

# Cabinet (Resources) Panel

## 4 October 2016

<b>Report title</b>	Discretionary Council Tax Discount Scheme		
<b>Decision designation</b>	AMBER		
<b>Cabinet member with lead responsibility</b>	Councillor Andrew Johnson Resources	Councillor Val Gibson Children and Young People	
<b>Key decision</b>	Yes		
<b>In forward plan</b>	Yes		
<b>Wards affected</b>	All		
<b>Accountable director</b>	Mark Taylor, Director of Finance Linda Sanders, Strategic Director, People		
<b>Originating service</b>	Revenues and Benefits Looked After Children		
<b>Accountable employee(s)</b>	Sue Martin Tel Email	Head of Revenues and Benefits 01902 554772 <a href="mailto:sue.martin@wolverhampton.gov.uk">sue.martin@wolverhampton.gov.uk</a>	
	Alison Hinds Tel Email	Head of Looked After Children 01902 553035 <a href="mailto:alison.hinds@wolverhampton.gov.uk">alison.hinds@wolverhampton.gov.uk</a>	
<b>Report to be/has been considered by</b>	CDLT PLT Strategic Executive Board		22 August 2016 5 September 2016 13 September 2016

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### Recommendation(s) for action or decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve the creation of an additional class of local discretionary council tax discount of up to 100% for care leavers up to 25 years of age with effect from 01/04/2016.

## **1.0 Purpose**

- 1.1 To seek approval from Cabinet (Resources) Panel to create a new class of discretionary council tax discount for care leavers.

## **2.0 Background**

- 1.1. The councils Corporate Parenting Strategy articulates a commitment to improving outcomes for looked after children and to narrowing the gap between them and their peers.
- 1.2. A report published by the Children's Society in March 2015 suggests that care leavers are a particularly vulnerable group for council tax debt. The report made a number of recommendations, including making care leavers eligible for council tax exemption.
- 1.3. There are very few responsibilities and duties undertaken by the Council which are more important or pose a greater challenge than that of Corporate Parenting.
- 1.4. In December 2015 CWC Corporate Parenting Strategy was approved and endorsed by Cabinet and in April 2016 the Department for Education's Care Leavers Charter was endorsed by CWC, demonstrating a commitment to raising the expectations, aspirations and understanding of Care Leavers.
- 1.5. Both of these documents illustrate the high aspirations the Council holds for Care Leavers and recognises that a whole Council response is required to respond to their need with a coordinated and concerted approach towards developing policies, initiatives, services and budget priorities.

## **3.0 Options for consideration**

- 1.6. Section 13A of the Local Government Finance Act 1992 provides councils with discretion to grant a discount in individual cases or to a prescribed classification of cases. The discount can be anything up to 100% of the council tax bill and is met from Council resources.
- 1.7. The council's current Section 13A policy provides for reductions in council tax in cases of exceptional hardship. A new category of discount could be created to grant a discount of up to 100% for care leavers.
- 1.8. In developing a new category of discount, the following options would need to be considered –
  - the value of the discount (100% or a lower amount)
  - the age limit for awarding a discount
  - whether the discount should apply regardless of household or financial circumstances

- 1.9. All young people living independently who are under 18 years or who are in full time education and under 20 years already benefit from a statutory council tax exemption or discount.
- 1.10. Additionally, all young people under 25 on low incomes already receive protection in the council's local council tax reduction scheme as their entitlement is calculated on 88% of their council tax charge rather than the norm of 78%. The protection is in part to recognise the lower rates of benefit entitlement that apply to young people up until the age of 25.
- 1.11. This means that for care leavers under 25, already receiving maximum council tax reduction, the additional cost of creating a new 100% discount is estimated at £128 per person per year.
- 1.12. Exempting young care leavers from council tax would be another example of this Council's commitment to its corporate parenting responsibility.
- 1.13. It is therefore recommended that a new class of discretionary discount is created to reduce the amount of council tax payable to nil for any care leaver living in Wolverhampton up to the date they reach 25 years of age.
- 1.14. If agreed, it is hoped that this policy decision will help assist these young people who only have the support of the council, in reducing the barriers of living in the community, providing them with increased support and lifting them from poverty.

#### **4.0 Financial implications**

- 1.15. It is estimated that approximately 90 care leavers living within Wolverhampton would be eligible for the discount at a gross cost in the region of £70,000 - £80,000 per year.
- 1.16. In calculating the actual additional cost to the Council, the above amount would be offset by any council tax reduction in payment. It is estimated that after taking this into account the net additional cost would be in the region of £30,000 - £40,000 per year. This cost will be reflected in the Collection Fund outturn for 2016/17 and redistributed to the Council in future years. The Medium Term Financial Strategy will be updated accordingly to reflect this. It is also anticipated that the proposal if implemented could result in fewer emergency payments to care leavers and a reducing dependency on services.  
[MH/01092016/E]

#### **5.0 Legal implications**

- 1.17. The power to reduce council tax liability for a particular case or class(es) of cases is contained in Section 13A of the Local Government Finance Act 1992 where national discounts and exemptions cannot be applied
- 1.18. Section 13 A, (1) states

'Where a person is liable to pay Council Tax in respect of any chargeable dwelling and any day, the billing authority for the area in which the dwelling is situated may reduce the amount which he is liable to pay as respects the dwelling and the day to such extent as it thinks fit'. [RB/31082016/B]

## **6.0 Equalities implications**

- 1.19. Granting a discount to care leavers would result in preferential treatment but would aim to counter some of the acknowledged disadvantage that this group experiences compared to their peers.
- 1.20. An equalities screening has been completed. No adverse impacts were identified and therefore a full equality analysis is not required.

## **7.0 Environmental implications**

- 1.21. None.

## **8.0 Human resources implications**

- 1.22. None.

## **9.0 Corporate landlord implications**

- 1.23. None.

## **10.0 Schedule of background papers**

- 1.1. None