

REPORT TO CABINET

09 January 2019

Subject:	Local Council Tax Reduction Scheme 2019/20
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:	SMBC02/12/2018
Cabinet Member Approval and Date:	Leader of the Council – 31/10/2018
Director Approval:	Executive Director – Resources – Darren Carter
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 has not been consulted
Contact Officer(s):	<p>Sue Knowles – Head of ICT and Revenues and Benefits sue_knowles@sandwell.gov.uk</p> <p>Ian Dunn – Revenues and Benefits Service Manager ian_dunn@sandwell.gov.uk</p> <p>Carl Jones- Senior Operations Manager Carl_jones@sandwell.gov.uk</p>

DECISION RECOMMENDATIONS

That Cabinet:

1. Recommend that Council approve the Local Council Tax Reduction Scheme for 2019/2020.

1 PURPOSE OF THE REPORT

- 1.1 To make recommendations for the Local Council Tax Reduction Scheme (LCTRS) for 2019/2020.

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 new LCTRS is based on income bands and residents on very low incomes can continue to 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 LCTRS has been operational since 1 April 2016 and no issues have been identified to date.
- 3.2 Analysis of the LCTRS caseload has been conducted to ensure that there have been no adverse impacts since the introduction of the policy on 1 April 2016.
- 3.3 Caseload Breakdown:

Caseload	Pensioners	Working Age	Total
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
September 2018	13,654 (40%)	20,955 (60%)	34,609

The Government prescribes how Council Tax Support is calculated for pensioners. Therefore Sandwell's LCTRS 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.

3.4 Universal Credit full service was rolled out in Sandwell on the 14th November 2018, and the current scheme will not work effectively with the Government's Universal Credit system. The multiple changes in Universal Credit would lead to multiple changes in Council Tax Reduction. This means customers would receive revised bills on a regular basis leading to confusion about what they should pay.

3.5 Due to the roll out of Universal Credit we are recommending that Sandwell's Local Council Tax Reduction Scheme is amended to include the following features:

- Replace the current weekly means tested approach with a series of income bands for different household sizes
- Simplify the claiming process and maximise entitlement to LCTR for all applicants by treating the notification received from the Department for Work and Pensions of a persons entitlement to Universal Credit as a valid claim for LCTRS.
- Make all new applications to Council Tax Reduction effective from the date they happen
- Introduce a £5 per week deduction for non-dependants not in work. This is a presumed contribution other adults in the household should make towards Council Tax.
- Having only two income bands for families with children as follows:
 - Families with 1 child
 - Families with 2 or more children
- Reduce the capital cut-off limit to £3,000

3.6 In order to continue to support our most vulnerable residents and to incentivise work, Sandwell would like to maintain the following positive features of its scheme.

- Provide 100% support for applicants in receipt of Income Based Jobseekers Allowance, Income Support and Income Related Employment and Support Allowance. Sandwell is one of the only remaining Councils to continue with this level of support.
- Disregard the following incomes when calculating the total income of a household:
 - Child Benefit

- Carer's Allowance
- The support component of Employment and Support Allowance
- Disability Living Allowance
- Attendance Allowance
- Personal Independence Payments
- War Pensions

3.7 An Equality Impact Assessment has been carried out on the proposed scheme and the results confirmed the scheme was operating fairly.

4 THE CURRENT POSITION

4.1 The LCTRS for 2018/2019 was approved by cabinet on 13 December 2017.

4.2 Prior to the introduction of Universal Credit, the scheme has operated well.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

5.1 A four-week consultation period commenced on 31st October 2018 where feedback on the proposed scheme was requested. Citizens were encouraged to provide feedback on the council's website, Facebook, Twitter and over 700 stakeholders were contacted directly by e-mail. Letters were also sent to 6,000 residents to ask for feedback on the proposed changes.

5.2 A total of 26 replies were received and the summary of the comments is as follows:

- Everyone should make some contribution towards council services
- Agreed that the LCTRS needs to be simplified

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 LCTRS as we want to protect families and improve child poverty.

6.3 The current scheme will not work effectively with the Government's Universal Credit system. The multiple changes in Universal Credit would

lead to multiple changes in Council Tax Reduction. This means customers would receive revised bills on a regular basis leading to confusion about what they should pay.

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 LCTRS.
- 7.8 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.

7.9 The forecasted cost of the revised Council Tax Reduction Scheme for 2019/2020, based on current caseload information is £28.9m.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

8.1 The LCTRS 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 11th March 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 has been completed for the new scheme and is included in Appendix 1.

10 DATA PROTECTION IMPACT ASSESSMENT

10.1 Not required.

11 CRIME AND DISORDER AND RISK ASSESSMENT

11.1 Not required

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 No impact.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 15.1 Sandwell's LCTRS is operating well and providing crucial support to vulnerable, low income households.
- 15.2 The introduction of Universal Credit means that a weekly means tested scheme will no longer be appropriate. The Council is therefore keen to introduce an income banded scheme which still 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 changes are made to the scheme for 2019/2020 due to Universal Credit roll out.
- 15.5 The LCTRS must be approved by Council no later than 11th March each year.

16 BACKGROUND PAPERS

- 16.1 None

17 APPENDICES:

- 17.1 Appendix 1 - Equality Impact Assessment.
Appendix 2 - Local Council Tax Reduction Scheme Policy 2019/2020.

Darren Carter
Executive Director – Resources