

Examples of impact on awards of the proposed changes to the CTRS scheme

Definitions

In the below examples, the following benefit terms are used, which have the following meanings:

“Applicable Amount” – This is a weekly amount that a customer is expected to live on based upon their household circumstances. Within the CTRS calculation, this amount is compared to the total household income used within the calculation.

“Earnings Disregard” – To make work pay by allowing claimants to keep more of their earnings, an earnings disregard is applied based upon their household circumstances which means less of their earnings are used within the calculation.

“Excess income” – This is the total where the applicable amount is deducted from the amount of income used within the calculation

In all examples where a reduction in the award is created, it should be noted transitional support may be considered on a case-by-case basis and in some cases automatically granted as detailed in the consultation document.

Single person with no children working 16 hours living in a Band B property

In this circumstance, this customer is expected to live on £90.50 per week as their “applicable amount”.

The claimant earns £183.04 per week net but is given a £5 per week earnings disregard currently due to being a single person, which reduces their total income used to £178.04 per week for CTRS. Therefore, this £178.04 is compared to this applicable amount of £90.50, which leaves them with excess income of £87.54.

When calculating CTRS, your total Council Tax liability is reduced by 20% of your excess income. For this customer, as their Council Tax liability is £32.83 per week, this is reduced by £17.51 currently (20% of £87.54 excess income) to give a CTRS weekly award of **£15.32**.

However, under the new scheme, this customer’s earnings disregard is increased to £30.00 per week, reducing their excess income to £62.54. Therefore, this results in a smaller deduction of £12.51 (20% of £62.54), meaning their CTRS award would increase to **£20.32**

	Current scheme	Proposed scheme
Applicable Amount	£90.50	£90.50
Income	£183.04	£183.04
Earnings disregard	-£5.00	-£30.00
Total income used	£178.04	£153.04
Excess income total above Applicable Amount	£87.54	£62.54
Council Tax Liability at Band B	£32.83	£32.83
20% of excess income reduction	-£17.51	-£12.51
Total Council Tax Reduction	£15.32	£20.32

Protected Single person with no children working 16 hours living in a Band E property

In this circumstance, this customer is expected to live on £90.50 per week as their “applicable amount”.

The customer earns £210.80 per week net, but is given a £5 per week earnings disregard currently due to being a single person, which reduces their total income used to £205.80 per week for CTR. Therefore, this £205.80 is compared to this applicable amount of £90.50, which leaves them with excess income of £115.30.

When calculating CTRS, your total Council Tax liability is reduced by 20% of your excess income. For this customer, as their Council Tax liability is £51.59 per week as a Band E property, this is reduced by £23.06 currently (20% of £115.30 excess income) to give a CTRS weekly award of **£28.53**.

Under the new scheme, this customer’s earnings disregard is increased to £30.00 per week, reducing their excess income to £90.30. Therefore, this results in a smaller deduction of £18.06 (20% of £90.30), which would increase their CTRS award.

However, in addition to this change, protected claimants Banding will now be restricted to a Band D maximum award. Therefore, for this customer who lives in a Band E property, their Council Tax liability used within the calculation is reduced from £51.59 to £42.21 per week. Once the excess income deduction of £18.06 is now applied against £42.21, these two changes have an overall impact of reducing the CTRS award to **£24.15**.

	Current scheme	Proposed scheme
Applicable Amount	£90.50	£90.50
Income	£210.80	£210.80
Earnings disregard	-£5.00	-£30.00
Total income used	£205.80	£180.80
Excess income total above Applicable Amount	£115.30	£90.30
Council Tax Liability at Band E	£51.59	
Council Tax Liability restricted to Band D		£42.21
20% of excess income reduction	-£23.06	-£18.06
Total Council Tax Reduction	£28.53	£24.15

In this scenario the claimant will be able to apply for transitional support, each application in these circumstances will be looked at on a case-by-case basis.

The claimant will also be contacted in advance of the proposed scheme being implemented to see if they are maximising their income.

Protected Single person, not working with no children in a Band E property

In this circumstance, this customer is expected to live on £90.50 per week as their “applicable amount”.

The customer has income of £120.58 which is compared to this applicable amount of £90.50, which leaves them with excess income of £30.08.

