

## Sandwell Metropolitan Borough Council

17 January 2017

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

Meeting Date	Subject
7 December 2016	<b>Council Tax Base 2017/18 (Key Decision Ref. No. LR151)</b>
7 December 2016	<b>Local Council Tax Reduction Scheme 2017/2018 (Key Decision Ref. No. LR21)</b>

## Report to Cabinet

7 December 2016

<b>Subject:</b>	<b>Council Tax Base 2017/2018 (Key Decision Ref. No. LR15)</b>
<b>Presenting Cabinet Member:</b>	<b>Leader of the Council</b>

### 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 2017/2018 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 is levied in the Borough. Decisions regarding the Local Council Tax Reduction Scheme to be adopted within Sandwell for 2017/18 may affect the level of Council Tax Base.
- 1.4 The Council Tax Base recommended in this report assumes the following: -
  - There will be no changes made to Sandwell's Local Council Tax Reduction scheme for 2017/18.
  - That the decision to apply 0% Council Tax Discounts on empty properties and to apply an empty home premium of 150% for homes empty longer than two years, will continue throughout 2017/18.
- 1.5 The actual levels of Council Tax for 2017/2018 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.

1.6 An Equality Impact Assessment was not required for the proposal.  
Further details are attached for your information.

## **2. Recommendations**

- 2.1 That the Council be recommended to continue to apply 0% Council Tax Discounts on empty properties and continue to apply an empty home premium of 150% on properties empty longer than two years, throughout 2017/18.
- 2.2 That the Council be recommended to approve the Council Tax Base for 2017/2018 to be set at 71,217.34.

**Darren Carter**  
**Interim Director - Resources**

Contact Officer  
Sue Knowles  
Revenues and Benefits Services Manager  
0121 569 6211

## **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.
- 3.5 Assumptions made for the Council Tax base in the medium term financial strategy for 2016/17 of 69,913.98 are expected to be achieved.

#### **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 is 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.

- 6.3 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 builds and demolitions.
- 6.4 The adjusted numbers in each band are then converted to the equivalent number of Band D properties.
- 6.5 At the time of presenting this report, decisions regarding the Local Council Tax Reduction Scheme to be adopted for 2017/18 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 07 December 2016. 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. The Council Tax Base for 2017/18 has been calculated as 71,936.71.
- 6.6 On the 04 December 2012 the Council resolved to remove Council Tax exemptions on empty properties during the initial six months and also introduced an empty home premium of 150% for homes empty longer than two years. These changes were introduced from 01 April 2013, are still applicable today. This results in an increase in the amount of collectable Council Tax which has been taken into account when setting the Council Tax base for 2017/18.
- 6.7 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 2017/2018 at a collection rate of 99%:

<u>Collection Rate %</u>	<u>Tax Base</u>
99	71,217.34

- 6.8 The actual levels of Council Tax for 2017/2018 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:**

Sandwell CTB (October 2016) Return to The Department of Communities and Local Government.

## Report to Cabinet

7 December 2016

<b>Subject:</b>	<b>Local Council Tax Reduction Scheme 2017 – 2018 (Key Decision Ref. No. LR21)</b>
<b>Presenting Cabinet Member:</b>	<b>Leader of the Council</b>

### 1. Summary Statement

- 1.1 On 12 January 2016, the Council approved a revised Local Council Tax Reduction Scheme for 2016/17 as a policy document under the provisions of Article 4 – The Full Council, of the Council’s Constitution. The policy was effective from 1 April 2016.
- 1.2 No changes were made to the 2016/17 Local Council Tax Reduction Scheme.
- 1.3 The scheme has now been operational for over 8 months.
- 1.4 Consultation with the Leader of the Council and the Cabinet Member for Core Council Services confirmed that the Council wants to continue to adopt a means tested scheme so that residents on very low incomes can receive 100% support. Therefore we are not proposing to make any changes to the Local Council Tax Reduction Scheme for next year - 2017/18.
- 1.5 A four-week consultation on the proposal not to change the Local Council Tax Reduction Scheme for 2017/18 commenced on 10 October 2016. Only one response has been received and it is therefore reasonable to assume that Sandwell’s citizens and stakeholders are satisfied with the current Local Council Tax Reduction Scheme.
- 1.6 The Local Council Tax Reduction Scheme policy must be approved by full Council no later than 31 January each year.

1.7 It is now proposed that the Cabinet recommend the Council to reaffirm the Local Council Tax Reduction Scheme for 2017/18 as agreed by the Cabinet Member for Core Services.

