

Report to Cabinet

15 November 2023

Subject:	Local Council Tax Reduction Scheme 2024/2025
Cabinet Member:	Councillor Bob Piper - Cabinet Member for Finance and Resources
Director:	Brendan Arnold – Director of Finance
Key Decision:	Yes
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1 Recommendations


- 1.1 That approval be given to make no changes to the Local Council Tax Reduction Scheme for 2024/25 as set out in Appendix 1.
- 1.2 That the Council be recommended to approve the Local Council Tax Reduction Scheme for 2025/25 as set out in Appendix 1.

2 Reasons for Recommendations

- 2.1 The LCTRS provides crucial support to low income families and our most vulnerable residents.
- 2.2 The LCTRS is based on income bands and residents on very low incomes can continue to receive 100% support.
- 2.3 Sandwell is one of only a few nationally that still provides 100% support.



3 How does this deliver objectives of the Corporate Plan?

	People live well and age well	The LCTRS provides financial support to the lowest income households to pay their Council Tax.
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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 several 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 1 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 to continue to support our most vulnerable residents and to incentivise work.
- 4.6 The draft policy which is in Appendix 1 will have the income bands updated for 2024-2025 once the Department for Work and Pensions publicise the new income rates from April 2024.



5 Alternative Options

- 5.1 Nationally a lot 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 and support residents with the cost of living crisis

6 Implications

Resources:	The forecasted cost of the Council Tax Reduction Scheme for 2024/25 based on current caseload information is £30m. This does not take account of any council tax increase for 2024/25 which would increase the cost of the LCTRS.
Legal and Governance:	The LCTRS must be made in accordance with Schedule 4 paragraph 5 (2) of the Local Government Finance Act 2012 which states: The authority must make any revision to its scheme, or any replacement scheme, no later than the 11 th March in the financial year preceding that for which the revision or replacement scheme is to have effect.
Risk:	The calculation of the cost of LCTRS assumes that there will be no increase in caseload throughout 2024/25. If there was an increase in caseload this would lead to additional LCTRS costs.
Equality:	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.
Health and Wellbeing:	The 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.
Social Value	Not applicable
Climate Change	Not applicable
Corporate Parenting	Not applicable



7. Appendices

7.1 Appendix 1 – Draft Local Council Tax Reduction Scheme Policy 2024/25.

8. Background Papers

None

