

Sandwell Metropolitan Borough Council

12 January 2016

The following summary reports relate to those minutes of the Cabinet which contain a recommendation to the Council.

Meeting Date	Subject
9 December 2015	Council Tax Base 2016/2017 (Key Decision Ref. No. FR019)
9 December 2015	Local Council Tax Reduction Scheme 2016/2017 (Key Decision Ref. No FR020)

The Cabinet

9 December 2015

Subject:	Council Tax Base 2016/2017 (Key Decision Ref. No. FR019)
Presenting Cabinet Member:	Finance and Resources

1. Summary Statement

- 1.1 The tax base must be calculated in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 to enable the base to be used in the calculation of Sandwell's Council Tax for 2016/2017 to be determined.
 - 1.2 The regulations set out the methodology to be used by authorities when calculating their tax base for Council Tax purposes. They further dictate that the tax base should be set between 1 December and 31 January prior to the financial year to which it refers.
 - 1.3 The Council Tax Base represents the amount that could be raised by the Council for every £1 of Council Tax that it levied in the Borough. Decisions regarding the Local Council Tax Reduction Scheme to be adopted within Sandwell for 2016/17 may affect the level of Council Tax Base.
 - 1.4 The actual levels of Council Tax for 2016/2017 will be dependent upon final decisions yet to be taken on both Sandwell budgets and those of the precepting bodies, together with consideration of any surplus or deficit on the Collection Fund.
 - 1.5 An Equality Impact Assessment was not required for the proposal.
- Further details are attached for your information.

2. Recommendation

- 2.1 That the Council be recommended to approve the Council Tax Base for 2016/2017 to be set at 69,913.98.

Melanie Dudley
Assistant Chief Executive

Contact Officer

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Revenues and Benefits Services Manager

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3. Strategic Resource Implications

- 3.1 The tax base must be calculated in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 and be determined between 1 December and 31 January of the financial year preceding the financial year to which it will apply.
- 3.2 The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. It is used for the purposes of calculating a billing authority's and major precepting authority's band D council tax.
- 3.3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the authority's estimated collection rate for the year.
- 3.4 The relevant amounts are calculated as:
 - a. number of chargeable dwellings in each band shown on the valuation list on a specified day of the previous year,
 - b. adjusted for the number of discounts and reductions for disability that apply to those dwellings.

4. Legal and Statutory Implications

- 4.1 The tax base must be calculated in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 and be determined between 1 December and 31 January of the financial year preceding the financial year to which it will apply.

5. Implications for the Council's Scorecard Priorities

- 5.1 The proposals contained in this report have implications on the following scorecard priorities:
- Great Performance - Getting the money right -
We will make sure we get good value for money and manage our services well, so that we are independently judged as 'Good' in the use of resources by our external auditor.

6 Background Details

- 6.1 The Council Tax Base represents the amount that could be raised by the Council for every £1 of Council Tax that it levied in the Borough.
- 6.2 In order to calculate the tax base, it is necessary to take the actual number of properties in each Council Tax Band on the Valuation List and then make adjustments to these for the numbers which will be entitled to be exempt from the tax or attract a percentage discount from the tax, such as single person households as well as any adjustments to the Local Council Tax Reduction Scheme. In addition, assumptions need to be made for changes in the numbers of properties in each Band between now and March 2017 as a result of new build and demolition's.
- 6.3 The adjusted numbers in each band are then converted to the equivalent number of Band D properties.
- 6.4 At the time of presenting this report, decisions regarding the Local Council Tax Reduction Scheme to be adopted for 2016/17 are yet to be made. Details of the Local Council Tax Reduction Scheme are contained within the Local Council Tax Reduction Scheme report to Cabinet on 09 December 2015. It is not anticipated that any changes will be made to the scheme which may adjust the assumptions made in the Council Tax Base calculation, however if any changes are made to the Local Council Tax Reduction Scheme, adjustments may then be required to the Council Tax Base calculation. The Council Tax Base for 2016/17 has been calculated as 70,620.18.
- 6.5 The adjusted Band D equivalent has to be reduced to reflect any anticipated losses on collection. Experience has shown that a 99% collection rate is ultimately achievable, the following shows the adjusted Tax Base for 2016/2017 at a collection rate of 99%:

Collection Rate %

Tax Base

99

69,913.98

- 6.6 The actual levels of Council Tax for 2016/2017 will be dependent upon final decisions yet to be taken on both Sandwell budgets and those of the precepting bodies, together with consideration of any surplus or deficit on the Collection Fund.

Source Documents:

Return CTB to The Department of Communities and Local Government.

