



## **CABINET – 14TH MARCH 2018**

**SUBJECT: COUNCIL TAX EXEMPTION FOR CARE LEAVERS**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND S151 OFFICER**

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### **1. PURPOSE OF REPORT**

- 1.1 To present Cabinet with details of a proposal to 'exempt' care leavers between the ages of 18 and 25 as a specified class from the payment of Council Tax. If agreed, this will require amendments to the Council's 'Council Tax Discretionary Reduction Policy - Section 13A (1) (c)' which allows a Council to reduce the Council Tax liability of a person, or a class of persons, to nil, if it sees fit to do so.

### **2. SUMMARY**

- 2.1 A recent campaign by the Children's Commissioner has highlighted the difficulties that many young people face in managing their money and paying bills when leaving care.
- 2.2 This report provides details of a proposal to 'exempt' care leavers between the ages of 18 and 25 as a specified class from the payment of Council Tax. If agreed, this will require amendments to the Council's 'Council Tax Discretionary Reduction Policy - Section 13A (1) (c)' which allows a Council to reduce the Council Tax liability of a person, or a class of persons, to nil, if it sees fit to do so.
- 2.3 Currently, the Council Tax Discretionary Reduction Policy only allows for applications to be considered on an individual basis. To implement this proposal, care leavers need to be specified as a class of cases in respect of which Council Tax liability can be reduced. Where a care leaver resides in a household and is not liable for Council Tax purposes, the Council Tax liable person(s) will be able to apply for a discretionary reduction if the presence of the care leaver results in an increase in the Council Tax payable for the household. In both instances, the care leaver needs to be aged between 18 and 25.

### **3. LINKS TO STRATEGY**

- 3.1 Council Tax provides significant resources which assist the Council in achieving a balanced budget. The Council's 'Council Tax Discretionary Reduction Policy - Section 13A (1) (c)' supports the Council's anti-poverty strategy.
- 3.2 This proposal to support care leavers moving to independent accommodation or those receiving care leavers into their household with a discretionary reduction in Council Tax liability contributes to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015:-

- A prosperous Wales
- A resilient Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A Wales of vibrant culture and thriving Welsh language
- A globally responsible Wales

#### **4. THE REPORT**

- 4.1 Section 13A (1) (c) of the Local Government Finance Act 1992 as amended gives discretion to billing authorities to reduce a liable person's Council Tax 'to such extent as it thinks fit', even to nil, whether on an individual basis or by prescribing one or more classes. This discretion is in addition to various statutory reductions, discounts, disregards and exemptions that are prescribed within Council Tax legislation.
- 4.2 Care leavers are a particularly vulnerable group whose transition from care into adulthood can be very challenging in terms of managing money for the first time without family support. There is a significant risk of these young people falling into debt, some facing Council Tax bills along with other commitments. Following a recent campaign by the Children's Commissioner, the Welsh Local Government Association's Executive recently endorsed a paper to pursue the 'exemption' from Council Tax liability within individual local authorities.
- 4.3 The Council has a responsibility as a Corporate Parent to support young people in its care. Corporate parenting is a statutory function of the Council. The underlying principle is that every local authority will seek the same outcomes for young people in care that every good parent would want for their own children. To support this process, it is proposed that care leavers between the ages of 18 and 25 are designated as a specified class under the Council's Council Tax Discretionary Reduction Policy and would in effect be 'exempt' from liability to pay Council Tax where their liability to pay has not already been reduced to nil by the award of statutory reductions, discounts, disregards and exemptions for other reasons.
- 4.4 Council Tax officers will work with colleagues in Social Services to develop processes that will make it as easy as possible for care leavers to access this discretionary reduction. For young people within the County Borough leaving care, the process should be seamless and invisible. Children's Services will automatically register care leavers with the Council Tax Section so that the reduction may be awarded promptly. Similar arrangements will be made for those leaving another Council's care to reside in the Caerphilly County Borough.
- 4.5 If this amended policy is agreed, any cases falling within this specified class of 'care leavers' will be awarded a discretionary reduction which will be approved by the Head of Corporate Finance under delegated powers; no written application or means-testing will be required.
- 4.6 Any discretionary reduction for care leavers would take effect from 1<sup>st</sup> April 2018, or the date on which a care leaver's liability to pay Council Tax first arises where that date is later than 1<sup>st</sup> April 2018.
- 4.7 Where a care leaver is aged between 18 and 25 and resides in a household but is not liable for Council Tax purposes, the Council Tax liable person(s) will be able to apply for a discretionary reduction if the presence of the care leaver results in an increase in the Council Tax payable; the discretionary reduction will be equivalent to the amount by which the Council Tax has increased. The effective date for any discretionary reduction under these circumstances would be 1<sup>st</sup> April 2018, or the date on which a care leaver first joins a household where that date is later than 1<sup>st</sup> April 2018.
- 4.8 Cabinet is therefore asked to consider and approve the amended policy attached as Appendix A of this report.

