

Southampton Local Council Tax Support Scheme

Options Considered

1. In developing the draft Council Tax Support (CTS) Scheme for Southampton a number of options were considered by the project team and/or the Management Board of Directors before settling on that proposed in the main report. This appendix sets out those options and why they were not taken forward to be part of the proposed scheme. The aim has been to produce a scheme that is self-funding when taking account of the reduced grant and other factors (see para 13 in the main report). This requires a saving in excess of £2.8 million.
2. **20 % top slice** (i.e. benefit calculated as now and then reduced by 20%). This is essentially the same as that proposed in the main report, but with a 20% reduction in support rather than a 25% reduction. Modelling showed that this did not produce sufficient savings to be self-funding.
3. **20 % top slice - Protect disabled and war pensioners.** As above, but do not reduce support for anyone classed as a disabled person or a war pensioner. The cost of this protection (compared to 2. above) was over £500,000 so this option was not taken forward – other than for the handful of war pensioners who are below pensionable age and so not protected under the Government scheme.
4. **20 % top slice - Protect families with children aged under 5.** Again as above, but looking at the impact of protecting households with young children. The cost compared to 2. was also over £500,000 and so this option was not taken forward.
5. **20 % liability reduction** (i.e. take 20% off CTax before calculation). Whilst this does result in a greater saving compared to a 20% top slice (by about £230,000), this option disproportionately affects non-passported cases (the effect for passported cases is very similar to the 20% top slice). This acts as a disincentive to work and so is not in keeping with one of the Government's stated aims.
6. **Change taper to 30% .** The taper is the amount by which benefit is reduced when person's income is greater than the amount they are considered to need to live on (called the applicable amount). Currently it is 20% of their excess income. This option saves only £440,000 so would have to be combined with other options. It was rejected as it reduces the incentive to work.
7. **Minimum benefit of £3 a week** (i.e. if entitlement is less than £3 nothing is paid). This was primarily considered to ease administration. However it only saves about £28,000 and, when applied with other options, could result in a substantial

loss for some individuals. It also creates a “cliff edge” – e.g. your weekly income could increase by £1.00 and you lose £3.00 support.

8. **£6000 capital limit** (currently no benefit is paid if the claimant has more than £16,000). This could potentially save around £100,000. It is superficially attractive, as the people losing the support do have some money saved that they can use to make up the shortfall. However it does have a major disadvantage in that we would have to start checking the capital for all passported cases, which is currently unnecessary. It also acts as a disincentive to save.
9. **Stop child benefit disregard, including lone parent rate** (currently these incomes are ignored in the calculation of benefit). This effectively reverses a decision made by the Government a few years ago and would save about £800,000. However it would only apply to non-passported cases (passported cases would continue to have the income disregarded in their assessment for DWP benefits) so this again reduces the incentive to work.
10. **Stop second adult rebate** This is awarded when the claimant has a second adult living in his or her home who is on Pension Credit, Income Support, Income-based Job Seekers Allowance or Income-related Employment and Support Allowance or has a low income. The level of the claimant's income or capital is not taken into account. This was considered to ease administration and only saves £18,000. As second adult rebate still continues for people of pensionable age the actual administrative savings are minimal, so the option has not been taken forward.
11. **Double non-dependant deductions** (people over 18 who normally share the accommodation but are not dependent on the claimant for financial support are known as non-dependants and standard deductions are made depending on their circumstances). This option would save £126,000 but would produce some large reductions for some individuals (currently the largest non-dependant deduction is £9.90 a week) so the option was not taken forward.
12. **Restricting the Council Tax Band** (i.e. anyone whose council tax band is greater than the restriction is treated as if they were on the lower band). The majority of properties in Southampton are in bands A and B. If the band used in the support calculation is restricted to B this would save £126,000. If band A is used the saving is £1,116,000. The impact does fall disproportionately on families as they tend to live in the larger homes and this option was not taken forward for this reason.