When calculating CTRS, your total Council Tax liability is reduced by 20% of your excess income. For this customer, as their Council Tax liability is £51.59 per week as a Band E property, this is reduced by £6.02 currently (20% of £30.08 excess income) to give a CTRS weekly award of **£45.57**.

Under the new scheme, protected claimants Banding will now be restricted to a Band D maximum award. Therefore, for this customer who lives in a Band E property, their Council Tax liability used within the calculation is reduced from £51.59 to £42.21 per week. Once the excess income deduction of £6.02 is now applied against £42.21, the CTRS award is reduced to **£36.19**.

	Current scheme	Proposed scheme
Applicable Amount	£90.50	£90.50
Income	£120.58	£120.58
Earnings disregard	£0.00	£0.00
Total income used	£120.58	£120.58
Excess income total above Applicable Amount	£30.08	£30.08
Council Tax Liability at Band E	£51.59	
Council Tax Liability restricted to Band D		£42.21
20% of excess income reduction	-£6.02	-£6.02
Total Council Tax Reduction	£45.57	£36.19

In this scenario the claimant will be able to apply for transitional support, each application in these circumstances will be looked at on a case-by-case basis.

The claimant will also be contacted in advance of the proposed scheme being implemented to see if they are maximising their income.

Protected couple with no children working 16 hours living in a Band B property with £7,000 capital

In this circumstance, this couple are expected to live on £142.25 per week as their “applicable amount”.

This couple earns £308.63 per week net but are given a £10 per week earnings disregard currently due to being a couple, which reduces their total income used to £298.63 per week for CTRS. Therefore, this £298.63 is compared to this applicable amount of £142.25, which leaves them with excess income of £156.38.

When calculating CTRS, your total Council Tax liability is reduced by 20% of your excess income. For this customer, as their Council Tax liability is £32.83 per week as a Band B property, this is reduced by £31.28 currently (20% of £156.38 excess income) to give a CTRS weekly award of **£1.55**.

Under the new scheme, this customer’s earnings disregard is increased to £30.00 per week, reducing their excess income to £136.38. Therefore, this results in a smaller deduction of £27.28 (20% of £136.38), which would increase their CTRS award to **£5.55**.

However, this protected couple has £7,000 in capital. Whilst this does not affect them on the current scheme due to the £16,000 maximum, under the new scheme this maximum is reduced to £6,000. Therefore, as their capital is above this maximum, their entitlement is reduced from £5.55 to **£0.00**. Should their capital then drop below £6,000, they would be better off under the new scheme. (NB War Pensioners would be exempt from this change)

	Current scheme	Proposed scheme
Applicable Amount	£142.25	£142.25
Income	£308.63	£308.63
Earnings disregard	-£10.00	-£30.00
Total income used	£298.63	£278.63
Excess income total above Applicable Amount	£156.38	£136.38
Council Tax Liability at Band B	£32.83	£32.83
20% of excess income reduction	-£31.28	-£27.28
Total Council Tax Reduction	£1.55	£5.55
Effect of Capital on eligibility	None - still £1.55	Now not eligible - award £0.00

In this scenario the claimant will be able to apply for transitional support, each application in these circumstances will be looked at on a case-by-case basis.

The claimant will also be contacted in advance of the proposed scheme being implemented to see if they are maximising their income.

Non-Protected couple with no children working 16 hours living in a Band B property

In this circumstance, this couple are expected to live on £142.25 per week as their “applicable amount”.

The customer earns £240.12 per week net but are given a £10 per week earnings disregard currently due to being a couple, which reduces their total income used to £230.12 per week for CTRS. Therefore, this £230.12 is compared to this applicable amount of £142.25, which leaves them with excess income of £87.87.

When calculating CTRS, your total Council Tax liability is reduced by 20% of your excess income. For this customer, as their Council Tax liability is £24.62 per week as a Band B property, this is reduced by £17.57 currently (20% of £87.87 excess income) to give a CTR weekly award of **£7.05**.

Under the new scheme, this couple’s earnings disregard is increased to £30.00 per week, reducing their excess income to £67.87. Therefore, this results in a smaller deduction of £13.57 (20% of £67.87), which would increase their CTRS award to **£11.05**.