## 5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 Effective financial planning is a key element in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met. The report specifically meets the sustainable duty in the following ways: -

**Involvement** – This way of working is about involving people who have an interest in achieving the goal. Internally there has been close working with the relevant areas such as Children's Services and there will be further involvement with the care leavers if the report is approved.

**Collaboration** – This report has not needed a detailed external collaboration to arrive at the proposal. However, the Welsh Local Government Association's Executive, working with the relevant charity, has endorsed the proposed approach.

**Long-term** – This approach understands the need to balance short-term help with the ability to safeguard the longer-term needs of the individual. Much is known about how poverty impacts on individuals' quality of life, so this action provides longer-term security for a care leaver.

**Integration** – This way of working is about how our decisions impact other public bodies. A young person supported to stay out of debt can positively impact on the work of a wide range of public bodies from the Health Services, Police, Academia (colleges or universities) or third sector organisations, such as the Children's Society who all have objectives on better outcomes for young and vulnerable people.

**Prevention** – This way of working is about understanding what causes problems and preventing them from getting worse. In understanding the financial difficulties care leavers face we aim to support them and help to prevent the risks of falling into debt.

## 6. EQUALITIES IMPLICATIONS

- 6.1 There are no potential equalities implications of this report and its recommendations on groups or individuals who fall under the categories identified in Section 6 of the Council's Strategic Equality Plan, therefore a full Equalities Impact Assessment has not been carried out.
- 6.2 The report, if approved, will have a positive impact on care leavers, which are considered a particularly vulnerable group where there is a significant risk of them falling into debt as they transition from care into adulthood and having to manage money for the first time without family support.
- 6.3 The report further supports the Welsh Local Government Association's Executive which recently endorsed a paper to pursue the 'exemption' from Council Tax liability within individual local authorities.

## 7. FINANCIAL IMPLICATIONS

- 7.1 The financial impact of awarding reductions under Section 13A (1) (c) of the Local Government Finance Act 1992 as amended must be borne wholly by the Council as a loss of Council Tax revenue.
- 7.2 The estimated cost of providing the discretionary reductions is approximately £10,000 per annum, after taking account of other Council Tax reductions, discounts, disregards and exemptions which may apply.

## **8. PERSONNEL IMPLICATIONS**

8.1 There are no direct personnel implications arising from this report.

## **9. CONSULTATIONS**

9.1 There are no consultation responses which have not been reflected in this report.

## **10. RECOMMENDATIONS**

10.1 It is recommended that Cabinet approve the amended Council Tax Discretionary Reduction Policy - Section 13A (1) (c) as at Appendix A, effective from 1<sup>st</sup> April 2018.

