

### Impact of 77% liability cap on Sheffield households from April 2013

- 1 A single customer aged 24 receiving Job Seekers Allowance (JSA) of £56.80 per week and a 25% Council Tax Single Person Discount (SPD) on a Band A property. Currently he receives £14.11 per week in Council Tax Benefit, as entitlement to JSA means that the customer is entitled to benefit that covers 100% of their Council Tax Liability.

Under the proposed scheme, if support for Council Tax is limited to 77% of the customer's liability, the support would be £10.87 per week. The new shortfall would be £3.24 per week (£168.94 per year), which is 5.7% of the customer's gross income. Previously this customer had not had to make any payments towards their Council Tax account.

- 2 A single parent with 2 children works part time and earns £114.45 per week, they also receive Tax Credits of £171.47 per week, and £33.70 Child Benefit (which is disregarded for Council Tax Support purposes), which gives the customer a total weekly income of £319.62. SPD has been awarded on a Band A property. Currently, they receive £7.26 per week in Council Tax Benefit based on a weekly liability of £14.11.

Under the new scheme if support for Council Tax was limited to 77% of the customer's liability, the support would be £4.02 per week. The existing shortfall increases to £10.09 per week (£526.12 per year), which is 3.2% of the customer's gross income.

- 3 A couple with no children and the husband works part time, and earning £120.29 per week. Currently they receive £15.88 per week in Council Tax Benefit based on a weekly liability of £18.81 for a Band A property.

Under the new scheme, if support for Council Tax was limited to 77% of the customer's liability, the support would be £11.56 per week. The existing shortfall increases to £7.25 per week (£378.04 per year), which is 6.3% of the customer's gross income.

\* Please note these examples are based on current claims for Council Tax Benefit. The benefit rate for JSA has been updated to the anticipated amount for 2013/14. It is not possible to estimate the amount that Tax Credits will be increased by, and the other incomes used are also subject to change.

\* The examples are all based on there being a freeze in Council Tax.

This page is intentionally left blank