external/internal customers, communities, partners, stakeholders, the workforce etc.	<p>Working age local residents currently in receipt of council tax support, working age residents who will apply for council tax support within the financial year.</p> <p>Pension age residents receive support based on the Government Prescribed scheme.</p>
4. Is the responsibility shared with another department, authority or organisation? If so, who are the partners and who has overall responsibility?	The Council collects a council tax precept for the Greater London Authority from all residents. The amount of council tax support granted affects the level of the precept collected for the Greater London Authority.

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## Stage 2: Collecting evidence/ data

### 5. What evidence have you considered as part of this assessment?

Provide details of the information you have reviewed to determine the impact your proposal would have on the protected characteristics (equality groups).

The Council has continued to base its local council tax support scheme on the Government's previous Council tax benefit scheme. This has ensured that working age residents have not had to contribute more towards council tax since the localization of the scheme.

This has ensured that the working age, disabled, families and the less well off all continue to receive up to 100% council tax support based on their circumstances and income.

It also ensures parity between working age and pension age residents, with no group being unequal in entitlement to Council Tax Support.

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## Stage 3: Assessing impact and analysis

### 6. From the evidence you have considered, what areas of concern have you identified regarding the potential negative and positive impact on one or more protected characteristics (equality groups)?

Protected characteristic (equality group)	Tick which applies		Tick which applies		Reason Briefly explain what positive or negative impact has been identified
	Positive impact		Potential negative impact		
	Yes	No	Yes	No	
Age	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Positive impact for all working age claimants – the level of council tax support will not be reduced - Neutral impact for pension age claimants as the Government have stipulated this group must have their claims assessed
Disability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Positive impact for all working age claimants – the level of council tax support will not be reduced
Gender Reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Positive impact for all working age claimants – the level of council tax support will not be reduced
Marriage and Civil Partnership	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Positive impact for all working age claimants – the level of council tax support will not be reduced

<b>Pregnancy and Maternity</b>	✓			✓	Positive impact for all working age claimants – the level of council tax support will not be reduced
<b>Race</b>	✓			✓	Positive impact for all working age claimants – the level of council tax support will not be reduced
<b>Religion/ belief</b>	✓			✓	Positive impact for all working age claimants – the level of council tax support will not be reduced
<b>Sex (Gender)</b>	✓			✓	Positive impact for all working age claimants – the level of council tax support will not be reduced
<b>Sexual orientation</b>	✓			✓	Positive impact for all working age claimants – the level of council tax support will not be reduced
<b>Socio-economic status</b>	✓			✓	Positive impact for all working age claimants – the level of council tax support will not be reduced

**7. If you have identified a negative impact, how do you plan to mitigate it?**

N/A

**Stage 4: Conclusion of the Equality Analysis**

**8. Which of the following statements best describe the outcome of the EA (Tick one box only)**

Please refer to the guidance for carrying out Equality Impact Assessments is available on the intranet for further information about these outcomes and what they mean for your proposal

**Outcome 1** – The EA has not identified any potential for discrimination or negative impact and all opportunities to promote equality are being addressed. No changes are required.

**Outcome 2** – The EA has identified adjustments to remove negative impact or to better promote equality. Actions you propose to take to do this should be included in the Action Plan.

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**Outcome 3** – The EA has identified some potential for negative impact or some missed opportunities to promote equality and it may not be possible to mitigate this fully. If you propose to continue with proposals you must include the justification for this in Section 10 below, and include actions you propose to take to remove negative impact or to better promote equality in the Action Plan. You must ensure that your proposed action is in line with the PSED to have ‘due regard’ and you are advised to seek Legal Advice.

**Outcome 4** – The EA shows actual or potential unlawful discrimination. Stop and rethink your proposals.

## Stage 5: Improvement Action Plan

### 9. Equality Analysis Improvement Action Plan template – Making adjustments for negative impact

This action plan should be completed after the analysis and should outline action(s) to be taken to mitigate the potential negative impact identified (expanding on information provided in Section 7 above).

Negative impact/ gap in information identified in the Equality Analysis	Action required to mitigate	How will you know this is achieved? e.g. performance measure/ target)	By when	Existing or additional resources?	Lead Officer	Action added to divisional/ team plan?

Note that the full impact of the decision may only be known after the proposals have been implemented; therefore it is important the effective monitoring is in place to assess the impact.

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## Stage 6: Reporting outcomes


### 10. Summary of the equality analysis

This section can also be used in your decision making reports (CMT/Cabinet/etc) but you must also attach the assessment to the report, or provide a hyperlink

This Equality Analysis has resulted in an Outcome 1 Assessment

There is potential negative impact on the SMEs that do not meet the Government criteria. Local equality data needs to be collected at the application stage to give a better picture of the types of businesses applying for the grant or may be ineligible for the grant.