## **11. REASONS FOR THE RECOMMENDATIONS**

11.1 To enable the Head of Corporate Finance, under delegated powers, to approve a discretionary reduction in Council Tax liability in respect of care leavers as detailed throughout the report and in the amended Council Tax Discretionary Reduction Policy - Section 13a (1) (c) as at Appendix A.

## **12. STATUTORY POWER**

12.1 Section 13A of the Local Government Finance Act 1992 (introduced by Section 76 of the Local Government Act 2003 and substituted by Section 10 of the Local Government Finance Act 2012), and Regulations made under the 1992 Act.

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Consultees:

Cllr David Poole, Leader

Cllr Carl J Cuss, Cabinet Member for Social Care and Wellbeing

Cllr Barbara Jones, Deputy Leader & Cabinet Member for Finance, Performance and Governance

John Carpenter, Council Tax & NNDR Manager

Sean O'Donnell, Principal Council Tax & NNDR Officer

Gareth Jenkins, Assistant Director – Children's Services

Lisa Lane, Solicitor

Anwen Cullinane, Senior Policy Officer (Equalities & Welsh Language)

Appendices:

Appendix A

Council Tax Discretionary Reduction Policy - Section 13A (1) (c)

# Council Tax Discretionary Reduction Policy

## Section 13A (1) (c)

### 1. Background

- 1.1. Section 13A of the Local Government Finance Act 1992 allows councils which are billing authorities to reduce the amount of council tax payable. It can be used for individual cases or a council can determine classes of cases in which liability is to be reduced. The purpose of this discretionary reduction is to provide temporary assistance to council tax payers to help reduce their council tax liability. There are financial implications in awarding any reductions other than those currently available under council tax legislation, and the financial burden of Section 13A reductions is borne wholly by the Council as a loss of council tax revenue.

### 2. Legislative Powers

- 2.1. Section 13A (1) (c) of the Local Government Finance Act 1992 (introduced by Section 76 of the Local Government Act 2003 and substituted by Section 10 of the Local Government Finance Act 2012), provides the Council with the discretion to reduce liability for council tax in relation to individual cases, or a class or classes of cases, that it may determine. Before a discretionary reduction under Section 13 A (1) (c) is considered, all other appropriate council tax discounts, exemptions or reductions will have been awarded.

A summary of Section 13A (1) (c) is set out below:

- Where a person is liable to pay council tax in respect of any chargeable dwelling, the Council for the area in which the dwelling is situated may reduce the amount to such extent as it thinks appropriate;
- The power under subsection (1) includes the power to reduce an amount to nil;
- The power under subsection (1) may be exercised in relation to particular cases or by determining a class of case in which liability is to be reduced to an extent provided by the determination.

### 3. Care Leavers' Class

- 3.1. 'Care Leavers' are specified as a class of cases in which liability can be reduced to nil. Cases falling within this class will be awarded a discretionary reduction automatically and no written application will be required.
- 3.2. For the purpose of this policy, care leavers will be defined as residents for whom Caerphilly County Borough Council (Caerphilly CBC) or another local authority held

corporate parenting responsibility at the point at which the young person left care. Corporate parenting is a statutory function of the Council and, in Wales, councils retain corporate parenting responsibilities for young people who left care up to the age of 21, or up to the age of 25 if they are pursuing education or training.

3.3. The principles of awarding a discretionary reduction to care leavers are as follows:

- The young person is a 'care leaver' and is between the ages of 18 and 25 and is not exempt from council tax liability on any other basis;
- Where a Caerphilly CBC 'care leaver' moves out of the Council's area, the discretionary reduction will be apportioned to the date that they move.