	Current scheme	Proposed scheme
Applicable Amount	£142.25	£142.25
Income	£240.12	£240.12
Earnings disregard	-£10.00	-£30.00
Total income used	£230.12	£210.12
Excess income total above Applicable Amount	£87.87	£67.87
Council Tax Liability at Band B	£24.62	£24.62
20% of excess income reduction	-£17.57	-£13.57
Total Council Tax Reduction	£7.05	£11.05

Non-Protected couple working 16 hours living in a Band B property with a non-dependant

In this circumstance, this couple are expected to live on £142.25 per week as their “applicable amount”.

The couple earns £205.86 per week net, but are given a £10 per week earnings disregard currently due to being a couple, which reduces their total income used to £195.86 per week for CTRS. Therefore, this £195.86 is compared to this applicable amount of £142.25, which leaves them with excess income of £53.61.

When calculating CTRS, your total Council Tax liability is reduced by 20% of your excess income. For this customer, as their Council Tax liability is £24.62 per week as a Band B property, this is reduced by £10.72 currently (20% of £53.61 excess income). As this couple has a resident non-dependant who works 20 hours a week earning £280, their entitlement is reduced by a further £5.00 to give a CTRS weekly award of **£8.90**.

Under the new scheme, this couple’s earnings disregard is increased to £30.00 per week, reducing their excess income to £33.61. Therefore, this results in a smaller deduction of £6.72 (20% of £33.61). However, under the new scheme, the non-dependent deduction is increased to £10.00 per week, which would have an overall impact of reducing their CTRS award to **£7.90**.

	Current scheme	Proposed scheme
Applicable Amount	£142.25	£142.25
Income	£205.86	£205.86
Earnings disregard	-£10.00	-£30.00
Total income used	£195.86	£175.86
Excess income total above Applicable Amount	£53.61	£33.61
Council Tax Liability at Band B	£24.62	£24.62
20% of excess income reduction	-£10.72	-£6.72
Non-Dependent deduction working 20 hours earning £280	-£5.00	-£10.00
Total Council Tax Reduction	£8.90	£7.90

In this scenario the claimant will be able to apply for transitional support, each application in these circumstances will be looked at on a case-by-case basis.

The claimant will also be contacted in advance of the proposed scheme being implemented to see if they are maximising their income.

Non-Protected couple with a 4 year old child, working 16 hours living in a Band B property

In this circumstance, this couple are expected to live on £225.49 per week as their “applicable amount”.

The couple has income of £308.23 per week net but are given a £52.10 per week earnings disregard currently due to being a couple, with a child under 5 and they are working 16 hours, which reduces their total income used to £256.13 per week for CTRS. Therefore, this £256.13 is compared to this applicable amount of £225.49, which leaves them with excess income of £30.64.

When calculating CTRS, your total Council Tax liability is reduced by 20% of your excess income. For this customer, as their Council Tax liability is £24.62 per week as a Band B property, this is reduced by £6.13 currently (20% of £30.64 excess income) so their CTRS entitlement is **£18.49** per week.

Under the proposed scheme, this couple’s earnings disregard is decreased to £30.00 per week, increasing their excess income to £52.74. Therefore, this results in a larger deduction of £10.55 (20% of £52.74), reducing their CTR award to **£14.07**.

	Current scheme	New scheme
Applicable Amount	£225.49	£225.49
Income	£308.23	£308.23
Earnings disregard	-£52.10	-£30.00
Total income used	£256.13	£278.23
Excess income total above Applicable Amount	£30.64	£52.74
Council Tax Liability at Band B	£24.62	£24.62
20% of excess income reduction	-£6.13	-£10.55
Total Council Tax Reduction	£18.49	£14.07

In this scenario the shortfall in the award will be covered by an automatic award of transitional support for a minimum of 2 years whilst circumstances remain the same.

Non-Protected lone parent with a 7-year-old child, working 10 hours living in a Band B property

In this circumstance, this lone parent is expected to live on £173.74 per week as their “applicable amount”.

