

<b>Committee(s):</b>	<b>Date(s):</b>
Finance – For Decision	21 Nov 2017
<b>Subject:</b> Discretionary Council Tax Discounts and Exemptions	<b>Public</b>
<b>Report of:</b> Chamberlain	<b>For Decision</b>
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### **Summary**

Since the financial year 2013/14 local authorities have had the power to grant discretionary discounts from council tax of any amount up to 100%. There have been individual applications for such discounts on various grounds and the consideration of these has been delegated to the Chamberlain.

However, local authorities are being urged to assist care leavers as a particularly vulnerable group within the community. Also, with the introduction of Universal Credit by the Department for Work and Pensions, many tax payers do not realise that they have to apply separately for council tax support (CTS) that replaced council tax benefit and consequently are applying late; it has not been possible to backdate the CTS.

This report proposes to exempt care leavers from council tax and to provide discretionary discounts to council tax payers in receipt of CTS where CTS cannot be backdated or in other exceptional circumstances where the tax payer is vulnerable. The cost for both groups is unlikely to exceed £12,000 in any one year.

### **Recommendation(s)**

Members are asked to:

- Agree that from the financial year 2017/18 100% discretionary discounts be awarded to care leavers within the City up to the age of 25 under Section 13A of the Local Government Finance Act 1992 subject to liability considerations;
- Agree from the financial year 2017/18 to award discretionary discounts under Section 13A of the Local Government Finance Act 1992 to provide CTS in exceptional circumstances as set out in paragraphs 16 to 19;
- Delegate authority to the Chamberlain to administer the discounts.

## Main Report

### Background

1. Until 2013 there was a national Council Tax Benefit scheme to assist people on low incomes with their council tax bills. This was replaced by a locally determined Council Tax Reduction Scheme (CTRS) from the financial year 2013/14, referred to as council tax support (CTS). To protect residents on low incomes, the City Corporation adopted the Government's default scheme for the financial years 2013/14 to 2015/16 and since then has kept the CTRS in line with Government increases of benefits generally. This means that City residents may still obtain 100% CTS if eligible. Many local authorities have capped the amount of CTS at a lesser amount to all those of working age.
2. Those leaving the City Corporation's care may apply for CTS in the same way as any other council tax payer and if eligible, may receive 100% CTS. However, the CTS is not granted automatically and care leavers have to apply for support. Claim forms are quite complicated.
3. The Community and Children's Services Committee considered the situation with care leavers at its meeting in September and agreed in principle to them being exempted from council tax. For those leaving the City's care and placed in accommodation outside the City's boundaries this is not possible and the Committee agreed to provide grant to those care leavers to enable them to pay their council tax. Further information about the report is available if requested.
4. Following changes to the housing benefit regulations, the City CTRS does not allow CTS to be backdated more than one month from the date of application which has led to some claimants not receiving as much CTS as they might have previously. Formerly housing benefit could be backdated twenty six weeks.

### Current Position

5. Care leavers are recognised as being vulnerable and needing help to adjust to paying bills such as council tax. The City Corporation acts as a corporate parent to the children in its care and the principle of good parenting is to have the same aspirations and provide the same kind of care that good parents would provide for their own children. Young people leaving care have often had very difficult lives and they start living independently much earlier than their peers.
6. There are currently two care leavers who have left the City's care within the City; they are eligible to apply for CTS.
7. Earlier this year the Children's Commissioner for England wrote personally to the Chairman of Policy and Resources asking that care leavers within the City area be exempted from paying council tax. She said that "*children leaving*

*care often struggle with the new financial responsibilities of independence. Some are unaware they even need to pay Council Tax, others don't know how, and many tell me that Council Tax bills are an unexpected and onerous financial burden that can force them into arrears. Taking on new financial responsibilities is part of the move to independence for all young people but care leavers have to face these responsibilities much younger than most and often without family members to fall back on for guidance and support".*