The Cabinet

9 December 2015

Subject:	Local Council Tax Reduction Scheme 2016/2017 (Key Decision Ref. No. FR020)
Presenting Cabinet Member:	Finance and Resources

1. Summary Statement

- 1.1 On 13 January 2015, the Council approved a revised Local Council Tax Reduction Scheme for 2015/16 as a policy document under the provisions of Article 4 – The Full Council, of the Council’s Constitution. The revised policy was effective from 1 April 2015.
- 1.2 The 2015/16 Local Council Tax Reduction Scheme had been amended by removing the residency requirement included in Sandwell’s 2014/15 scheme and to take account of results of an equality impact assessment and feedback from a six-week consultation exercise.
- 1.3 The revised policy has now been operational for over 6 months.
- 1.4 It is not proposed to make any changes to the Local Council Tax Reduction Scheme for 2016/17.
- 1.5 A four-week consultation on the Local Council Tax Reduction Scheme for 2016/17 commenced on 15 September 2015. Only one response was received.
- 1.6 The Local Council Tax Reduction Scheme policy must be approved by the Council by no later than 31 January each year.
- 1.7 It is now proposed that Cabinet recommends the Council to approve the Local Council Tax Reduction Scheme for 2016/17.
Further details are attached for your information

2. Recommendation

- 2.1 That the Council be recommended to approve the Local Council Tax Reduction Scheme 2016/17.

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Contact Officer

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3. **Strategic Resource Implications**

- 3.1 The Local Authorities (Calculation of Council Tax Base) Regulations 1992 (the council tax base regulations), made under powers of the Local Government Finance Act 1992, specify formulae for calculating the council tax base.
- 3.2 The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. It is used for the purposes of calculating a billing authority's and major precepting authority's band D council tax.
- 3.3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the authority's estimated collection rate for the year.
- 3.4 The relevant amounts are calculated as:
 - a. number of chargeable dwellings in each band shown on the valuation list on a specified day of the previous year,
 - b. adjusted for the number of discounts, and reductions for disability, that apply to those dwellings
- 3.5 The Government amended the council tax base regulations from 2013 so that the calculation of the tax base took into account Council Tax Reduction.
- 3.6 The transfer of a national Council Tax Benefit scheme to a Council Tax Reduction Scheme included an imposed 10% reduction in

available funding. For Sandwell MBC and its precepts this 10% equated to a reduction in resources of £3.2m to fund any local arrangements for 2013/14.

- 3.7 Funding for Council Tax Reduction has been included in the Local Government Finance Settlement since 2013/14. Any annual reduction in this settlement will therefore result in further reductions to the resources available to fund the Local Council Tax Reduction Scheme.
- 3.8 The Local Council Tax Reduction Scheme also impacts upon the Council's ability to generate income through its own Council Tax arrangements. In essence for every 1% increase in future Council Tax levels the Council only generates £700k compared to £1m prior to 1st April 2013.
- 3.9 The forecasted cost of Council Tax Reduction for 2015/16 financial year is £27.86m. This is less than predicted as the anticipated increase in caseload as a result of the removal of the residency requirement has not materialised.
- 3.10 There are two decisions that could influence the cost of the scheme for 2016/17: -
 - Implementation of the Government's proposed changes to Tax Credits – this has the potential to increase current levels of Council Tax Reduction entitlement and caseloads, therefore increasing the overall cost of the scheme
 - Increase in Council Tax for 2016/17 – this will increase the level of Council Tax Reduction awarded

4. Legal and Statutory Implications

- 4.1 Schedule 4 paragraph 5 (2) of the Local Government Finance Act 2012 states:

The authority must make any revision to its scheme, or any replacement scheme, no later than the 31st January in the financial year preceding that for which the revision or replacement scheme is to have effect.

5. Implications for the Council's Scorecard Priorities

5.1 The proposals contained in this report have implications on the following corporate priorities:

- Great Prospects - Investing in businesses, people and jobs - We will help people to get jobs and the benefits that they are entitled to.
- Great Performance - Getting the money right - We will make sure we get good value for money and manage our services well, so that we are independently judged as 'Good' in the use of resources by our external auditor.

An effective Local Council Tax Reduction Scheme policy will assist the council in achieving its objectives relating to the council's scorecard priorities.

