

Committee: Council

Date: 7th February 2024

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:

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. This scheme cannot be changed by the billing authority.

- 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 12th 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 1st 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 1st 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 February 2024.

2.2.4. The Government has also uprated the prescribed pensioner scheme for council tax support from 1 April 2024, and the data from these changes have been used to uprate the local council tax support scheme for working age residents. The additional changes to the 2023/24 prescribed scheme are as follows:

- Increases to the allowances used to calculate Council Tax Support
- Increases to the deductions for other adults living in the property where Council Tax Support is awarded;
- The inclusion of disregards to payments under the Post Office compensation scheme and vaccine damage payments;
- Inclusion of persons affected by the Israeli/Palestinian conflict and the conflict in Sudan.

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

2.2.6. 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 respondents 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:

Task	Deadline
Consultation with public and precepting authority on proposed change to the scheme	Completed - 10 October 2023
Report to LSG and Cabinet for agreement to proposed change to the scheme	Completed - 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	Completed – January 2024
Full Council approval	7 th 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, have been matched to the rate of inflation in September. 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 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