

Non-Executive Report of the:  <b>COUNCIL</b>  18 January 2017	 <b>TOWER HAMLETS</b>
<b>Report of: Zena Cooke – Corporate Director Resources</b>	<b>Classification:</b> Unrestricted
<b>Local Council Tax Reduction Scheme 2017/18</b>	

<b>Originating Officer(s)</b>	Steve Hill - Head of Benefits Services
<b>Wards affected</b>	All

### Summary

On 20<sup>th</sup> January 2016 Full Council considered the report from Cabinet on the Local Council Tax Reduction Scheme ('LCTRS') 2016/17 and agreed to continue the Reduction Scheme for 2015/16 but that the extension of the scheme be for one year only and to be reviewed alongside the impact of the Government's proposed welfare reform changes and an options review for the future of LCTRS during 2016.

For each financial year, the Council is required to consider whether to revise its scheme or to replace it with a different scheme. Any revision or replacement must be made by 31st January in the financial year preceding that for which the scheme is to take effect

Options for a fresh scheme were prepared and consulted on following which the Mayor in Cabinet received the report of the Corporate Director, Resources on 10<sup>th</sup> January 2017 and the Mayors recommendation to Council for the LCTRS 2017/18 is that the Council retain the 100% support for working age households within the LCTRS scheme and that the scheme is changed to reflect the following:

- the period for which backdated claims for LCTRS can be made will be one month
- the length of time LCTRS claims can continue whilst the recipient is abroad will be 4 weeks
- the Council introduces a scheme in addition to LCTRS to help applicants suffering exceptional hardship
- households with non-dependants income above £370.50 per week will be excluded from support and non-dependant deductions will apply to all other non-dependants with income below £370.50 per week (as set out in appendix 1 of the Cabinet report)
- an assumed income for self-employed earners where their self-employment earnings after one year is declared at below equivalent minimum wage levels, minimum wage levels will be assumed in the assessment of LCTRS
- the savings limit is to be lowered to £6k from £16k in order to qualify for LCTRS.

## **Recommendations:**

Council is recommended to:

1. Approve the continuation of the current Local Council Tax Reduction Scheme for 2017/18 which retain the 100% support for working age households within the LCTRS scheme but that the scheme is changed to reflect the following:
  - (a) the period for which backdated claims for LCTRS can be made will be one month;
  - (b) the length of time LCTRS claims can continue whilst the recipient is abroad will be 4 weeks;
  - (c) the Council introduces a scheme in addition to LCTRS to help applicants suffering exceptional hardship;
  - (d) households with non-dependants income above £370.50 per week will be excluded from support and non-dependant deductions will apply to all other non-dependants with income below £370.50 per week (as set out in appendix 1 of the Cabinet report);
  - (e) an assumed income for self-employed earners where their self-employment earnings after one year is declared at below equivalent minimum wage levels, minimum wage levels will be assumed in the assessment of LCTRS;
  - (f) the savings limit is to be lowered to £6k from £16k in order to qualify for LCTRS.
  
2. Adopt the revised Local Council Tax Reduction Scheme for 2017/18 (which includes the changes at 1 above) at Appendix 4 **(to follow)**.

## **1. REASONS FOR THE DECISIONS**

- 1.1 At the meeting of Full Council on 20<sup>th</sup> January 2016 the decision was taken to extend the Local Council Tax Scheme for 2016/17 for one year only and that the scheme be reviewed alongside the impact of the Government's welfare reform changes and an options review for the future of the LCTRS be undertaken. This report details the outcome of that review and options considered.
- 1.2 For each financial year, the Council is required to consider whether to revise its scheme or to replace it with a different scheme; any revision or replacement must be made by 31 January in the financial year preceding that for which the scheme is to take effect.

## **2. ALTERNATIVE OPTIONS**

- 2.1 The Council must decide to adopt a LCTRS no later than the 31<sup>st</sup> January of the financial year the scheme relates to or the default scheme in the Act will apply.

## **3. DETAILS OF REPORT**

- 3.1 The report presented to Cabinet is included in the main agenda pack for this meeting. The report to Cabinet contains the full details of the scheme along with relevant legal and financial considerations.

### Consideration by the Mayor in Cabinet on 10<sup>th</sup> January 2017

- 3.2 Following consideration of the Cabinet Report and the revised options, the Mayor disregarded Option 4 and the variations:
- Removing the allowances for the work related activity premium in the Employment Support Allowance (ESA) and for recipient of the family premium for new claims with effect from 1 April 2017.  
(Allowances for both are included in the current scheme).
  - Limit to a maximum of 2 the allowances for children included in the assessment of new claims from 1 April 2017.  
(There is currently no limit to the number of children included in a claim).
- 3.3 The Mayor then recommended to Full Council that the Council retains the 100% support for working age households within the Council's LCTR scheme and that the scheme is changed to reflect the following:
- the period for which backdated claims for LCTRS can be made will be one month
  - the length of time LCTRS claims can continue whilst the recipient is abroad will be 4 weeks

- we introduce a scheme in addition to LCTRS to help applicants suffering exceptional hardship
- households with non-dependants income above £370.50 per week will be excluded from support and non-dependant deductions will apply to all other non-dependants with income below £370.50 per week (as set out in appendix 1 of the Cabinet report)
- an assumed income for self employed earners where their self-employment earnings after one year is declared at below equivalent minimum wage levels, minimum wage levels will be assumed in the assessment of LCTRS
- the savings limit is to be lowered to £6k from £16k in order to qualify for LCTRS

#### **4. COMMENTS OF THE CHIEF FINANCE OFFICER**

4.1 Please see Cabinet Report.

#### **5. LEGAL COMMENTS**

5.1 Please see Cabinet Report.

#### **6. ONE TOWER HAMLETS CONSIDERATIONS**

6.1 Please see Cabinet Report.

#### **7. BEST VALUE (BV) IMPLICATIONS**

7.1 Please see Cabinet Report.

#### **8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

8.1 Please see Cabinet Report.

#### **9. RISK MANAGEMENT IMPLICATIONS**

9.1 Please see Cabinet Report.

#### **10. CRIME AND DISORDER REDUCTION IMPLICATIONS**

10.1 Please see Cabinet Report.

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## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

- NONE

### **Appendices**

- Cabinet Report of 10<sup>th</sup> January 2017 (included at p55 of the 18 January 2017 main Council agenda pack) incorporating appendices 1-3;
- Appendix 4 – Proposed revised Local Council Tax Reduction Scheme for 2017/18 **(to follow)**.

### **Local Government Act, 1972 Section 100D (As amended)**

#### **List of “Background Papers” used in the preparation of this report**

- NONE

### **Officer contact details for documents:**

- N/A