This parent has income of £220.86 per week net, but they are given a £25.00 per week earnings disregard currently due to being a lone parent, which reduces their total income used to £195.86 per week for CTRS. Therefore, this £195.86 is compared to this applicable amount of £173.74, which leaves them with excess income of £22.12.

When calculating CTRS, your total Council Tax liability is reduced by 20% of your excess income. For this customer, as their Council Tax liability is £24.62 per week as a Band B property, this is reduced by £4.42 currently (20% of £22.12 excess income) so their CTRS entitlement is **£20.20** per week.

Under the new scheme, this lone parent’s earnings disregard is increased to £30.00 per week, decreasing their excess income to £17.12. Therefore, this results in a smaller deduction of £3.42 (20% of £17.12), increasing their CTRS award to **£21.20**.

	Current scheme	Proposed scheme
Applicable Amount	£173.74	£173.74
Income	£220.86	£220.86
Earnings disregard	-£25.00	-£30.00
Total income used	£195.86	£190.86
Excess income total above Applicable Amount	£22.12	£17.12
Council Tax Liability at Band B	£24.62	£24.62
20% of excess income reduction	-£4.42	-£3.42
Total Council Tax Reduction	£20.20	£21.20

Non-Protected couple with a 4 year old child, working 16 hours living in a Band B property

In this circumstance, this couple are expected to live on £225.49 per week as their “applicable amount”.

The couple has income of £370.14 per week net, but are given a £52.10 per week earnings disregard currently due to being a couple, with a child under 5 and they are working 16 hours, which reduces their total income used to £318.04 per week for CTR. Therefore, this £318.04 is compared to this applicable amount of £225.49, which leaves them with excess income of £92.55.

When calculating CTR, your total Council Tax liability is reduced by 20% of your excess income. For this customer, as their Council Tax liability is £24.62 per week as a Band B property, this is reduced by £18.51 currently (20% of £92.55 excess income) so their CTR entitlement is **£6.11** per week.

Under the new scheme, this couple’s earnings disregard is decreased to £30.00 per week, increasing their excess income to £114.65. Therefore, this results in a larger deduction of £22.93 (20% of £114.65), reducing their CTR entitlement to £1.69. However, as the new scheme has a minimum award level of £2.00, due to entitlement being less than this minimum, their entitlement reduces to £0.00.

	Current scheme	New scheme
Applicable Amount	£225.49	£225.49
Income	£370.14	£370.14
Earnings disregard	-£52.10	-£30.00
Total income used	£318.04	£340.14
Excess income total above Applicable Amount	£92.55	£114.65
Council Tax Liability at Band B	£24.62	£24.62
20% of excess income reduction	-£18.51	-£22.93
Total Council Tax Reduction	£6.11	£1.69
Effect of Minimum £2.00 award	None - still £6.11	Award is £0.00 as entitlement under £2.00

In this scenario the shortfall in the award will be covered by an automatic award of transitional support for a minimum of 2 years whilst circumstances remain the same.

Non-Protected Single person out of work with no children living in a Band B property with a resident non-dependant

In this circumstance, this person is expected to live on £90.50 per week as their “applicable amount”. As their income is the same amount as their applicable amount, there is no excess income and their Council Tax Reduction is not reduced.

However, as this person has a resident non-dependant who works 20 hours a week earning £280, their entitlement is reduced by a further £5.00 to give a CTRS weekly award of **£19.62**.

Under the new scheme, the non-dependent deduction is increased to £10.00 per week, which would have an overall impact of reducing their CTRS award to **£14.62**.

	Current scheme	New scheme
Applicable Amount	£90.50	£90.50
Income	£90.50	£90.50
Total income used	£90.50	£90.50
Excess income total above Applicable Amount	£0.00	£0.00
Council Tax Liability at Band B	£24.62	£24.62
20% of excess income reduction	£0.00	£0.00
Non-Dependent deduction working 20 hours earning £280	-£5.00	-£10.00
Total Council Tax Reduction	£19.62	£14.62

In this scenario the claimant will be able to apply for transitional support, each application in these circumstances will be looked at on a case-by-case basis.

The claimant will also be contacted in advance of the proposed scheme being implemented to see if they are maximising their income.

Single person without children, working 16 hours, living in a band B property and is a carer

In this circumstance, this person is expected to live on £136.10 per week as their “applicable amount”.