3.4. The Care Leavers' Class will operate as follows:

- The young person is a 'care leaver' and is between the ages of 18 and 25 and is not exempt on any other basis;
- The discretionary reduction will apply to residents for whom Caerphilly CBC or another local authority held corporate parenting responsibility at the point at which the young person left care;
- The care leaver resides and is liable, or jointly liable, to pay council tax within the Caerphilly County Borough;
- The level of reduction applied will be 100% of residual council tax liability, after taking account of any other discounts, disregards, exemptions or council tax reduction (CTR) to which the resident may be entitled;
- The reduction will be awarded against any council tax liability arising from 1st April 2018 and the Council will have discretion to backdate future awards to 1st April 2018 but no earlier;
- The reduction will not be means-tested if the care leaver is between the ages of 18 to 25;
- The date of the day before the care leaver's 25th birthday determines the last day of the period of the discretionary reduction.

## **4. Applying for Section 13A Discretionary Reduction**

4.1. Who can apply? Those persons liable to pay council tax to Caerphilly CBC who can apply are:-

- Tenants
- Owner Occupiers
- Residents
- Persons acting on behalf of a liable person e.g. disabled, or elderly persons, i.e. an appointee, solicitor or someone with power of attorney.

4.2 With the exception of the Care Leavers' specified class where no application is needed, the Council will treat all applications on their individual merits, however some or all of the following criteria must be met for each case:

- The taxpayer must satisfy the Council that all reasonable steps have been taken to resolve the situation prior to application;
- The amount outstanding must not be the result of deliberate non-payment or failure to make payments as required through neglect;
- All other appropriate council tax discounts, exemptions or reductions have already been awarded;

- The taxpayer does not have access to other assets that could be used to pay council tax;
- The situation and reason for the application must be outside of the applicant's control, for example, environmental factors like flooding;
- Unless it is clear that the applicant will not qualify, the applicant has applied for council tax reduction support (the Welsh Government's national council tax reduction scheme exists to ensure that those on low incomes receive financial assistance with their council tax);
- There must be evidence of financial hardship or personal circumstances that justifies a discretionary reduction in council tax liability. To evidence financial hardship an Income/Expenditure form must be completed. **See appendix A;**
- Where a care leaver is between the ages of 18 and 25 and resides in a household but is not liable for council tax purposes, the council tax liable person(s) will be able to apply for a discretionary reduction if the presence of the care leaver results in an increase in the council tax payable; the discretionary reduction will be equivalent to the amount by which the council tax has increased. The effective date for any discretionary reduction under these circumstances would be 1<sup>st</sup> April 2018, or the date on which a care leaver first joins a household where that date is later than 1<sup>st</sup> April 2018. In respect of this last bullet point, the Head of Corporate Finance, under delegated powers, will have discretion to backdate future awards to 1st April 2018 but no earlier.

4.3 Requests for a discretionary reduction to lower council tax liability will be required in writing from the council tax payer, or a recognised third party appointed to act on their behalf. There is no formal application form.

4.4 The application should relate to the current council tax year, unless the applicant has received a bill following a delayed council tax valuation for a previous year(s) or a late determination as to liability to the council tax.

4.5 The Council reserves the right to request any additional evidence in support of the discretionary reduction application, and will act consistently and reasonably in doing so. Where the applicant is unable to, or does not supply the required evidence, the Council will still consider the application and will take into account any other evidence available.

## 5. Decision Making

5.1. The Council Tax and NNDR Manager will consider all Section 13A applications and make a recommendation to the Head of Corporate Finance whose decision will be made under delegated powers. Any award made under the Care Leavers Class will be approved by the Head of Corporate Finance under delegated powers but no application or means-testing will be required.

5.2. Any successful application for a discretionary reduction will be granted for a temporary period only. The reduction will cease at the end of this period and a further application will be required for consideration of any ongoing assistance. It should be noted that any award made under the Care Leavers' Class will continue to apply until the date of the day before the care leaver's 25th birthday.

5.3. Discretionary reductions will generally be made from the date that the Council received the application form, but the Council may backdate reductions under this policy, subject

to the restriction in respect of care leavers stated in points 3.4 and 4.2 if it is considered reasonable to do so.

