The Rt Hon James Murray MP
Financial Secretary to the Treasury
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

Jim McMahon OBE MP
Minister for Local Government, Devolution and Regional Growth
Ministry of Housing, Communities and Local Government
2 Marsham Street
London SW1P 4DF

Dear Ministers,

High Value Council Tax Surcharge: Government response to consultation

I am writing on behalf of Richmond Council to express our deep disappointment at the Government's response to the consultation on the High Value Council Tax Surcharge.

Richmond engaged constructively with the consultation and set out detailed concerns based on our knowledge of the residents most likely to be affected and our practical experience of administering Council Tax. As one of the boroughs expected to be most significantly affected by the surcharge, we had hoped that this evidence would result in meaningful changes to the policy.

Instead, the Government has retained the core features of its original proposal, including the £2 million threshold and the proposed national income and savings thresholds for deferral. It has not provided meaningful additional protection for residents who are asset-rich but income-poor, nor introduced relief for people for whom deferral would simply mean accumulating a growing debt against their home.

This is particularly concerning in Richmond, where many people have lived in the same home for decades. The value of their property may have risen substantially, while their income, savings and day-to-day circumstances have not. Older residents, disabled people living in adapted homes and residents on modest or fixed incomes should not be treated as though an increase in the notional value of their home automatically gives them a greater ability to pay.

The Government's response acknowledges concerns about vulnerable households, regional property values and the position of asset-rich but income-poor residents. However, acknowledging these concerns is not the same as addressing them. The retained annual household income threshold for deferral is £35,000 – someone working 40 hours a week on the London Living Wage would ear £32,136 before tax, only £2,864 below the threshold for an entire household. This illustrates how little allowance the national threshold makes for the high cost of living in London or the number of people an income must support. I urge Ministers to review the thresholds to reflect these

circumstances, rather than assume that households on basic wages can readily afford an additional annual charge. Deferral alone also remains an inadequate safeguard for residents who may face the charge over many years.

We also remain concerned that the charge continues to be presented as a Council Tax surcharge. Councils will not set the threshold, rates or principal rules, and the Government has not provided sufficient clarity about how the proceeds will benefit the communities from which they are raised. Richmond residents must not be left with the impression that this is a locally determined tax for which their council is responsible.

We welcome the commitments on data sharing, statutory guidance, administrative funding and clearer arrangements for liability and appeals. These respond to some of the practical issues raised by councils. However, they principally make the Government's chosen scheme more administratively workable. They do not address our fundamental concerns about fairness, affordability, transparency and the protection of vulnerable residents.

Richmond Council has extensive experience of supporting residents, administering local taxation and understanding the realities of the borough's housing market. It is disappointing that evidence from one of the places most affected has not led to more substantial changes.

I therefore urge the Government to reconsider the proposed safeguards before the scheme is implemented. In particular, Ministers should introduce meaningful relief where deferral is not sufficient, review the income and savings thresholds to reflect circumstances in high-cost areas, provide complete transparency over the use and local distribution of revenue, and ensure that all new responsibilities are fully funded in advance.

Richmond remains willing to work constructively with the Government. However, meaningful engagement must involve listening to the councils with the greatest knowledge of the affected residents and the practical implications of delivering the policy.

Yours sincerely,

Councillor Gareth Roberts
Leader of Richmond Council