

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

Options consulted on:	Number of responses for option
<p>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:</p>	<p>15 (68.18%)</p>
<p>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.</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>

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 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	Option 1 – 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	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 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

[Martin Mitchell](#)
Finance Manager