

Southampton Local Council Tax Reduction Scheme – Option 1

This scheme is based on the Council Tax Reduction Scheme (Default Scheme) 2013 as set out in the Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012 which are attached to the report as Appendix 1, with the following amendments:

- a) Awards of Council Tax Reduction for all working-age claimants who are not receipt of a War Pension would be capped at 75% of the amount they would be entitled to under the Default Scheme Regulations. This means that all working age claimants currently entitled to 100% support under CTB would have to pay 25% of their Council Tax liability. Those not entitled to 100% support would have their support reduced by 25% compared to the Default Scheme Regulations;
- b) Claimants in receipt of a War Pension would be exempt from this 75% cap and their claims would be assessed under the provisions of the Default Scheme Regulations so their entitlement would not reduce under the new arrangements;
- c) War Pensions for working-age claimants would also be disregarded in full in calculating a person's entitlement to a Council Tax Reduction (as they are now for CTB). Arrangements for pensioners are prescribed by Government Regulations so Southampton's local Council Tax Reduction Scheme cannot determine how pensioners' claims are calculated. However, as now, War Pensions for non-working-age claimants will also be disregarded in full under existing provisions available to the Council under s13A of the Local Government Finance Act 1992;
- d) Provisions would be made for a Hardship Fund whereby additional Council Tax Reduction can be awarded on a discretionary basis in exceptional circumstances. Applications for Hardship Relief would be considered on their individual merits and any awards made for fixed periods on a case-by-case basis. The total amount allocated for the purposes of a Hardship Fund under will be capped at £200,000.

Southampton Local Council Tax Reduction Scheme – Option 2

This scheme is based on the Council Tax Reduction Scheme (Default Scheme) 2013 as set out in the Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012 which are attached to the report as Appendix 1, with the following amendments:

For the 2013/14 financial year:

- a) A 91.5% cap would be applied to the Council Tax liabilities of all working-age claimants who are not in receipt of a War Pension for the purposes of calculating the amount of reduction they are entitled to. This means that all working age claimants currently entitled to 100% support under CTB would have to pay 8.5% of their Council Tax liability. Those not entitled to 100% support would have their support reduced by 8.5% of their Council Tax liability;
- b) The taper used for the means-testing calculation to determine entitlement, which compares a claimant's income to their needs and determines how steeply their entitlement reduces as their income rises, would be increased from 20% to 25%. This is additional to the liability reduction set out in a);
- c) Claimants in receipt of a War Pension would be exempt from this 91.5% cap and their claims would be assessed under the provisions of the Default Scheme Regulations so their entitlement would not reduce under the new arrangements;
- d) War Pensions for working-age claimants would also be disregarded in full in calculating a person's entitlement to a Council Tax Reduction (as they are now for CTB). Arrangements for pensioners are prescribed by Government Regulations so Southampton's local Council Tax Reduction Scheme cannot determine how pensioners' claims are calculated. However, as now, War Pensions for non-working-age claimants will also be disregarded in full under existing provisions available to the Council under s13A of the Local Government Finance Act 1992;
- e) Provisions would be made for a Hardship Fund whereby additional Council Tax Reduction can be awarded on a discretionary basis in exceptional circumstances. The total amount allocated for the purposes of a Hardship Fund will be capped at £200,000.

For the 2014/15 and subsequent financial years:

- a) Awards of Council Tax Reduction for all working-age claimants who are not receipt of a War Pension would be capped at 75% of the amount they would be entitled to under the Default Scheme Regulations. This means that all working age claimants currently entitled to 100% support under CTB would have to pay 25% of their Council Tax liability. Those not entitled to 100%

support would have their support reduced by 25% compared to the Default Scheme Regulations;

- b) Claimants in receipt of a War Pension would be exempt from this 75% cap and their claims would be assessed under the provisions of the Default Scheme Regulations so their entitlement would not reduce under the new arrangements;
- c) War Pensions for working-age claimants would also be disregarded in full in calculating a person's entitlement to a Council Tax Reduction (as they are now for CTB). Arrangements for pensioners are prescribed by Government Regulations so Southampton's local Council Tax Reduction Scheme cannot determine how pensioners' claims are calculated. However, as now, War Pensions for non-working-age claimants will also be disregarded in full under existing provisions available to the Council under s13A of the Local Government Finance Act 1992;
- d) Provisions would be made for a Hardship Fund whereby additional Council Tax Reduction can be awarded on a discretionary basis in exceptional circumstances. Applications for Hardship Relief would be considered on their individual merits and any awards made for fixed periods on a case-by-case basis. The total amount allocated for the purposes of a Hardship Fund under will be capped at £200,000.