

CABINET

2 MARCH 2021

DISCRETIONARY COUNCIL TAX RELIEF FOR CARE LEAVERS

Portfolio Holder: Councillor Rupert Turpin, Portfolio Holder for Business Management
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Summary

This report seeks to have a policy which uses discretionary powers to assist care leavers with council tax.

1. Budget and policy framework

- 1.1. It is the Cabinet's responsibility to propose a budget to be agreed by Council. The amendment of the discretionary Council Tax Relief (CTR) policy to include Care Leavers can be made within the existing revenue budget.

2. Background

- 2.1. Helping care leavers to secure and sustain accommodation is a key outcome in the cross-government care leaver strategy, Keep on Caring. The Department for Education's guidance for local authorities advises on applying corporate parenting principles to looked after children and care leavers. Collaborative working being at significant part of this to ensure support is provided.
- 2.2. Revenue and benefits teams can support vulnerable groups to help manage their council tax liabilities by offering a reduction in council tax for care leavers in the area to provide financial assistance and prevent debt.
- 2.3. During 2020/21 the Children and Adults service was allocated a £20,000 budget to manually pay council tax liability in respect of Medway Care Leavers. This was a temporary solution and the intention was for this to be reviewed for 2021 onwards.

3. Options

3.1. Option 1 - Council tax reduction scheme

3.1.1. Medway Council has a statutory duty to have a local council tax reduction scheme which provides support with council tax liability. Currently, all working age households within Medway have to pay a minimum of 35% of their council tax liability, with the exception of applicants in receipt of a war pension. Applicants in receipt of a war pension are eligible for 100% reduction. If we were to extend this to care leavers, they would represent a new class within the scheme.

3.1.2. Advantages

- It would provide 100% support for those on a passported benefit.
- A claim for CTR doesn't stop at the age of 25 under the current Medway scheme; care leavers would still be eligible for help once they turn 25 with 65% of their council tax liability.
- Cost of the scheme would be shared with major preceptors.
- Encourages financial awareness and accountability for ensuring claim is kept up to date.
- The existing council tax reduction scheme will take into account how to treat other household members, including (but not exclusively) partners and joint tenants.

3.1.3. Disadvantages

- Doesn't provide 100% support if income exceeds the applicable amount.
- Longer application process.
- Any changes to the council tax reduction scheme must be subject to a full consultation which is not achievable by April 2021.
- This approach can be prescriptive and those just outside of the scheme will not be entitled to help.

3.2. Option 2 - Council tax

3.2.1. Section 76 of the Local Government Act 2003 introduced a new discretionary power, section 13A of the Local Government Finance Act 1992 whereby a billing authority may reduce the liability to pay as they think fit. This includes the power to reduce an amount to zero and may be exercised on an individual basis or by determining a class of case in which liability is to be reduced. The cost would be borne by the billing authority.

3.2.2. Advantages

- 100% of council tax liability can be covered.

- Once proof has been received that the taxpayer is a care leaver, the discount could be applied quickly.
- Allows Medway Council the opportunity to consider individual financial support.
- All care leavers could be assisted regardless of their situation.

3.2.3. Disadvantages

- Cost is 100% borne by the billing authority.
- Assistance would stop suddenly at age 25.
- It could be argued that providing 7 years of discretionary assistance does not encourage financial management or accountability.

3.3. Option 3 – A combination of options 1 and 2

3.3.1. Rather than rely on either option, the Council could adopt the policy (set out in Appendix 1 to the report) which empowers and encourages the care leaver to apply for appropriate reductions such as council tax reduction, single person discount or disregards. The Council would subsequently reduce the liability to nil after the statutory reductions are made.

3.3.2. Advantages

- The care leaver is empowered to take responsibility for managing some of their liability.
- The Council utilises statutory discounts before applying discretion thereby sharing cost with major preceptors.
- It provides a solution for all care leavers.
- The policy stands separately to the council tax reduction scheme.
- It enhances Medway's offer to care leavers.
- The policy provides for Medway care leavers living outside of Medway.

