

## Examples Council Tax Reduction cases showing the impact of proposed changes in April 2021

These examples are based on real council tax reduction (CTR) awards but personal details have been removed to protect identity.

The following excess income ranges are used to calculate what percentage of CTR is awarded off your council tax bill.

### Existing Excess Income Ranges

**Table 1: Passported**

Range 1 £0 & over
90%

**Table 2: Non passported families disabled and carer households**

Range 1 £0-£14.99	Range 2 £15-£29.99	Range 3 £30-£49.99	Range 4 £50-£69.99	Range 5 £70-£79.99	Range 6 £80 & over
90%	70%	40%	15%	5%	0%

**Table 3: Non passported other**

Range 1 £0-£14.99	Range 2 £15-£29.99	Range 3 £30-£49.99	Range 4 £50-£69.99	Range 5 £70-£79.99	Range 6 £80 & over
75%	60%	40%	15%	5%	0%

### Proposed Excess Income Ranges

**Table 4: Passported**

Range 1 £0 & over
80%

**Table 5: Non passported disabled and carer households**

Range 1 £0-£14.99	Range 2 £15-£29.99	Range 3 £30-£49.99	Range 4 £50-£69.99	Range 5 £70 & over
80%	60%	40%	15%	0%

**Table 6: Non passported family and other households**

Range 1 £0-£14.99	Range 2 £15-£29.99	Range 3 £30-£49.99	Range 4 £50 & over
80%	60%	40%	0%

## Government Applicable amount

We work out your council tax reduction entitlement by comparing the income (this includes your wages and some benefits), you get each week with your 'Applicable Amount'. Your Applicable Amount is what the Government says you and your household need to live on each week. The Applicable Amount will be higher for some people. This may be if you are a pensioner, disabled, or you are a one-parent family.

## How do you calculate household income?

We count the money that you and your partner earn from work after removal of money for Tax, National Insurance and half of any money paid into a pension fund. To this figure we add any other income that you might have. For example:

- a pension from a former employer;
- tax credits; or
- other state benefits.

We disregard some types of income:

- Disability Living Allowance;
- Personal Independence Payments;
- Attendance Allowance;
- Child Benefit.

Savings between £6,000 and £16,000 will be counted as income. £1 in income is counted for each £250 of savings in excess of £6,000 but not exceeding £16,000. Savings over £16,000 prevent you claiming CTR.

## How do you calculate CTR?

Your council tax reduction award depends on your household composition, the benefits you are on if any, and what range your excess income above the government applicable amount falls into.

If you are a household on a passported benefit such as:

- i. Income Support
- ii. Job Seeker's Allowance (Income Based)
- iii. Employment Support Allowance (Income Related)
- iv. Maximum Universal Credit, except where there are additional earnings.

Under the proposals, households on passported benefits receive 80% of their council tax in CTR regardless of their excess income, (table 4 above).

If you are a household not on passported benefits with a disabled resident or carer present then you will be awarded CTR depending on what excess income range you fall into. This can be as much as 80% under the proposals for excess income of between £0 and 14.99 per week reducing as per table 5 shows above to 0% if your excess income is £70 or over per week.

For all other households not on passported benefits (singles, lone parents and couples with children), then you will be awarded CTR depending on what excess income range you fall into. This can be as much as 80% under the proposals for excess income of between £0 and 14.99 per week reducing as per table 6 shows above to 0% if your excess income is £50 or over per week.

## Example 1

Household composition: Adult with severe disability living with and caring for elderly father living in a Band B property

### Government Applicable Amount Calculation

Allowance	Weekly Amount
Personal Allowance	£74.35
ESA Component	£39.20
Enhanced Disability Premium	£17.10
Severe Disability Premium	£66.95
Carers Premium	£37.50
<b>Applicable Amount</b>	<b>£235.10</b>

### Household Income

Income	Income used in CTR calculation
Employment support allowance (Income related)	Disregarded
Carers Allowance	£67.25
Child Tax Credit	£148.96
PIP Daily Living Component (Enhanced rate)	Disregarded
PIP Mobility Component (Standard rate)	Disregarded
<b>Total income per week</b>	<b>£216.21</b>

### Existing Council Tax Reduction Calculation

Item	Amount
Household Income	£216.21
Applicable Amount	£235.10
Excess Income	£0.00
Income range	1
Weekly Council Tax to pay before CTR	£27.66
CTR awarded (90%)	£24.90
Council tax to pay	£2.76

