


REPORT TO CABINET

13 December 2017

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| Subject: | Local Council Tax Reduction Scheme 2018/19 |
| Presenting Cabinet Member: | Councillor Steve Eling - Leader of the Council |
| Director: | Executive Director – Resources – Darren Carter |
| Contribution towards Vision 2030:  |  |
| Key Decision: | Yes |
| Forward Plan (28 day notice) Reference: | SMBC08/12/2017 |
| Cabinet Member Approval and Date: | 19 October 2017 |
| Director Approval: | 17 October 2017 |
| Reason for Urgency: | Urgency provisions do not apply |
| Exempt Information Ref: | Exemption provisions do not apply |
| Ward Councillor (s) Consulted (if applicable): | Not required |
| Scrutiny Consultation Considered? | Scrutiny have not been consulted |
| Contact Officer(s): | Sue Knowles – Head of ICT and Revenues and Benefits sue_knowles@sandwell.gov.uk Ian Dunn – Revenues and Benefits Service Manager ian_dunn@sandwell.gov.uk Carl Jones- Senior Operations Manager Carl_jones@sandwell.gov.uk |

DECISION RECOMMENDATIONS

That Cabinet:

1. Recommend that no changes are made to the Local Council Tax Reduction Scheme for 2018/2019.
2. That the Council be recommended to approve the Local Council Tax Reduction Scheme for 2018/2019.

1 PURPOSE OF THE REPORT (

- 1.1 To make recommendations for the Local Council Tax Reduction Scheme (LCTRS) for 2018/2019.

2 IMPLICATION FOR THE COUNCIL'S AMBITION

- 2.1 The Local Council Tax Reduction Scheme provides crucial support to low income families and our most vulnerable residents.
- 2.2 The scheme is means tested and residents on very low incomes can receive 100% support.
- 2.3 Sandwell is now the only council in the West Midlands to provide up to 100% support.

3 BACKGROUND AND MAIN CONSIDERATIONS

- 3.1 The current Local Council Tax Reduction Scheme has been operational since 1 April 2016 and no issues have been identified to date.
- 3.2 As the scheme is operating well it is proposed that no changes are made to the scheme for 2018/19.
- 3.3 Prior to the 2017/18 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.

- 3.4 In April 2017 the government introduced a number of changes to Housing Benefit and other welfare benefits. The majority of these changes restricted allowances for families who have more than 2 children. Sandwell wants to continue to protect families and decrease child poverty. Therefore these restrictions have not been mirrored in the Local Council Tax Reduction Scheme.
- 3.5 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.
- 3.6 Caseload Breakdown:

| Caseload | Pensioners | Working Age | Total |
|----------------|--------------|--------------|--------|
| September 2014 | 17,927 (46%) | 20,110 (54%) | 38,037 |
| September 2015 | 16,060 (42%) | 21,827 (58%) | 37,887 |
| September 2016 | 15,311 (42%) | 21,359 (58%) | 36,670 |
| September 2017 | 14,460 (41%) | 21,067 (59%) | 35,527 |

The Government prescribes how Council Tax Support is calculated for pensioners. Therefore Sandwell's Local Council Tax Reduction Scheme is unable to 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 continue to be successful.

4 THE CURRENT POSITION

- 4.1 The Local Council Tax Reduction Scheme for 2017/2018 was approved by cabinet on 07 December 2016.
- 4.2 The current cost of the Council Tax Reduction scheme is £28.4 million for 2017/18.
- 4.3 The scheme is operating well and no issues have been identified.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

- 5.1 A six week consultation period commenced on 23rd August 2017 where feedback on the proposal not to amend the scheme was requested.

Citizens were encouraged to provide feedback on the council's website and over 700 stakeholders were contacted directly by e-mail.

- 5.2 One reply was received which requested we still accept paper application forms.

6 ALTERNATIVE OPTIONS

- 6.1 Nationally 75% of local authorities have introduced a minimum Council Tax Payment. This means that everyone, including those people on a very low income must make a contribution towards their Council Tax.
- 6.2 Sandwell does not wish to introduce these changes into its Local Council Tax Reduction Scheme as we want to protect families and improve child poverty.

7 STRATEGIC RESOURCE IMPLICATIONS

- 7.1 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.
- 7.2 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.
- 7.3 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.
- 7.4 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
- 7.5 The Government amended the council tax base regulations in 2013 so that the calculation of the tax base took account of Council Tax Reduction.
- 7.6 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.

- 7.7 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.
- 7.8 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.
- 7.9 The forecasted cost of Council Tax Reduction for 2017/18 financial year was £28.5m. Based on current information the actual cost will be £28.4m. This reduction is due to a drop in caseload.
- 7.10 If the Council decides to increase Council Tax for 2018/19 the overall cost of the Council Tax Reduction Scheme will increase.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

- 8.1 The LCTR scheme must be made in accordance with Schedule 4 paragraph 5 (2) of the Local Government Finance Act 2012 which states:
- 8.2 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.

9 EQUALITY IMPACT ASSESSMENT

- 9.1 An equality impact assessment is not required.

10 DATA PROTECTION IMPACT ASSESSMENT

- 10.1 The proposals are in line with data protection regulations.

11 CRIME AND DISORDER AND RISK ASSESSMENT

- 11.1 There are no crime and disorder implications as a result of the proposals.

12 SUSTAINABILITY OF PROPOSALS

- 12.1 The calculation of the cost of LCTRS assumes that caseload levels will not change significantly.

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

- 13.1 Sandwell's LCTRS is protecting families on low incomes by giving them 100% support towards their Council Tax

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

- 14.1 The proposals have no impact on the Council's managed property or land.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 15.1 Sandwell's Local Council Tax Reduction Scheme is operating well and providing crucial support to vulnerable, low income households.
- 15.2 The Council is keen to continue to adopt a means tested scheme which provides 100% support to residents on very low incomes.
- 15.3 Sandwell is now the only council in the West Midlands to provide up to 100% support.
- 15.4 This report therefore recommends that no changes are made to the scheme for 2018/2019.
- 15.5 The Local Council Tax Reduction Scheme must be approved by Council no later than 31st January each year.

16 BACKGROUND PAPERS

- 16.1 None

17 APPENDICES:

- 17.1 Local Council Tax Reduction Scheme Policy 2018/2019.

Darren Carter
Executive Director – Resources