

Council Tax Reduction Scheme 2020-21

Manual calculation examples

Case study 1 (Option 1) - Proposal to set 82% rate (18% minimum payment)

Mrs. Harris is a single person who is currently on Passported Benefits of Employment Support Allowance and also receives Personal Independence Payments for mobility and support.

Under the current rules she receives a Council Tax Reduction of £19.31 each week meaning she has to pay £4.83 each week.

- Band A property Charge £1262.30
- Maximum allowable under current rules £1009.84
- Amount of Council Tax support awarded for Passported Income £1009.84
- Left to pay from Passported income £252.46 per year

Under the proposal to revise the Council Tax Reduction scheme to 18% she would receive a Council Tax Reduction of £19.79 each week meaning she would have to pay £4.35 each week.

- Band A property Charge £1262.30
- Maximum allowable under new rules £1035.01
- Amount of Council Tax support awarded for Passported Income £1035.01
- Left to pay from Passported income £227.29 per year

	Council Tax Reduction award	What they need to pay each week
With current allowance	£19.31 per week	£4.83 a week
With new allowance	£19.79 per week	£4.35 a week
Cost	£0.48 extra to customer	£0.48 less to pay

Case study 2 (Option 1) - Proposal to set 83% rate (17% minimum payment)

Mrs. Harris is a single person who is currently on Passported Benefits of Employment Support Allowance and also receives Personal Independence Payments for mobility and support.

Under the current rules she receives a Council Tax Reduction of £19.31 each week meaning she has to pay £4.83 each week.

- Band A property Charge £1262.30
- Maximum allowable under current rules £1009.84
- Amount of Council Tax support awarded for Passported Income £1009.84
- Left to pay from Passported income £252.46 per year

Under the proposal to revise the Council Tax Reduction scheme to 17% she would receive a Council Tax Reduction of £20.52 each week meaning she would have to pay £3.62 each week.

- Band A property Charge £1262.30
- Maximum allowable under new rules £1047.71
- Amount of Council Tax support awarded for Passported Income £1047.71
- Left to pay from Passported income £214.59 per year

	Council Tax Reduction award	What they need to pay each week
With current allowance	£19.31 per week	£4.83 a week
With new allowance	£20.04 per week	£4.10 a week
Cost	£0.73 extra to customer	£0.73 less to pay

Case study 3 (Option 1) - Proposal to set 84% rate (16% minimum payment)

Mrs. Harris is a single person who is currently on Passported Benefits of Employment Support Allowance and also receives Personal Independence Payments for mobility and support.

Under the current rules she receives a Council Tax Reduction of £19.31 each week meaning she has to pay £4.83 each week.

- Band A property Charge £1262.30
- Maximum allowable under current rules £1009.84
- Amount of Council Tax support awarded for Passported Income £1009.84
- Left to pay from Passported income £252.46 per year

Under the proposal to revise the Council Tax Reduction scheme to 16% she would receive a Council Tax Reduction of £ each week meaning she would have to pay £each week.

- Band A property Charge £1262.30
- Maximum allowable under new rules £1060.33
- Amount of Council Tax support awarded for Passported Income £1060.33
- Left to pay from Passported income £201.97 per year

	Council Tax Reduction award	What they need to pay each week
With current allowance	£19.31 per week	£4.83 a week
With new allowance	£20.28 per week	£3.86 a week
	£0.97 extra to customer	£0.97 less to pay

Case study 4 (Option 1) - Proposal to set 85% rate (15% minimum payment)

Mrs. Harris is a single person who is currently on Passported Benefits of Employment Support Allowance and also receives Personal Independence Payments for mobility and support.

Under the current rules she receives a Council Tax Reduction of £19.31 each week meaning she has to pay £4.83 each week.

- Band A property Charge £1262.30
- Maximum allowable under current rules £1009.84
- Amount of Council Tax support awarded for Passported Income £1009.84
- Left to pay from Passported income £252.46 per year

Under the proposal to revise the Council Tax Reduction scheme to 15% she would receive a Council Tax Reduction of £20.52 each week meaning she would have to pay £3.62 each week.

- Band A property Charge £1262.30
- Maximum allowable under new rules £1072.95
- Amount of Council Tax support awarded for Passported Income £1072.95
- Left to pay from Passported income £189.35 per year

	Council Tax Reduction award	What they need to pay each week
With current allowance	£19.31 per week	£4.83 a week
With new allowance	£20.52 per week	£3.62 a week
Cost	£1.21 extra to customer	£1.21 less to pay

Case Study 1 (Option 2) - Proposal to Set National minimum Wage for Self Employed Earners at 30 hours from year 2.

Mr. Smith is a single person aged 63 who is self-employed. His current net profit used in the calculation of his Council Tax Reduction is £119.17 per week.

Under the current rules he would receive a Council Tax Reduction of £9.69 each week meaning he would have to pay £8.42 each week.

How it is calculated?

Mr. Smith provides his self-employed accounts to the authority to show his earnings for a set period. We establish the gross profit for this period and then deduct allowable business expenses which results in a net profit figure. It is this figure that is used to calculate the average weekly net profit that is used in the calculation of Council Tax Reduction

Under the proposal to revise the Council Tax Reduction scheme they would receive a Council Tax Reduction of £0.00 each week meaning they would have to pay £18.11 each week.

How it is calculated?

As Mr. Smith's self-employed earnings are lower than National Minimum Wage for 30 hours work we will not use his actual self-employed earnings.

Instead we will use 30 hours x £8.21 = £246.30

	Council Tax Reduction award	What they need to pay each week
With actual earnings	£9.69 per week	£8.42 a week
With notional earnings	£0.00 per week	£18.11 a week

Case Study 2 (Option 2) - Proposal to Set National minimum Wage for Self Employed Earners at 30 hours from year 2.

Mr. Jones is a single person aged 40 who is self-employed. His current net profit used in the calculation of his Council Tax Reduction is £50.74 per week.

Under the current rules he would receive a Council Tax Reduction of £19.31 each week meaning he would have to pay £4.83 each week.

Mr. Jones provides his self-employed accounts to the authority to show his earnings for a set period. We establish the gross profit for this period and then deduct allowable business expenses which results in a net profit figure. It is this figure that is used to calculate the average weekly net profit that is used in the calculation of Council Tax Reduction.

Under the proposal to revise the Council Tax Reduction scheme they would receive a Council Tax Reduction of £0.00 each week meaning they would have to pay £24.14 each week.

How it is calculated?

As Mr. Jones' self-employed earnings are lower than National Minimum Wage for 30 hours work we will not use his actual self-employed earnings.

Instead we will use $30 \text{ hours} \times £8.21 = £246.30$

	Council Tax Reduction award	What they need to pay each week
With actual earnings	£19.31 per week	£4.83 per week
With notional earnings	£0.00 per week	£24.14 per week