

Council Tax Support update for 2023/24

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 CTS 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 Council Tax Reduction 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 prescribed scheme to ensure that residents would get the same rate of CTS had CTB continued. Merton has also decided to maintain that principle for the 2023/24 scheme.

Additionally, every year national benefits and tax credits 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 to the amount of HB scheme, prescribed Council Tax Reduction scheme and national welfare benefits, tax credits, grants and loans. To ensure the principal of mirroring the scheme continues, several changes are required to the existing scheme from 2022/23 and therefore we are consulting on these proposed changes.

We are consulting on the following options:

Option 1 – To incorporate any changes made to the HB scheme and the prescribed Council Tax Reduction scheme for pensioners during the 2022/2023 financial year and 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:

This is the Council's preferred option. It allows Merton to amend the scheme in line with these changes made by the Government's at a national level, at any time during the financial year to which it applies. These in year changes will be approved by the Section 151 officer responsible for the proper administration of the council's affairs. The Section 151 officer can also refer the decision to Cabinet.

The effect of this will be that:

1. Any national changes which affect the award of CTS such as equivalent applicable amounts, personal allowances, non-dependant deductions and disregards, may be reflected in the CTS scheme. This includes those changes already known and any which occur in the year the CTS scheme applies. This includes beneficial and non-beneficial changes and allows for consideration of the financial impact to the Council and its residents.
2. There may be changes announced which are beneficial to claimants which we would not be able to 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. It will allow the Council to decide how changes made to the HB scheme, prescribed Council Tax Reduction scheme and national welfare benefits, tax credits, grants and loans, should be treated under the CTS for Merton.

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 effect of this will be that:

1. if the national applicable amounts, personal allowances and disregards are increased these would remain the same in the CTS scheme 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.
2. if the national applicable amounts, personal allowances and disregards are decreased these would remain the same in the CTS scheme and therefore the claimant would more Council Tax Support compared to the amount they would have got under the Government's old scheme.
3. Not making the changes will leave the council tax support scheme misaligned with the prescribed pensioner scheme and HB scheme.

Merton's current scheme will become our default scheme for 2023/24 if no changes are required or full Council do not agree a new scheme.