**Stage 7: Sign off by Director/ Head of Service**

<b>Assessment completed by</b>	Rebecca Dodd – Head of Benefits	<b>Signature:</b> 	<b>Date:</b> 18 October 23
<b>Improvement action plan signed off by Director/ Head of Service</b>	Roger Kershaw – Assistant Director Resources	<b>Signature:</b>	<b>Date:</b>



## Council Tax Support Scheme 2023 – 2024-25 scheme consultation results:

Options consulted on:	Number of responses for option
<p><b>Option 1</b> – To incorporate any changes made to the HB scheme and the prescribed Council Tax Reduction scheme for pensioners during the 2023/2024 financial year including all revisions required to give effect to amendments made by the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, as amended, or otherwise. Additionally, the scheme will 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:</p>	<p>15 (68.18%)</p>
<p><b>Option 2</b> - Continue to award Council Tax Support based on the current scheme, including the current rates of applicable amounts, personal allowances and non-dependent deductions. Not make 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.</p>	<p>7 (31.82%)</p>

### Comments from respondents:

Response
<p>As more and more of us, cannot afford sufficient food. This becomes more vital!</p>
<p>I Support option 1 because where possible non-dependents should increase their contribution if their income permits.</p>
<p>I think it is important, and appreciate that the council agrees, that CTS for non-pensioners should provide support broadly equivalent to what would have been provided by CTB. People eligible for CTS will, by definition, have little money as it is, so obliging them to contribute when they have minimal income, will only push already vulnerable people into debt. By providing CTS for up to 100% for non-pensioners, you will help to avoid residents from sliding into debt, which is in no-one's interest.</p>
<p>Option 1 would give the council the opportunity to apply the maximum amount of uprated support to the benefit of the claimant. This is especially important at this difficult time where council tax is so expensive, and the benefits received do not cover the amount payable.</p>
<p>Thank you for consulting with us, hopefully this will ensure those who use the scheme are able to have their say. Needs to be more widely advertised that</p>

this consultation is in fact taking place. Maybe writing to those in receipt of it directly, would also be an option as well as online responses. Older/vulnerable recipients of council tax support may not be able to/have access to/know about this consultation online. All of those who receive it, should be directly notified. Resources permitting. Thank you

The criteria used to assess what Council tax support is given isn't straightforward and doesn't reflect the challenges residents face day to day. It puts the vulnerable off asking for help.

Liberal Democrat members' response:

**See Annex 1 – response from the Liberal Democrats in Merton**

Conservative members' response:

Merton Conservatives support option 1 of the Council Tax Support Scheme update for 2024/25.

The Greater London Authority response:

**See Annex 2 Greater London Authority response:**

## Annex 1 – response from the Liberal Democrats in Merton

### Council Tax Support scheme consultation 2024/25

The Council's 2024/25 consultation document, as in previous years, asks residents to choose between two options.

The first option enables the Council to vary the scheme to keep it in line with any changes the Government makes to the underlying rules and monetary amounts of the underlying welfare benefits.

The second option freezes the scheme at its 2022/23 values.

Given this binary choice option 1 is preferable

However once again the opportunity has been missed to include a third option in which residents could express a preference for the scheme to be reviewed and updated to reflect the current realities of stagnating or falling real incomes and the cost-of-living crisis.

Merton Liberal Democrats believe it is time for a new approach. We have repeatedly asked that new thinking be applied to this scheme. We pressed for urgency last year, given the Truss mini-budget and financial meltdown that ensued and the cost-of-living crisis that hit and continues to hit many of our residents. Each time we have been told by the administration that the Merton scheme devised in 2012 is generous and fit for purpose. In effect, telling residents they should be grateful for what the council sees fit.

This is not good enough. Residents need the council to take a fresh look at the eligibility criteria – so that more people are helped to live in a more financially stable way. They need a better targeted, inclusive scheme that limits the administrative burden on both the council and residents. 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.

As the council's consultation briefing acknowledges, Council Tax Benefit (CTB), the national system of support for Council Tax bills, was localised and replaced in England by what is now known as Council Tax Reduction or Support in April 2013. Such schemes reduce, sometimes to zero, the amount of Council Tax which a household has to pay. English councils were left to devise their own schemes for working-age residents. The full protection for pensioners provided by CTB remained a requirement of each local scheme. Councils were advised to devise schemes that encouraged work and which protected the vulnerable; however, ***defining 'vulnerable' was at the discretion of each local authority.***

This last point is **our first ask** and what we need the council to review. Those who could be considered **'vulnerable'** in 2013 have expanded and bring different people in 2023. As we said last year, the cost-of-living emergency is impacting almost everyone, in ways previously thought unimaginable. People beyond traditional

benefit boundaries are in financial peril – food and fuel poverty are a daily reality for many, with the added strain of keeping a roof over their head.

