

Report to Council

26 January 2021

Subject:	Local Council Tax Reduction Scheme 2021/22
Director:	Acting Section 151 Officer – Rebecca Maher
Contact Officer:	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

1 Recommendations

- 1.1 That no changes are made to the Local Council Tax Reduction Scheme for 2021/22.
- 1.2 That Council approve the Local Council Tax Reduction Scheme for 2021/22.

2 Reasons for Recommendations

- 2.1 To make recommendations for the Local Council Tax Reduction Scheme (LCTRS) for 2021/2022.



3 How does this deliver objectives of the Corporate Plan?



The Local Council Tax Reduction Scheme provides crucial support to low income families and our most vulnerable residents. The LCTRS is based on income bands and residents on very low incomes can continue to receive 100% support. Sandwell is now the only council in the West Midlands to provide up to 100% support and one of only a few nationally.

4 Context and Key Issues

- 4.1 Significant changes were made to the scheme on 1 April 2019.
- 4.2 The local scheme only applies to working age claimants as the Government prescribes how Council Tax Support is calculated for pensioners.
- 4.3 Sandwell made a number of changes to its LCTRS in 2019/20 to ensure the scheme worked effectively with the Government's Universal Credit (UC) system which was rolled out fully in Sandwell in November 2018.
- 4.4 Changes from 01 April 2019 included:
- Replacing the weekly means test approach with a series of income bands for different household sizes
 - Simplifying the claim process for claimants receiving UC
 - Introducing a £5 per week deduction for non-dependants not in work
 - Two income bands for families with children as follows:
 - Families with 1 child
 - Families with 2 or more children
 - Reducing the capital cut-off limit to £3,000
- 4.5 Positive features of the scheme were also retained in order to continue to support our most vulnerable residents and to incentivise work.



5 Alternative Options

- 5.1 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 pay something towards their Council Tax.
- 5.2 Sandwell does not want to introduce a minimum payment into its LCTRS as we want to protect our most vulnerable households and improve child poverty.

6 Implications

Resources:	<p>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.</p> <p>The council tax base is a 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.</p> <p>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.</p> <p>The relevant amounts are calculated as:</p> <ul style="list-style-type: none">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 <p>The Government amended the council tax base regulations in 2013 so that the calculation of the tax base took account of Council Tax Reduction.</p>
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	<p>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.</p> <p>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 scheme.</p> <p>The LCTRS 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.</p> <p>The forecasted cost of the revised Council Tax Reduction Scheme for 2021/22 based on current caseload information is £30m. This does not take account of any council tax increase for 2021/22 which would increase the cost of the LCTRS.</p>
<p>Legal and Governance:</p>	<p>The LCTRS must be made in accordance with Schedule 4 paragraph 5 (2) of the Local Government Finance Act 2012 which states:</p> <p>The authority must make any revision to its scheme, or any replacement scheme, no later than the 11th March in the financial year preceding that for which the revision or replacement scheme is to have effect.</p>
<p>Risk:</p>	<p>Risk assessments, where required, have been undertaken.</p>
<p>Equality:</p>	<p>An equality impact assessment (EIA) was completed on the 2019/20 LCTRS. As we are proposing no changes to the scheme a further EIA is not required.</p>
<p>Health and Wellbeing:</p>	<p>Sandwell's LCTRS is a generous scheme. It aims to protect our lowest income households by giving them 100% support towards their Council Tax and is one of only a few schemes nationally to do this.</p>



Social Value	Sandwell's LCTRS is operating well and providing crucial support to vulnerable, low income households. Sandwell continues to be the only council in the West Midlands to provide up to 100% support through its LCTRS.
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7. Appendices

Appendix 1 – Current Local Council Tax Reduction Scheme Policy.

8. Background Papers

None.

