
Cabinet

7 March 2017

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor J Mutton
Cabinet Member for Children’s Services – Councillor E Ruane

Director Approving Submission of the report:

Executive Director Place

Ward(s) affected:

All

Title:

Council Tax Discretionary Scheme

Is this a key decision?

No - although the proposals cover all wards, it is not anticipated that the impact will be significant.

Executive Summary:

The Council has the discretion to reduce council tax liability for individuals or prescribed groups. The Council exercises discretion, in accordance with section 13A of the Local Government Finance Act 1992, in respect of local council tax support and for *ad hoc* cases of extreme financial hardship.

It is proposed that the Council exercise its discretionary powers to award a 100 per cent discount for Coventry care leavers between the ages of 18 and 21 residing in the city.. The rationale for supporting care leavers in this way is to help them make an effective social and financial transition from Local Authority care and, ultimately, to help to improve the life chances of looked after children.

Recommendations:

Cabinet is recommended to:

Approve the exercise of the Council’s discretionary powers to award a 100 per cent discount for Coventry care leavers between the ages of 18 and 21, residing in the city based on the principles set out in this report.

List of Appendices included:

None

Background papers:

None

Other useful documents:

Children's Society Report 'The Wolf at the Door

<http://www.childrenssociety.org.uk/what-we-do/resources-and-publications/the-wolf-at-the-door-how-council-tax-debt-collection-is>

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report title: Council Tax Discretionary Scheme

1. Context (or background)

- 1.1 The Council has the discretion to reduce council tax liability for individuals or prescribed groups. The Council exercises discretion, in accordance with section 13A of the Local Government Finance Act 1992, in respect of local council tax support and for *ad hoc* cases of extreme financial hardship.
- 1.2 Some Councils use section 13A discretion to prescribe council tax reductions for certain classes of tax payer. One such class is care leavers. Councils can provide up to 100% discounts for their residents for whom the respective Council has held previously corporate parenting responsibility. Where a care leaver moves from Local Authority care into private or social accommodation, and where the care leaver is liable to pay council tax at the new property, the Council can provide up to a 100% discount through the application of section 13A discretion. The period for which the exemption applies is at the discretion of the Council.
- 1.3 The Children's Society has been lobbying councils in relation to this, following a report that suggested that care leavers are a particularly vulnerable group for council tax debt. It found that often, when care leavers move into independent accommodation and begin to manage their own budget fully for the first time, it can be a challenging time for them, particularly if they are falling behind on their council tax. The rationale for supporting care leavers in this way is to help to support them in making an effective social and financial transition from Local Authority care to independence. Ultimately, this is to help to improve the life chances of looked after children – principles clearly consistent with the Council's corporate parenting objectives and responsibilities.
- 1.4 The government has set out its intentions in the 'Keep on Caring' paper published in July 2016 to extend existing entitlements to care leavers up to the age of 25 for all. Although this hasn't been fully implemented yet, and there is no clarity on the exact expectations, some local authorities that have introduced Council Tax exemption for care leavers have done so for care leavers until their 25th birthday.
- 1.5 The following is a list of the Councils where we are aware council tax exemption for care leavers has been introduced:

Wolverhampton
Birmingham
Cheshire East
Rochdale
Hammersmith & Fulham
Islington

As far as we are aware all have implemented 18-25 except for Rochdale, and Birmingham who have implemented 18-21 with a discretionary policy for age 21 – 25.

2. Options considered and recommended proposal

- 2.1 It is proposed that the Council exercise its discretionary powers to award a 100 per cent discount for Coventry care leavers residing in the city. The principles of the proposed scheme are as follows:

- The young person is a 'care leaver' and is between the ages of 18 and 21,) and is not exempt on any other basis;
- Where a Coventry 'care leaver' moves out of the Local Authority area the discount can be reclaimed should they return before their 21st birthday.
- Where a Coventry 'care leaver' is between the age of 21 and 25 and does not qualify for a discount on some other basis they can also apply for an exemption if suffering financial hardship.

Any other 'care leaver' up to the age of 25 and resident in the City will also be able to apply for an exemption in the usual way if suffering financial hardship

2.2 The exemption will operate as follows:

- The discount will apply to residents for whom Coventry City Council held corporate parenting responsibility at the point at which the young person left care;
- The 'care leaver' resides, and is liable to pay council tax, in Coventry;
- The level of discount applied will be 100 per cent of residual council tax liability after taking account of any other discounts/exemptions to which the resident may be entitled;
- Where a 'care leaver' is jointly liable with other tax payers, the discount will be applied to the household and so non care leavers may benefit inadvertently;
- The discount would be awarded against any council tax liability arising from 1 April 2017 and the Council will have discretion to backdate future awards to 1 April 2017;
- The discount will not be means tested or responsive to the individual circumstances of the 'care leaver' if s/he is between the ages of 18 to 21
- For those Coventry care leavers, aged 21-25, resident in the City, or non-Coventry care leavers up to the age of 25, who do not qualify for a discount on some other basis, the application for discount will be considered on the basis of individual circumstances and means tested.