In addition to an expanded, better targeted scheme, residents also need an easy to understand and apply to scheme. Merton council stated in Building a Better Merton Together - Council Plan 2023-26 that “We will put residents at the heart of everything we do, and be responsive and resident-centric in our approach to customer service, communication and engagement”

**Our second ask** is therefore for the council to demonstrate this commitment by publishing in plain language what the entitlement criteria is for the scheme, alongside making available a benefits calculator to enable people to quickly assess whether to apply to the scheme or not. This would also assist those colleagues working with residents to quickly identify what their full benefit entitlement would be.

Agreeing to our **two asks** would be a tangible and practical demonstration of the council’s aspirations for Equality, Diversity and Inclusivity across the borough. And it need not be a resource intensive process – other councils have worked with specialist providers to devise a complete claim solution with full integration with back-office systems.

In summary, we call on the Council again to be bold and innovative in developing an expanded Council Tax Support scheme 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.

**Liberal Democrats Merton**

**10 October 2023**

## **Annex 2 Greater London Authority response:**

Thank you for your email on 18 August informing the GLA about the council's consultation on proposals for the draft council tax support (CTS) scheme for 2024-25. The draft scheme options consulted on are summarised in this letter. This letter sets out the GLA's response to the consultation.

### **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 2024-25 Scheme**

The London Borough of Merton has had a commitment since the localisation of council tax support (CTS) to keep the Borough's local 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 level of CTS as they would have done if Council Tax Benefit (CTB) still existed.

Having regard to the above commitment the council is consulting on two options relating to updating the scheme for 2024-25. These options are as follows:

1	<b>Option 1</b> – To incorporate any changes made to the Housing Benefit (HB) scheme and the prescribed Council Tax Reduction scheme for pensioners during the 2023/2024 financial year including all revisions required to give effect to amendments made by the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, as amended, or otherwise. Additionally, the scheme will 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	<b>Option 2</b> - Continue to award Council Tax Support based on the current scheme, including the current rates of applicable amounts, personal allowances and non-dependent deductions. Not make 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. The effect of this option would be that:

- any changes made to the Government’s schemes would be reflected in the local council tax support scheme. This includes the rules relating to claiming and who is eligible to claim as well as increases or decreases in student income, applicable amounts, personal allowances and deductions for non dependant adults used to calculate entitlement to local CTS.
- the council will maintain the policy not to restrict applicable amounts to two dependant children - this will give higher awards than the equivalent prescribed scheme and HB scheme.
- the remaining rules in the CTS scheme will stay aligned to the prescribed Local Council Tax reduction scheme and the Housing Benefit regulations.

The alternative Option 2 would continue to award Council Tax Support based on the current scheme, including the current rates of applicable amounts, personal allowances and non-dependent deductions. The effect of this option will be that:

- the applicable amounts and personal allowances would remain the same and therefore the claimant would receive a reduced award of Council Tax Support compared to the amount they would have got under the Government’s previous Council Tax Benefit scheme.
- where a claimant has non-dependents living with them, the amount that the non-dependents are expected to contribute would not increase and they would be better off than previous years;
- the CTS scheme will not match the rules applicable to the prescribed scheme and the Housing Benefit scheme.
- the council will maintain the policy not to restrict applicable amounts to two dependant children - this will give higher awards than the equivalent prescribed scheme and HB scheme.

Under both option 1 and 2, the Council retain the change made by it in 2022-23, to enable the council to make changes mid year which enables us to reflect mid-year changes to the prescribed scheme and Housing Benefit by the government.

Option 1 would, in broad terms, ensure that, providing a household's circumstances remained the same, a claimant would receive the same level of CTS as they would have done had the former default council tax benefit scheme continued. If Option 2 were adopted, applicable amounts and personal allowances would remain the same in 2024-25 as in 2023-24, 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 Option1.

The GLA acknowledges that local authorities face difficult choices on CTS schemes, as overall funding from central government was reduced in the years immediately after the introduction of localised council tax support in 2013-14. Funding for CTS is also no longer identifiable within the local government finance settlement and allocations across the country have not therefore kept paced with or been updated to reflect relative changes in claimant numbers. The fair funding review of needs and distribution may also be implemented in the next parliament.

The GLA notes, 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.

In light of the above factors, the GLA is content to endorse Option 1, the Council's preference for the 2024-25 scheme, recognising that the proposed scheme is in accordance with the general principles set out by Government (as listed above).

### **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. We recognise this is less critical for councils such as Merton adopting the default scheme.

### **Setting the Council Tax Base for 2024-25 and Assumptions in Relation to Collection Rates**

The council will be required to set a council tax base for 2024-25 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 2024-25. 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 Forecast Outturn for 2023-24**

By 24 January 2024, the council is required to notify the GLA of its forecast collection fund surplus or deficit for 2023-24, 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.

I would like to thank you again for consulting the GLA on your proposed council tax support options for 2024-25.

Yours sincerely

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