

Council Tax Support: update to the scheme consultation 2019

Reason for consultation:

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 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 scheme for pensioners which Merton must administer. The local CTS scheme is up to each Local Authority to decide. The decision making process must include consultation with interested parties.

Since then, Merton's CTS scheme has replicated the Government's scheme to ensure that that residents would get the same rate of CTS had CTB continued. Merton has also decided to maintain that principle for the 2020/21 scheme.

Each year the Government make changes to the prescribed scheme and the Housing Benefit scheme and these affect the local Council Tax Support scheme. To ensure the principal of mirroring the scheme continues, several changes are required to the existing scheme from 2020/21 and therefore we are consulting on these proposed changes.

Each year state benefits 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 in benefits. These changes affect the amount of means-tested Housing Benefit and the Council Tax Benefits for pensioners (known as prescribed schemes) Council Tax Support.

What changes are likely?

Deductions from CTS 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.

The Government has also changed the rules on new claims for couples where one member is of state pension age and the other is of working age. This may affect the date a claim for CTS is treated and the level of increases in the allowances given to mixed age couples. Only those treated as pension age couples get an automatic 3 month back date when applying and the allowances increase at a higher rate each year. We have estimated this will affect a very small number of people.

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.

Options

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 to ensure the CTS is in line with these schemes (Option 1) or no change to the existing scheme (Option 2).

Option 1 – To keep the existing scheme but 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. 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.
3. 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.
4. There may 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. This will be inline with CTS received by people of pension age.

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 not get as much 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 get the same amount of support had the old council tax benefit scheme continued for 2020/21.

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 www.merton.gov.uk/cts.