## **6. Notification of Decision**

- 6.1. The Council will notify an applicant in writing within 21 days of receiving sufficient information to make a decision or, if this is not possible, within a reasonable period afterwards.

## **7. Review of Decision**

- 7.1. Under the Local Government Finance Act 1992, there is no right of appeal against the Council's use of discretionary powers. However, the Council will accept a taxpayer's written request for a review of its decision if it is made within 28 days of the original decision. The Director of Education & Corporate Services will carry out the review and consider whether the customer has provided any additional information against the required criteria that will justify a change in its decision. Following this, if the taxpayer is still aggrieved at the Council's decision, it may only be challenged by way of judicial review where the High Court may be asked to consider whether the Council has acted within its powers.

## **8. Fraudulent Claims and Overpayments**

- 8.1. The Council reserves the right to recover any overpayment of a discretionary reduction where the reduction was made as a result of misrepresentation or failure to disclose a material fact, fraudulently (or otherwise), or due to an administrative error by the Council (where it is reasonable to assume that the taxpayer would have been aware).
- 8.2. The Council is committed to tackling fraud and abuse of public funds in all forms. The Council is committed to tackling fraud and abuse of public funds in all forms. Where there is suspicion that that a fraud may have occurred, the matter will be investigated and this may lead to criminal proceedings being initiated. The Council will consider prosecuting any applicant who makes a false statement or provides fraudulent evidence in support of an application.

## **9. Equalities Statement**

- 9.1. The Council is committed to equality and fairness. Equality is about ensuring people are treated fairly and given fair chances. It is also about ensuring that people receive fair outcomes in the standard of service they receive from the Council.

We will work to create equal access for everyone to our services, irrespective of ethnic origin, sex, age, marital status, sexual orientation, disability, gender reassignment, religious beliefs or non-belief, use of Welsh, BSL or any other language, nationality, responsibility for any dependents or any other reason which cannot be shown to be justified.





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## COUNCIL TAX

### DETAILS OF INCOME & OUTGOINGS

Name and Address	Date of Issue:	
	Date to be Returned by:	
	A/c Number:	
	Tel Number:	
	N I Number:	

EMPLOYED		UNEMPLOYED OR ON BENEFIT	
(give weekly amounts)		(give weekly amounts)	
Date commenced employment:		Date first claimed benefit:	
Employer: Address:		Income Support:	£
		Pension Credit:	£
		Job Seeker's Allowance:	£
Tel Number:		Incapacity Benefit or ESA:	£
Payroll No:		Tax Credits:	£
Net Income:	£	Other Benefits:	£
Tax Credits:	£		
<b>TOTAL INCOME:</b>	£	<b>TOTAL INCOME:</b>	£

Savings	
Savings/bank accounts	
<b>Total Savings held</b>	<b>£</b>

OTHER RELEVANT DETAILS
Partner's full name:
Partner's income (weekly):               £
Partner's employment details (if applicable) :
Number of dependent children:
Ages of children:

# Appendix A

Please ensure you include all of your outgoings below:

Expenses	Amount £	Frequency i.e. weekly, monthly or 4 weekly	Expenses	Amount £ A Amount £	Frequency i.e. weekly, monthly or 4 weekly
Rent/Rent arrears/Mortgage			Loans/HP		
Council Tax/Council Tax Arrears			Fines/Court Orders		
Electricity			Television (Rental)		
Gas			TV Licence		
Water rates			Car (Fuel, Tax, insurance)		
Food/Housekeeping			Travel Expenses		
Childcare (Dinner money)			Clothing		
Insurances (home, personal)			Maintenance paid		
Telephone (home)			Other		
Telephone (mobile)					
Credit Card/Store Card			Total Expenditure		

If any of the expenses given above are unusually high, please give details:

## ADDITIONAL INFORMATION

### Declaration

I declare that the information given on this form is correct.

Signed:

Dated:

Correspondence may be in any language or format - Gallwch ohebu mewn unrhyw iaith neu fformat