Reason for consultation:

Merton’s Council Tax Reductions scheme (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 schemes run by local authorities from April 2013. Merton decided to replicate the Government’s scheme to ensure that that residents would get the same rate of Council Tax Support had CTB has continued since then. Merton has also decided to maintain that scheme for 2019/20.

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 scheme for pensioners which local authorities administer. Merton adopted the default prescribed scheme for a minimum of three years to ensure that, providing residents circumstances remained the same, they would not face an increase in their council tax bills had the old council tax benefit scheme continued. Merton has decided to continue this principle for a further year. To ensure the principal continues, several changes are required to the existing scheme from 2019/20 and therefore we are consulting on this proposed change.

Each year state benefits for working age people are reviewed by the Government. These adjustments are not known in advance of the scheme being set by Merton. These reviews can result in increases, decreases or indeed no change in benefits. These changes affect the amount of means-tested Council Tax Support.

Additionally, deductions for adults living with recipients of Council Tax Support have traditionally increased each year to reflect an increase in the expected contribution to the cost of Council Tax by those other adults. There may also be technical adjustments to the prescribed scheme for pensioners and the Housing Benefit scheme that have not yet been announced by the Government. If these are not incorporated into the Council Tax Support scheme would create a misalignment between the schemes.

We will maintain the policy not to restrict applicable amounts to two dependent children - this will give higher awards than the equivalent prescribed scheme and HB scheme.

We are consulting on the options of either incorporating any new changes or differences that still remain between the Housing Benefit scheme and the prescribed CTS scheme (Option 1) or no change to the existing scheme (Option 2).

Option 1 – Incorporate any changes made to the HB scheme and the prescribed scheme for pensioners (either known now or to be introduced before the CTS Scheme is published) to ensure it aligns with these schemes.

The effect of this will be that:

1. Any changes to the applicable amounts and personal allowances, non dependant deductions used to calculate CTS entitlement will change in line with the Housing Benefit scheme and the prescribed scheme for pensioners. Where there is a non dependant this will ensure that the contribution a non-dependant is expected to make is the same for those living with pensioners or non-pensioners.
2. Some of the proposed changes to the prescribed and Housing Benefit scheme, if they are introduced before the scheme is published, would be included in the scheme. These changes may or may not happen but Option 1 gives us the ability to include any proposed changes and any unannounced changes to the Housing Benefit scheme and the prescribed Council Tax Support scheme up to the date of publishing the scheme.

There may also be changes announced which are beneficial to claimants which we would not be able 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.

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 prescribed scheme for pensioners and the HB scheme

The effect of this 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 old scheme. Not making the changes will leave the council tax support scheme misaligned with the prescribed pensioner scheme and HB scheme.

Merton Council’s preferred option is Option 1. This would ensure that, providing resident’s circumstances remained the same, they would not face an increase in their council tax bills had the old council tax benefit scheme continued for 2019/20 and the CTS remains in line with the prescribed scheme for pensioners and the Housing Benefit scheme.

Merton’s current scheme will become our default scheme for 2019/20 if no changes are required or full Council do not agree a new scheme.

Get Involved
To have your say in the consultation and vote for the option you think the council should adopt, please visit merton.gov.uk/cts.