Further details are attached for your information

## **2. Recommendation**

2.1 That the Council be recommended to approve the Local Council Tax Reduction Scheme 2017/18.

**Darren Carter**  
**Interim Director - Resources**

**Contact Officer**  
Sue Knowles  
Revenues and Benefits Service  
Acting Revenues and Benefits Service Manager  
0121 569 6211

## **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 in 2013 so that the calculation of the tax base took account of 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 1<sup>st</sup> April 2013.
- 3.9 The forecasted cost of Council Tax Reduction for 2016/17 financial year was £28.4m. Based on current information the actual cost will be £27.8m this reduction is due to a drop in caseload.
- 3.10 If the Council decides to increase Council Tax for 2017/18 the overall cost of the Council Tax Reduction Scheme will increase.

#### **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 31<sup>st</sup> 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 proposal contained in this report has 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 not changed in 2016/2017.

6.2 Prior to the 2016/17 scheme being approved, a four-week consultation exercise took place with citizens and stakeholders, advising them that there would be no changes to the scheme and inviting feedback. As the scheme had not changed a full Equality Impact Assessment was not required, however analysis of the caseload was undertaken to ensure the scheme was not having any adverse affects of minority groups. The results confirmed the scheme was operating fairly.

6.3 The current policy has been operational since 1 April 2016 and no issues have been identified.

6.4 The government is introducing a number of changes to Housing Benefit and other welfare benefits from April 2017. A number of these changes are aimed at restricting allowances for families who have more than 2 children. Consultation with the Leader and Cabinet member for Core Services confirmed that Sandwell does not wish to introduce these changes into it's LCTRS as we want to protect families and improve child poverty.

- 6.5 The Leader of the Council has also confirmed that he wants to continue to adopt a means tested scheme so that residents on very low incomes can receive 100% support. Therefore we are not proposing to make any changes to the Local Council Tax Reduction Scheme for next year - 2017/18.
- 6.6 A four-week consultation commenced on 10 October 2016 where feedback on the proposal not to amend the scheme was requested. This consisted of a link on the council's website giving people the opportunity to provide feedback and contacting over 700 stakeholders directly by e-mail to request feedback. Only one response has been received. The response supported the proposal 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 2017/18 the Equality Impact Assessment carried out in October 2014 still applies. However analysis of the Local Council Tax Reduction Scheme caseload has again 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 2016 – 2017

#### Analysis of Caseload to Determine Impact on Minority Groups

**Date:** 5<sup>th</sup> October 2016

Sandwell's current Local Council Tax Reduction Scheme policy has been operational since 1<sup>st</sup> 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.

In October 2015 analysis of the Local Council Tax Reduction Scheme caseload took place this confirmed that the scheme was operating fairly and there had been no adverse impacts on the minority groups.

Further analysis of the caseload has now taken place. This will further inform the proposal not to make changes to the scheme for 2017/18.

Results of the analysis are detailed below.

#### **Caseload Breakdown**

Caseload	As at September 2014		As at September 2015		As at September 2016	
<b>Total caseload</b>	<b>37,407</b>		<b>37,887</b>		<b>36,670</b>	
Pensioners	17,297	46%	16,060	42%	15,311	42%
Working Age	20,110	54%	21,827	58%	21,359	58%

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

The increase in the proportion of working age caseload is very positive as it indicates that the changes the Council made to the scheme in 2015/16 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)		LCTR Caseload as at September 2016 (21,359)	
	Total	%	Total	%	Total	%
White	12,398	62%	12927	59.2%	13,028	61%
Black	1,703	8%	2771	12.7%	2,111	10%
Asian	2,625	13%	3387	15.5%	2,869	14%
European	505	3%	621	2.8%	634	3%
Other	941	5%	84	0.4%	708	3%
Not known	1,938	9%	2037	9.3%	2,009	9%

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

## Disabled Claimants

No. of disabled LCTR claimants / % of total caseload (20,110) as at September 2014		No. of disabled LCTR claimants / % of total caseload (21,827) as at September 2015		No. of disabled LCTR claimants / % of total caseload (21,359) as at September 2016	
5213	26%	6548	30%	5245	25%

The above figures indicate that the number of disabled customers claiming this year has dropped compared to the previous year where we saw an increase. However as Sandwell's scheme has not changed during this period it is reasonable to assume that the government changes to disabled benefits (such as the introduction of Personal Independent Payments) and the move to making more people 'jobseekers' has reduced the number of customers classed as disabled. We are confident that Sandwell's scheme continues to protect disabled customers.

## 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 fair and is not having an adverse impact on any minority group.

The results also confirm that the changes made to the scheme in 2015/16 to incentivise work are continuing to have the desired affect.

Prepared by: Sue Knowles