

Impact of proposals

APPENDIX 3

In considering implementation of either of the two proposals it is appropriate to consider impact on typical claimant groups. Data has been taken from the Council Tax Support system to determine impact on different household compositions and circumstances in the scenarios listed below.

HOUSEHOLD ONE

Mr Z has 1 child. He is self-employed and the family resides in a Band A property.

Mr Z has self-employed earnings of £150.94 per week of which £52.83 (35%) is currently disregarded in the calculation of Council Tax Support. The weekly household income also includes Child Benefit of £20.70 and Child Tax Credit of £62.83. The total income is £234.47 of which £160.94 is used to calculate entitlement to Council Tax Support. Mr Z does not qualify.

If proposal one was implemented a further £15.66 per week of Mr Z's self-employed income would be disregarded and he would qualify for Council Tax Support of £8.01 per week, leaving Mr Z with £7.95 per week to pay.

Over a financial year this would provide Mr Z with £417.66 Council Tax Support, reducing his annual charge from £827.59 to £409.93.

HOUSEHOLD TWO

Mr and Mrs X have two children. Mr X is self-employed and the family live in a Band A property.

Mr X has self-employed earnings of £130.95 per week of which £45.83 (35%) is currently disregarded in the calculation of Council Tax Support. The weekly household income also includes Child Benefit of £34.40, Child Tax Credit of £105.12 and Working Tax Credit of £90.27. The total income is £360.74 of which £280.51 is used to calculate entitlement to Council Tax Support. Mr and Mrs X do not qualify.

If proposal one was implemented a further £15.66 per week of Mr X's self-employed income would be disregarded and he would qualify for Council Tax Support of £3.72 per week, leaving Mr and Mrs X with £17.44 per week to pay.

Over a financial year this would provide Mr and Mrs X with £193.97 Council Tax Support, reducing their annual charge from £1,103.46 to £909.49.

HOUSEHOLD THREE

Mrs Y is a single with 2 children. The family live in a Band A property

Mrs Y was an unemployed working age parent and received £73.10 Job Seekers Allowance, Child Benefit of £34.40 and Child Tax Credit of £133.80. The total weekly household income was £241.30 and Mrs Y had been awarded the maximum award of Council Tax Support of £11.97 per week, meaning she had to pay £3.99 per week.

Mrs Y's earnings from employment are now £130.95 per week of which £45.83 (35%) and an additional £15.66 is disregarded in the calculation of Council Tax Support. The weekly household income also includes Child Benefit of £34.40, Child Tax Credit of £105.12 and Working Tax Credit of £90.27. The total income is £360.74 of which £264.85 is used to calculate entitlement to Council Tax Support. Mrs Y does not qualify.

If proposal two was implemented Mrs Y would be awarded a further 2 weeks Council Tax Support of £23.94 (£11.97 per week) based on her income prior to employment as an incentive for Mrs Y to commence employment.

This amount would remain the same if Mrs Y lived in a Band B or higher banded property.

HOUSEHOLD FOUR

Mr and Mrs W reside in a Band A property with a non-dependent who earns £250 a week gross.

Mr and Mrs W are working age and have both been unemployed receiving £114.85 per week Job Seekers Allowance. They had been awarded Council Tax Support of £6.95 per week, meaning they had to pay £14.21 per week, of which £11.90 was due to the non-dependant deduction. This is because the non-dependent would be expected to contribute towards Mr and Mrs W's Council Tax.

Mrs W has recently moved from benefit into work and her earnings from employment are now £130.95 per week of which £45.83 (35%) and an additional £15.66 is disregarded in the calculation of Council Tax Support. Mr W is still receiving Job Seekers Allowance of £73.10 per week. The total income is £204.05 of which £142.56 is used to calculate entitlement to Council Tax Support. Mr and Mrs W do not qualify.

If proposal two was implemented Mr and Mrs W would be awarded a further 2 weeks Council Tax Support of £13.90 (£6.95 per week) based on the household circumstances prior to employment as an incentive for Mrs W to commence employment.

This amount would remain the same if Mr and Mrs W lived in a Band B or higher banded property.