### Proposed Council Tax Reduction Calculation

Item	Amount
Household Income	£216.21
Applicable Amount	£235.10
Excess Income	£0.00
Income range	1
Weekly Council Tax to pay before CTR	£27.66
CTR awarded (80%)	£22.13
Council tax to pay	£5.53
Weekly Increase to pay	<b>£2.77</b>

**Change: Lowering of excess income range 1 to 80%.**

**This household will pay an additional £2.77 per week.**

## Example 2

Household Composition: Working couple, both working with 2 children living in a Band C property

### Government Applicable Amount Calculation

Allowance	Weekly Amount
Personal Allowance	£116.80
Dependants Allowance	£133.80
<b>Applicable Amount</b>	<b>£250.60</b>

### Household Income

Income	Income used in CTR calculation
Child Benefit	Disregarded
Child Tax Credit	£117.79
Earnings	£148.87
Working Tax Credit	£39.31
Partner Earnings	£42.14
<b>Total income per week</b>	<b>£348.11</b>

### Existing Council Tax Reduction Calculation

Item	Amount
Household Income	£348.11
Applicable Amount	£250.60
Excess Income	£97.51
Income range	6
Weekly Council Tax to pay before CTR	£31.62
CTR awarded (0%)	£0
Council tax to pay	£31.62

### Proposed Council Tax Reduction Calculation

Item	Amount
Household Income	£348.11
Applicable Amount	£250.60
Excess Income	£97.51
Income range	4
Weekly Council Tax to pay before CTR	£31.62
CTR awarded (0%)	£0.00
Council tax to pay	£32.62
Weekly Increase to pay	<b>£0</b>

**Change: Lowering of excess income to £50.**

**This household remains unable to claim CTR because its excess income is above £50.**

### Example 3

**Household Composition:** Working couple, one self employed, with 1 child living in a Band C property

#### Government Applicable Amount Calculation

Allowance	Weekly Amount
Personal Allowance	£116.80
Dependants Allowance	£66.90
<b>Applicable Amount</b>	<b>£183.70</b>

#### Household Income

Income	Income used in CTR calculation
Child Benefit	Disregarded
Child Tax Credit	£64.06
Self Employed Earnings	£77.61
Working Tax Credit	£92.18
<b>Total income per week</b>	<b>£233.85</b>

#### Existing Council Tax Reduction Calculation

Item	Amount
Household Income	£233.85
Applicable Amount	£183.70
Excess Income	£50.15
Income range	4
Weekly Council Tax to pay before CTR	£31.62
CTR awarded (15%)	£4.74
Council tax to pay	£26.88

#### Proposed Council Tax Reduction Calculation

Item	Amount
Household Income	£233.85
Applicable Amount	£183.70
Excess Income	£50.15
Income band	4
Weekly Council Tax to pay before CTR	£31.62
CTR awarded (0%)	£0
Council tax to pay	£31.62
Weekly Increase to pay	<b>£4.74</b>

**Change:** Reduced percentage for income range 4 from 15% to 0%.

**This household will have to pay £4.74 more council tax per week.**

## Example 4

Household Composition: Adult with severe disability living in a band A property

### Government Applicable Amount Calculation

Allowance	Weekly Amount
Personal Allowance	£74.35
Severe Disability Premium	£66.95
<b>Applicable Amount</b>	<b>£141.30</b>

### Household Income

Income	Income used in CTR calculation
DLA Care (Middle)	Disregarded
Employment and Support Allowance	£147.05
<b>Total income per week</b>	<b>£147.05</b>

### Current Council Tax Reduction Calculation

Item	Amount
Household Income	£147.05
Applicable Amount	£141.30
Excess Income	£5.75
Income range	1
Weekly Council Tax to pay before CTR	£23.71
CTR awarded (90%)	£21.34
Council tax to pay	£1.87

### Proposed Council Tax Reduction Calculation

Item	Amount
Household Income	£147.05
Applicable Amount	£141.30
Excess Income	£5.75
Income range	1
Weekly Council Tax to pay before CTR	£23.71
CTR awarded (80%)	£18.97
Council tax to pay	£4.74
Weekly increase to pay	<b>£2.87</b>

**Change: Income range 1 changed from 90% to 80%.**

**This household will pay £2.87 per week more council tax.**