8. In the current situation care leavers can apply for CTS and if eligible, will be awarded the appropriate amount. However, this would not necessarily be 100% support. Also as set out both in the Commissioner's letter and the Children's Society's report "The Wolf at the Door" often they will not know how to apply for help and council tax debts may increase.
9. Since the housing benefit backdating rules changed, CTS, mirroring housing benefit has also not been backdated for more than one month. This has led to arrears in some cases. The introduction of Universal Credit has added to the problem in that many applying for Universal Credit administered by the Department for Work and Pensions do not realise that they have to apply for CTS separately and when they do apply, the award cannot be backdated more than one month from the date of claim. There are also other exceptional cases of vulnerable people, often with mental health issues, who do not apply for CTS in time.
10. Both care leavers and others who do not apply for CTS in a timely manner are likely to be on very low incomes but the problems will only become apparent after recovery through the Magistrates' Court. Action by enforcement agents against these vulnerable individuals may ensue. Recovery action against such groups takes staff time for little gain while at the same time risking damage to the City Corporation's image.

## **Proposals**

### **Care Leavers**

11. It is proposed to exempt all care leavers up to the age of 25 from council tax. This is the statutory age at which authorities can no longer provide support; also the benefit regulations are less generous to those under the age of 25. This can be achieved by awarding discretionary discounts of 100% of council tax under the provisions of Section 13A of the Local Government Finance Act 1992. Applications would not need to be made and the discounts would be awarded on notification to the Chamberlain's Council Tax Section by the Children's and Community Services Department that a young person leaving the City's care has been placed in accommodation within the City. If it becomes apparent that the person would be eligible for Council Tax Support and has applied for Universal Credit, then the CTS would be awarded rather than the discount. There are likely to be around two cases each year.
12. It is possible that there are people leaving the care of other local authorities who are placed in accommodation within the City. These would not be known to the City Corporation but if they are identified, they should not be

discriminated against and it is proposed therefore that the discounts should apply to them as well. Such cases are rare and it is highly unlikely that there would be more than one case per year.

13. It is assumed that care leavers would be in Band C properties generally and to receive the discount, they would need to be the only person at the property liable for council tax and hence would receive 25% discount before the exemption is applied. This would result in less than £2,000 being awarded annually.
14. If other resident(s) move in and are liable for council tax, or the council tax liability changes in any other way, the discretionary discount would be adjusted as necessary to take into account the change in liability.

### **Other Council Tax Discounts to Supplement Council Tax Support**

15. It is also proposed to award discretionary discounts from council tax under Section 13A of the Local Government Finance Act 1992 in appropriate circumstances to supplement Council Tax Support. Generally this will be in order to backdate CTS where a claimant has claimed late or where there are issues with Universal Credit. There are unlikely to be many cases a year and £10,000 per annum should adequately cover all cases. This assumes that there are 20 claimants liable for Band D properties.
16. Other residents who may be liable for council tax or non dependants will be taken into account when awarding any discretionary discount and changes in circumstances will be taken into account.
17. It is proposed that the administration of these exemptions/discounts be delegated to the Chamberlain.
18. Several local authorities have either taken the decision to exempt care leavers or are planning to do so in the future. Most have a discretionary fund to top up council tax support. The City has never set up such a fund as it is possible for 100% council tax support to be awarded. However, with the changes to the backdating rules and the introduction of Universal Credit, it is now necessary to provide for discretionary discounts for CTS claimants in exceptional circumstances.
19. The amounts of discretionary discount granted both to care leavers and others to increase the amount of CTS would be reported annually to this Committee.

### **Implications**

20. The financial implications are small, unlikely to be more than £12,000 in total in any one year but the positive effects on the individuals could be great. Assistance would be provided to the most vulnerable in our society at a time when they are most in need. Council tax arrears would be avoided and people would be given a positive start, either as young adults leaving care or people in need of financial support who will be better able to manage their finances. To do nothing could bring considerable reputational risk to the City

Corporation with increased work but little gain in the amount of council tax collected.

## **Conclusion**

21. Members are asked to agree to the proposals to award 100% discretionary council tax discounts to care leavers without application, to award discretionary discounts to supplement Council Tax Support in certain other circumstances and to delegate the administration of these discounts to the Chamberlain.

## **Appendices**

None

## **Background Papers:**

None

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