

## **Council Tax Discount Review**

*Executive Portfolio Holder:* Peter Seib, Finance and Legal Services  
*Director:* Martin Woods, Director – Service Delivery  
*Service Manager:* Ian Potter, Lead Specialist Vulnerable People – Service Delivery  
*Lead Officer:* Helen Morris, Revenues Specialist – Service Delivery  
*Contact Details:* Helen.morris@southsomerset.gov.uk or 01935 462033

### **Purpose of the Report**

1. To request that the District Executive approve the use of the Council's local discretionary powers to implement a Care Leavers discount from 1 April 2019, in accordance with the provisions contained in section 13A Local Government Finance Act 1992.
2. To request that the District Executive approve an increase to the Empty Home Premium charged on properties that have been empty for 2 years or more, in accordance with the Rating (property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

### **Forward Plan**

3. This report appeared on the District Executive Forward Plan with an anticipated Committee date of January 2019

### **Public Interest**

4. This report gives an overview on the new Care Leavers Discount that is being proposed from 1 April 2019 and also the changes in the legislation enabling Local Authorities to increase the percentage of Empty Home Premium from 1 April 2019.

### **Recommendations**

5. That the District Executive:
  - a. Approve the use of the Council's local discretionary powers to implement a Care Leavers Discount from April 2019.
  - b. Approve that the additional amount to fund the Care Leavers discount is added to the budget which currently funds Council Tax Discretionary reductions.
  - c. Approve the increase in the Empty Home Premium on empty properties to the maximum percentage, as detailed in the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

### **Background**

6. A report written by the Children's Society in 2015 (The Wolf at the Door, how council tax debt collection is harming children) suggests that care leavers are a particularly vulnerable group for council tax debt. It found that when the care leavers move into independent accommodation and begin to manage their own budget fully for the first time, that in particular they are falling behind on their council tax. The Children's Society report makes a number of recommendations including

making care leavers entitled to a council tax discount. This would help to relieve some of the initial pressure and would be part of other financial support made available to care leavers.

7. Discussions were held with representatives from Somerset County Council, Devon County Council, Taunton Deane & West Somerset, Sedgemoor and the Somerset Corporate Parent Board about the best options to meet the requirements under the Children and Social Work Act 2017 – to possibly exempt care leavers from paying Council Tax if they are unwaged or on a low wage and living on their own.
8. The two options that were discussed were; to either make this part of the Council Tax Support Scheme or to bring in a discount under our Discretionary powers.
9. After some discussion it was felt that it was not appropriate to be part of our Council Tax Support Scheme for the following reasons:
  - a. The underlying principle for South Somerset's Council Tax Support scheme is that everyone should pay something.
  - b. By exempting a specific group it could encourage other groups to also seek exemption
  - c. The Children and Social work act only refers to possibly exempting care leavers if they are unwaged or low waged, the Council Tax support scheme already provides support for those that are unwaged or low waged.
10. Since 1 April 2013 Local Authorities have been able to raise a premium of up to 50% of the annual Council Tax charge, on long term (over 2 years) empty properties, this was to encourage properties which had been sat empty to be brought back into use and also help with the shortage of housing. South Somerset District have been adding a 50% premium to all properties that have been empty over 2 years or more since this date.

### **Care Leavers Discount**

11. A care leavers discount would be awarded under section 13A Local Government Finance Act 1992. A 100% Discount would be awarded to any Care Leaver who has a liability for Council Tax who is living on their own in a dwelling, whilst they are between the ages of 18 and 21. This would be awarded regardless of if they are on a low income or not.
12. Once the Care Leaver reaches the age of 22 the discount will be on a sliding scale until the age of 24, this is to enable the young adults to start budgeting and planning for expenses. This will hopefully prevent a sudden 'cliff edge' to their entitlement, but also give them an understanding of what financial responsibilities they have to pay when living on their own. They would of course be able to apply for Council Tax Support in addition, if they are on a low income.
13. For Care Leavers that are aged 22 and 23, they will receive a 50% discount in addition to their Single Person discount. Care Leavers who are aged 24 will receive a 25% discount in addition to their Single Person Discount. For those aged 25 and over, they will solely receive the Single Person Discount, if still residing in a dwelling on their own.
14. Somerset County Council will advise South Somerset District Council of Care Leavers currently living in our area that would fall into the category for receiving the discount. We will automatically award the discount, making their transition to independent living as easy and as smooth as possible.
15. Estimated numbers suggest approximately 42 Care Leavers living in South Somerset that could benefit from receiving this support.