3.3.3. Disadvantages

- There is a small administrative burden on Revenue and Benefits to administer the discounts rather than a blanket exemption or administering the discount as a part of the council tax reduction scheme.

3.4. Option 4 – Do nothing

3.4.1. Clearly this is an option. However, given the recommendations from recent inspections and the LGA peer review on the authority supporting care leavers this may be considered unacceptable.

4. Advice and analysis

- 4.1. This is an issue that has been raised by Corporate Parenting Board and was considered at a joint problem-solving meeting between Officers from Children's Social Care and Housing, chaired by the Chief Legal Officer. There was broad support from a Member and Officer perspective that change should be affected to benefit our Care Leavers.
- 4.2. The policy would stand alone being reviewed yearly and presented to Cabinet if required. This also means that provision is not affected by changes to the Council's council tax discretionary relief policy.
- 4.3. The policy is sustained and operated outside of the council tax reduction scheme meaning that care leavers would not be affected by changes to the scheme.
- 4.4. A diversity impact assessment has been completed. The policy only provides support until the care leaver's 25th birthday, this potentially provides a cliff edge effect. However, by ensuring there are no previous debt issues and that the appropriate statutory reductions are in place, Medway Council is, in its position as corporate parent, placing the care leaver in the best possible position.
- 4.5. If a care leaver is living with a partner, it would have been acceptable to only pay 50% of the council tax liability. However, by not restricting the relief available to those care leavers living with a partner, the scheme becomes more equitable based on relationship status.
- 4.6. Overall, the policy provides financial support to low-income groups and families, that ultimately Medway Council is responsible for. For a vulnerable group who may not be able to seek assistance elsewhere, financial assistance is provided by the corporate parent.

5. Risk management

- 5.1. The following risks are considered:

Risk	Description	Action to avoid or mitigate risk	Risk rating
Increased take up	More care leavers could come forward for assistance. The number of non-Medway care leavers living in Medway is not known.	Monitoring of spend and applications received.	Likelihood D Impact 4

Risk	Description	Action to avoid or mitigate risk	Risk rating
Pressure to extend to other vulnerable groups	It could be requested that other vulnerable groups within Medway are considered for a similar scheme.	If a request is made, it would have to be considered on its own merits.	Likelihood D Impact 4

6. Financial implications

- 6.1. The cost to the Council of assisting 29 Medway Care Leavers with Council Tax during 2020/21 is forecast to be within the £20,000 budget allocated within Children's Services. This £20,000 budget will be removed from Children's Services in 2021/22 to fund that will result from the recommended policy change.
- 6.2. The recommended option 3 set out in paragraph 3.3 if implemented will be absorbed within the current administration of the Revenues and Benefits service.
- 6.3. Any minor increase in cases including any non-Medway care leavers will be covered by major preceptors sharing the cost of statutory discount awards, with the financial impact to Medway considered to be negligible.

7. Legal implications

- 7.1. Section 13A of the Local Government Finance Act 1992 grants the billing authority the power to reduce the amount of council tax payable and this may be exercised by determining a class of case in which liability is to be reduced.

8. Recommendations

- 8.1. The Cabinet is asked to approve the implementation of Option 3, set out at paragraph 3.3 of the report, together with the discretionary council tax relief policy for care leavers set out in Appendix 1, from 1 April 2021 to 31 March 2022.
- 8.2. The Cabinet is asked to note that, if agreed, this policy will be reviewed annually, and any proposed changes referred to cabinet for consideration.

9. Suggested reasons for decision

- 9.1. As the corporate parent to care leavers, Medway Council has the responsibility to provide financial support and guidance.

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Appendices

Appendix 1 – Discretionary council tax relief policy for care leavers
Appendix 2 – Diversity Impact Assessment

Background papers

None.