6. Background Details

6.1 Sandwell's Local Council Tax Reduction Scheme was revised from 2015/2016 by removing the residency requirement included in the 2014/15 scheme, the results of the equality impact assessment and feedback from a six-week consultation exercise. In summary the amendments made to the scheme were as follows:

- Removal of the 2-year residency requirement
- Amend non-dependant deductions, introducing a £10 per week charge for non-dependants in full-time work and a £5 per week charge for non-dependants not in full-time work
- Reduce the taper from 25% to 20% to incentivise work. The taper represents the proportion of a claimant's excess income that must be used to contribute towards their Council Tax
- Introduce a standard £25 earnings disregard to incentivise work

6.2 Prior to the 2015/16 scheme being approved a six-week consultation exercise took place with citizens and stakeholders along with a full equality impact assessment. The information gathered influenced and shaped the policy that was approved by Council in January 2015.

6.3 The policy has been operational since 1 April 2015 and no issues have been identified.

- 6.4 Consultation with the Cabinet Member for Finance and Resources confirmed that there were no proposals to amend the scheme for 2016/17.
- 6.5 A four-week consultation commenced in September 2015 where feedback on the proposal not to amend the scheme for 2016/17 was requested. This consisted of a link on the council's website giving people the opportunity to provide feedback and contacting over 720 stakeholders directly by e-mail to request feedback.
- 6.6 Only one response was received and it is therefore reasonable to assume that Sandwell's citizens and stakeholders are satisfied with the current Local Council Tax Reduction Scheme.
- 6.7 As no changes are being proposed to the Local Council Tax Reduction Scheme policy for 2016/17 the Equality Impact Assessment that was carried out in October 2014 still applies. However analysis of the Local Council Tax Reduction Scheme caseload has been conducted to ensure that there have been no adverse impacts since the introduction of the policy on 1 April 2015. The monitoring results can be found at **Appendix 1**.

Appendix 1

Local Council Tax Reduction Scheme 2015 – 2016

Analysis of Caseload to Determine Impact on Minority Groups

Date: 22nd October 2015

Sandwell's current Local Council Tax Reduction Scheme policy has been in place since 1st April 2015. The government mandate how Council Tax Reduction must be calculated for pensioners therefore the 'local' scheme only applies to working age claimants.

When the 2015/16 policy was drafted in August 2014, a full equality impact assessment was conducted. This concluded that the policy would not adversely impact any of the minority groups.

Analysis of the Local Council Tax Reduction Scheme caseload has now taken place to ensure that in reality there have been no adverse impacts on the minority groups. This will further inform the proposal not to make changes to the policy for 2016/17.

Results of the analysis are detailed below.

Caseload Breakdown

Caseload	As at September 2014		As at September 2015	
Total caseload	37,407		37,887	
Pensioners	17,297	46%	16,060	42%
Working Age	20,110	54%	21,827	58%

The Local Council Tax Reduction Scheme does not apply to pensioners therefore the Council's scheme cannot influence that element of the caseload.

The increase in working age caseload is very positive as it indicates that the changes the Council made to the 2015/16 Local Council Tax Reduction Scheme aimed at incentivising work have been successful.

Ethnic Breakdown of Caseload

Ethnic Origin	LCTR Caseload as at September 2014 (20,110)		LCTR Caseload as at September 2015 (21,827)	
	No.	%	No.	%
White	12,398	62%	12927	59.2%
Black	1,703	8%	2771	12.7%
Asian	2,625	13%	3387	15.5%
European	505	3%	621	2.8%
Other	941	5%	84	0.4%
Not known	1,938	9%	2037	9.3%

The above statistics indicate that the policy has had no adverse impact on any of the ethnic minority groups.

Disabled Claimants

No. of disabled LCTR claimants / percentage of total caseload (20,110) as at September 2014		No. of disabled LCTR claimants / percentage of total caseload (21,827) as at September 2015	
5213	26%	6548	30%

The above figures indicate that the policy is having a positive impact as the number of disabled customers claiming Local Council Tax Reduction has increased.

Impact based on religion or belief

The council has no statistics on the religion or belief of claimants; however it believes that the Local Council Tax Reduction Scheme does not have an adverse impact based on a person's religion or belief as this is not considered or part of any assessment process.

Impact based on sexual orientation

The council has no statistics on the sexual orientation of claimants; however it believes that the Local Council Tax Reduction Scheme does not have an adverse impact based on a person's sexual orientation as this is not considered or part of any assessment process.

Impact based on sex

The council believes that the Local Council Tax Reduction Scheme does not have an adverse impact based on a person's sex as this is not considered or part of any assessment process.

Way Forward

The caseload analysis indicates that the Local Council Tax Reduction Scheme is working well and is not having an adverse impact on any minority group.

The results also confirm that the changes made to the scheme for 2015/16 to incentivise work appear to be having the desired affect.