

Appendix 1

Example of comparing UC calculation with/without £5 threshold

In this example, we have outlined the circumstances of a customer on a low income (earning a net amount of £115.38 per week) and what would happen if we receive a notice from the DWP that the customer's earnings increase necessitates a UC change by £4.00 per week.

The claimant has a rent of £200 per week to pay. In the first example, the claimant can receive £431.95 per week UC but will be expected to pay £200 of this towards their rent, leaving a net amount of £231.95. The reduced CTS award will change the rate of council tax that the customer is expected to pay. *If we receive regular changes from the DWP, we would have to alter the claimant's CTS every time.*

In doing the calculation for council tax support, in the way that we are proposing, we ignore the increase as it is less than £5.00 per week. A CTS award of £6.25 per week will be retained.

Example 1: CTS Calculation (without threshold)

Description	Gross Income	Disregards	Eligible Amount
Net Earnings	£115.38	£27.10	£88.28
Child Benefit (disregarded)	£34.40	£34.40	£0.00
Universal Credit (UC)	£431.95	£0.00	£431.95
Total Income (earnings plus UC)	£520.23		

Income used in calculation	£516.23
Less the UC applicable amount	£427.95
Excess Income	£92.28

Eligible Council Tax	£23.91
Less 20% of Excess Income	£18.46
Weekly Council Tax Support Award	£5.45

Example 2: CTS Calculation (with threshold)

Description	Gross Income	Disregards	Eligible Amount
Net Earnings	£115.38	£27.10	£88.28
Child Benefit (disregarded)	£34.40	£34.40	£0.00
Universal Credit (UC)	£431.95	£0.00	£431.95
Total Income (earnings plus UC)	£520.23		

Income used in calculation	£516.23
Less the UC applicable amount	£427.95
Excess Income	£88.28

Eligible Council Tax	£23.91
Less 20% of Excess Income	£17.66
Weekly Council Tax Support Award	£6.25

Glossary

Disregards	Within CTS, we disregard a certain amount of earned income. How much we disregard depends on the family make-up of the claimant and the number of hours worked
Eligible Amount	This is the net income after all disregards are taken off. It is this income that the final award calculation is based on
Applicable Amount	This is the figure at which the claimant stops to receive maximum CTS. So, if the income is below the applicable amount, they receive maximum CTS. Once the income goes above the applicable amount, the CTS is reduced by 20%.