This person has income of £195.86 per week net, but they are given a £37.10 per week earnings disregard currently due to being a carer and working 16 hours per week, which reduces their total income used to £158.76 per week for CTRS. Therefore, this £158.76 is compared to this applicable amount of £136.10, which leaves them with excess income of £22.66.

When calculating CTRS, your total Council Tax liability is reduced by 20% of your excess income. For this customer, as their Council Tax liability is £24.62 per week as a Band B property, this is reduced by £4.53 currently (20% of £22.66 excess income) so their CTRS entitlement is **£20.09** per week.

Under the new scheme, this person’s earnings disregard is decreased to £30.00 per week, increasing their excess income to £29.76. Therefore, this results in a larger deduction of £5.95 (20% of £29.76), decreasing their CTRS award to **£18.67**.

	Current scheme	Proposed scheme
Applicable Amount	£136.10	£136.10
Income	£195.86	£195.86
Earnings disregard	-£37.10	-£30.00
Total income used	£158.76	£165.86
Excess income total above Applicable Amount	£22.66	£29.76
Council Tax Liability at Band B	£24.62	£24.62
20% of excess income reduction	-£4.53	-£5.95
Total Council Tax Reduction	£20.09	£18.67

In this scenario the claimant will be able to apply for transitional support, each application in these circumstances will be looked at on a case-by-case basis.

The claimant will also be contacted in advance of the proposed scheme being implemented to see if they are maximising their income.

Protected couple (one of whom is disabled) with no children working 10 hours living in a Band B property

In this circumstance, this couple are expected to live on £202.85 per week as their “applicable amount”.

The couple earns £305.87 per week net, but are given a £20 per week earnings disregard currently due to being disabled, which reduces their total income used to £285.87 per week for CTRS. Therefore, this £285.87 is compared to this applicable amount of £202.85, which leaves them with excess income of £83.02.

When calculating CTRS, your total Council Tax liability is reduced by 20% of your excess income. For this customer, as their Council Tax liability is £32.83 per week as a Band B property, this is reduced by £16.60 currently (20% of £83.02 excess income). Therefore their entitlement is a CTRS weekly award of £16.23.

Under the new scheme, this couple’s earnings disregard is increased to £30.00 per week, reducing their excess income to £73.02. Therefore, this results in a smaller deduction of £14.60 (20% of £73.02), with their entitlement under the new proposed scheme as £18.23

	Current scheme	Proposed scheme
Applicable Amount	£202.85	£202.85
Income	£305.87	£305.87
Earnings disregard	-£20.00	-£30.00
Total income used	£285.87	£275.87
Excess income total above Applicable Amount	£83.02	£73.02
Council Tax Liability	£32.83	£32.83
20% of excess income reduction	-£16.60	-£14.60
Total Council Tax Reduction	£16.23	£18.23

Non-Protected couple with no children working 16 hours living in a Band B property

In this circumstance, this couple are expected to live on £142.25 per week as their “applicable amount”.

The customer earns £273.82 per week net but are given a £10 per week earnings disregard currently due to being a couple, which reduces their total income used to £263.82 per week for CTRS. Therefore, this £263.82 is compared to this applicable amount of £142.25, which leaves them with excess income of £121.57.

When calculating CTRS, your total Council Tax liability is reduced by 20% of your excess income. For this customer, as their Council Tax liability is £24.62 per week as a Band B property, this is reduced by £24.31 currently (20% of £121.57 excess income) to give a CTRS weekly award of £0.31.

Under the new scheme, this couple's earnings disregard is increased to £30.00 per week, reducing their excess income to £101.57. Therefore, this results in a smaller deduction of £20.31 (20% of £101.57), which would increase their CTRS award to £4.31.

	Current scheme	Proposed scheme
Applicable Amount	£142.25	£142.25
Income	£273.82	£273.82
Earnings disregard	-£10.00	-£30.00
Total income used	£263.82	£243.82
Excess income total above Applicable Amount	£121.57	£101.57
Council Tax Liability	£24.62	£24.62
20% of excess income reduction	-£24.31	-£20.31
Total Council Tax Reduction	£0.31	£4.31