2.3 The scheme would be administered by the Council's revenues department. Arrangements will be put in place to ensure that relevant care leavers are supported to apply for the discount.

2.4 It is proposed that the impact of this discount is reviewed within the first 6 months of operation and any proposed changes to the arrangements will be subject to a future Cabinet or Cabinet Member decision making process.

2.5 As noted previously, it is expected that existing entitlements for care leavers may be extended up to the age of 25 in future. There is not yet clarity on the exact package of entitlements that this will create but this will be kept under review with appropriate amendments made to schemes such as this one as required.

3. Results of consultation undertaken

3.1 No direct consultation has been taken in relation to the implementation of this scheme. Although the Children's Society has been lobbying Councils in relation to this.

4. Timetable for implementing this decision

- 4.1 It is proposed that, if approved, the Council Tax exemption for care leavers will be implemented from the beginning of the 2017/18 financial year.

5. Comments from Director of Finance and Corporate Services

5.1 Financial implications

As at October 2015 there were 276 care leavers in the 18-21 age bracket (18-25 if in full time education), and 196 of these resided in Coventry. Approximately 70 of those were liable to pay council tax, and the expected cost of providing an exemption is approximately £19,000 per annum.

The additional cost of awarding discretion in cases of financial hardship for the 21-25 year old cohort that are not in full time education is difficult to forecast. Based broadly on the experiences of other local authorities that have implemented a similar scheme we would recommend earmarking funding of £47,000 for a full year.

The cost of the scheme would be borne entirely by the Council and would not impact on revenue for preceptors. Funding for the first year of the scheme will be identified from corporate reserves with ongoing funding built into budget setting proposals for future years subject to a review of the impact of the scheme in 6 months.

5.2 Legal implications

Section 13A of the Local Government Finance Act allows councils in England to reduce liability for Council Tax in two circumstances:

- (a) Section 13A (1) (a) allows the Council Tax for any dwelling to be reduced in accordance with the Council's Council Tax Reduction Scheme which councils are under a duty to have (as set out in section 13 A (2)). Schedule 1A and supporting regulations set out more provisions in respect of these schemes, including a duty to consult on the scheme or any changes and to have any changes in place by 31 January in the financial year before the Scheme takes effect.
- (b) Section 13A (1)(c) gives all councils a power to reduce liability in cases where they think fit, even if liability has already been reduced under Section 13A(1)(a) (and the Council Tax Reduction Scheme detailed above, must include details of how to apply for this discount.)

The discount that is proposed would be implemented under Section 13A (1) (c).

The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 at paragraph 9 of Schedule 7 allows an application to an authority for a reduction under Section 13A (1) (c) to be made in writing, by means of an electronic communication or, where the authority has published a telephone number for the purpose of receiving such applications, by telephone. As stated above, Schedule 1A of the Local Government Finance Act 1992 requires that the Council Tax Reduction Scheme of the local authority includes information about how an application under Section 13A (1) (c) can be made. The Council's currently published scheme includes this information.

The proposal to reduce care leavers' liability to Council Tax can therefore be implemented under Section 13 (1) (c) using the Council's power to make discretionary reductions in Council Tax in cases where it is considered appropriate.

6. Other implications

6.1 How will this contribute to achievement of the Council's Plan?

This directly supports the Council's key objectives of supporting people to lead independent lives, and ensuring that children and young people are safe and make a positive contribution.

6.2 How is risk being managed?

None

6.3 What is the impact on the organisation?

This proposal directly supports the objective of supporting vulnerable young people leaving care to make a successful transition to adulthood. This a key objective for Children's Services.

6.4 Equalities / EIA

There will be a positive equality impact for Young People and Care Leavers if this provision is implemented.

6.5 Implications for (or impact on) the environment

None

6.6 Implications for partner organisations?

The impact on partner agencies is positive. Particularly those who provide accommodation for care leavers.

Report author(s):

Name and job title:

Barry Hastie, Director of Finance and Corporate Services
John Gregg, Director of Children's Services

Directorate:

Place
People

Tel and email contact:

024 7683 3710 barry.hastie@coventry.gov.uk
024 7683 3402 john.gregg@coventry.gov.uk

Enquiries should be directed to the above person.

Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
Contributors:				
Lara Knight	Governance Services Co-ordinator	Place	27/02/17	27/02/17
Other members				
Names of approvers for submission: (officers and members)				
Finance: Rachael Sugars	Finance Manager	Place	24/02/17	27/02/17
Legal: Janice White and Carol Bradford	Legal Services	Place	27/02/17	27/02/17
Director: John Gregg	Director of Children's Services	People	26 February	26 February
Members:				
Councillor J Mutton	Cabinet Member for Strategic Finances and Resources		01/03/17	02/03/17
Councillor E Ruane	Cabinet Member for Children and Young People		01/03/17	02/03/17

This report is published on the council's website:
www.coventry.gov.uk/councilmeetings