

Element of LCTS Scheme	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Maximum level of Council Tax Support, against which entitlement is calculated	Restricted to the Band D charge for the area in which a property is located	No entitlement for properties in Bands F,G, H. Band E restricted to a Band D charge							Band E restriction to a Band D charge removed in response to the pandemic
Income and Capital Disregards (income that is disregarded for the purpose of calculating LCTS entitlement)	100% income disregard for War Disablement Pensions and War Widows/ Widowers Pensions		Introduced 100% income disregard of "personal budget payments in relation to Education, Health and Care plans for children with special education needs."	Removed 100% income disregard for both Child Benefit and Maintenance			Introduced 100% income and capital disregard for funds from "The London Emergencies Trust" and the "We Love Manchester Emergency Fund"	Introduced 100% income and capital disregard for the "Windrush Compensation Scheme"	
Personal Allowances and Premiums (the calculated sum for household needs, income is compared to this)		Increased		Frozen		Increased Personal Allowances and Premiums Introduced the exclusion of Family Premium for new entitlements or additional new children to mirror HB changes	Increased Premiums	Increased Premiums	Increased Personal Allowances and Premiums

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Non-Dependent Deductions (the amount non-dependents are expected to contribute to the household)		Increased		Increased		Increased	Increased	Increased	Increased
Minimum Income for the Self Employed * ¹				Introduced Higher of actual income or 35 hours x National Minimum Wage		Introduced an annual increase in the minimum income floor			
Allowable Temporary Absence outside Great Britain (the period of absence before LCTS is affected)						Reduced from 13 weeks to 4 (with some exceptions) to mirror HB changes			
Discretionary Hardship Fund * ² (supports those affected by the changes in the Local Council Tax Scheme)	Fund introduced	Fund maintained	Fund maintained	Fund maintained	Fund maintained	Fund maintained	Fund maintained	Fund maintained	Fund increased to £60,000 in response to the pandemic.
Other									Residual 2020 COVID19 Council Tax Hardship Funds carried forward* ³

*¹Minimum Income Floor

- The minimum income floor is an assumption that, after an initial set up period of 12 months, a person who is self-employed works for a specific number of hours for a set wage. Where this assumed income exceeds the actual income, we use the assumed income to calculate entitlement to LCTS. We request annual income and review annually. If annual figures are not available we accept whatever can be provided for a shorter period of time, and make a note to review this sooner. Our minimum

income floor increases in line with the minimum wage in place on 1 January of the scheme year. Claimants disadvantaged by the rule can apply for help from the Discretionary Hardship Fund.

- We have not had a lot of queries since introducing the minimum income floor. We would expect significant issues to materialise through requests for help from the Discretionary Hardship Fund or via difficulties with Council Tax collection, and this has not been the case.
- During 2017 Surrey Welfare Rights provided feedback on the way our scheme worked compared to Universal Credit (UC), especially regarding carers and the disabled who were self-employed. In response, we looked more closely at these cases and concluded that:
 - the numbers affected are small as claimants need to satisfy multiple criteria: be carers and self-employed working for less than 35 hours per week on less than the minimum wage.
 - we have a satisfactory mechanism in place through our Hardship Fund to ensure that no one suffers financially
 - a further review of our scheme was likely with the roll out of UC and that it was appropriate to consider Surrey Welfare Rights suggestions at that time
- Universal Credit uses a minimum income floor, with some modification where claimants are disabled or carers. This has not been without criticism. On 10 May 2018 the House of Commons Work and Pensions Committee published a report “Universal Credit: supporting self-employment”. This looks at the difficulties of balancing support for entrepreneurship with protecting the public purse. The minimum income floor is intended to incentivise the self-employed to increase their earnings and develop their business, while ensuring that the Government does not subsidise unsustainable low-paid self-employment indefinitely. It highlighted some issues:
 - The DWP has no plans to publish any significant analysis of UC’s effect on self-employment until at least autumn 2019.
 - The DWP calculates UC awards monthly, but the self-employed have volatile incomes and the result is that they do not receive the same help as the employed. The report suggests longer reporting periods of up to a year where claimants demonstrate irregular payment patterns.
 - For the first year of self-employment claimants are exempt from the minimum income floor. The report suggests that in some instances this period should be extended and that a taper off could also be used.
- We will consider our treatment of the self-employed when we carry out our more fundamental review of the scheme.

*2Payments from the Discretionary Hardship Fund are:

- means tested (an assessment of income and expenditure)
- awarded for a maximum of one year at a time
- not usually for more than 75% of any Council Tax Benefit lost
- not awarded if non-essential expenditure exceeds the loss of Council Tax Benefit incurred
- not backdated.

*32020 COVID19 Council Tax Hardship Funds

In 2020-21 the government allocated us a £469,380 COVID-19 hardship fund for us to administer locally in line with published guidance. They expected all working age LCTS claimants to receive a hardship fund discount of up to £150, after applying all other discounts and exemptions. Where the liability for the remainder of the financial year was less than £150 the discount should bring the liability down to nil. Because a large number of applicants already receive 100% LCTS we had residual funds. We are using these to provide a similar scheme in 2021-22.