Living in South Somerset	Aged 18 – 21	Aged 21 - 25	Not Liable to pay Council Tax
42	22	16	4

16. The assumption has been made that Care Leavers would be residing in a dwelling which would be a band A. The average band A charge for South Somerset is approximately £1,150.00.

### Empty Home Premium

17. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 received royal assent on the 1 November 2018. Section 11 B of the Local Government Finance act 1992 (higher amount for long term empty dwellings: England) has been amended as follows:

From 1 April 2019, dwellings that have been empty for more than two years a premium of up to 100% of the charge could be added. (This previously was 50%)

From 1 April 2020, dwellings that have been empty for less than five years a premium of up to 100% of the charge could be added.

From 1 April 2020, dwellings that have been empty for more than five years a premium of up to 200% of the charge could be added.

From the 1 April 2021 dwellings that have been empty for less than five years a premium of up to 100% of the charge could be added.

From the 1 April 2021 dwellings that have been empty for at least five years but less than ten years, a premium of up to 200% of the charge could be added.

From the 1 April 2021 dwellings that have been empty for at least ten years, a premium of up to 300% could be added.

Financial Year	2 – 5 years empty	5 – 10 years empty	10 years or more
1 April 2019	100% premium	100% premium	100% premium
1 April 2020	100% premium	200% premium	200% premium
1 April 2021	100% premium	200% premium	300% premium

18. Within South Somerset we currently have 196 dwellings that have been empty for two years or more and currently have the Empty Home Premium applied. Of which 26 dwellings have been empty for five years or more and 41 dwellings have been empty for 10 years or more.

19. We do not propose to add any exclusions where the Empty Home Premium would not apply. However, we will continue to work with our specialists in Environmental Health to help enable customers to bring their dwellings back into use.

20. All customers will be advised of the changes to the Empty Home Premium in writing, information will also be available of the Council's website.

### Financial Implications

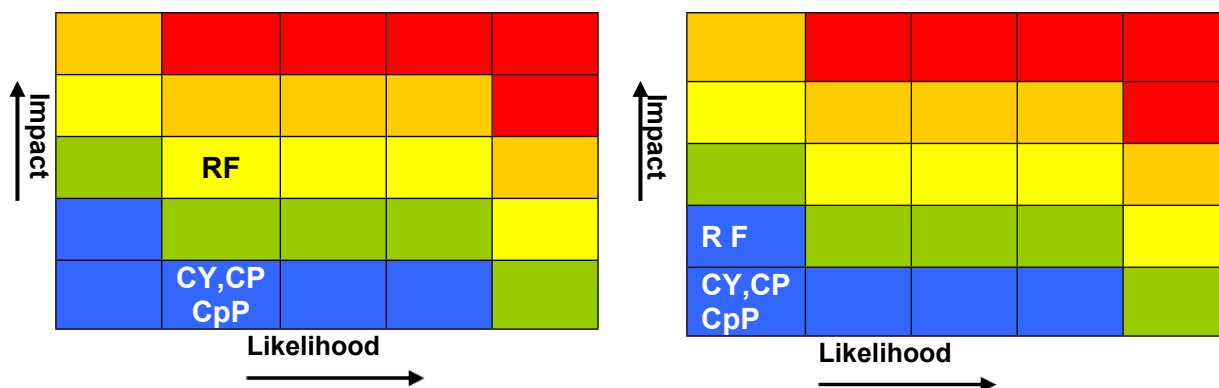
21. Where the Council uses its local discount powers to implement the Care Leavers discount, South Somerset District Council will fund the entire cost of awarding the discount. This is estimated to be approximately £25,000 per financial year, based on the estimated numbers of Care Leavers. This cost would need to be added to the medium term financial plan from 2019/20.

22. Based on the 2018/19 Council Tax charge, the 196 properties that have been empty for two years or more would raise approximately an additional £309,000 in 2019/20. To be accounted for in the collection fund. The proportion South Somerset would receive of this is circa £30,000.

### Risk Matrix

**Risk Profile before officer recommendations**

**Risk Profile after officer recommendations**



### Key

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	Blue = Insignificant impact and insignificant probability

### Council Plan Implications

23. Both recommendations support the values and aims in Council Plan.

### Carbon Emissions and Climate Change Implications

24. There are none associated with this report.

### Equality and Diversity Implications

25. There are none associated with this report.

### Privacy Impact Assessment

26. There are no privacy risks identified with these proposals.

### Background Papers

27. The following background papers can be viewed on the council website [www.southsomerset.gov.uk](http://www.southsomerset.gov.uk)

- Report to District Executive – December 2012 – item 12