

Number: WG36432



Llywodraeth Cymru
Welsh Government

Welsh Government
Consultation Document

Council Tax Exemptions for Care Leavers

Date of issue: 7 November 2018

Action required: Responses by 19 December 2018

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.
This document is also available in Welsh.

Overview The Welsh Government is seeking views on exemptions from council tax for care leavers.

How to respond Responses can be emailed or sent direct to:

Council Tax Policy Branch
Cathays Park
Cardiff
CF10 3NQ
Email: LGF1Consultations@gov.wales

Further information and related documents **Large print, Braille and alternative language versions of this document are available on request.**

Contact details For further information, or queries regarding this consultation, please email:

LGF1Consultations@gov.wales
Council Tax Policy Branch
Cathays Park
Cardiff
CF10 3NQ

Data protection The Welsh Government will be data controller for any personal data you provide as part of your response to the consultation. Welsh Ministers have statutory powers they will rely on to process this personal data which will enable them to make informed decisions about how they exercise their public functions. Any response you send us will be seen in full by Welsh Government staff dealing with the issues which this consultation is about or planning future consultations.

In order to show that the consultation was carried out properly, the Welsh Government intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response. If you do not want your name or address published, please tell us this in writing when you send your response. We will then redact them before publishing.

Names or addresses we redact might still get published later, though we do not think this would happen very often. The Freedom of Information Act 2000 and the Environmental Information Regulations 2004 allow the public to ask to see information held by many public

bodies, including the Welsh Government. This includes information which has not been published. However, the law also allows us to withhold information in some circumstances. If anyone asks to see information we have withheld, we will have to decide whether to release it or not. If someone has asked for their name and address not to be published, that is an important fact we would take into account. However, there might sometimes be important reasons why we would have to reveal someone's name and address, even though they have asked for them not to be published. We would get in touch with the person and ask their views before we finally decided to reveal the information.

Your data will be kept for no more than three years
Under the data protection legislation, you have the right:

- to access the personal data the Welsh Government holds on you;
- to require us to rectify inaccuracies in that data
- to (in certain circumstances) object to or restrict processing
- for (in certain circumstances) your data to be 'erased'
- to lodge a complaint with the Information Commissioner's Office (ICO) who is our independent regulator for data protection

The contact details for the Information Commissioner's Office are:

Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF

Telephone: 01625 545 745 or 0303 123 1113

Website: www.ico.gov.uk

For further details about the information the Welsh Government holds and its use, or if you want to exercise your rights under the GDPR, please see contact details below:

Data Protection Officer:

Welsh Government
Cathays Park
CARDIFF
CF10 3NQ

Email Address:

Data.ProtectionOfficer@gov.wales

Foreword

In our programme for government, *Taking Wales Forward 2016-2021*, the Welsh Government committed to improving the fairness of council tax. I have considered the various ways in which the council tax system could be changed to ensure we deliver on this commitment for households in Wales. We published an update on our work on 24 October. One strand of the work has been looking at how we can make council tax fairer for vulnerable households.

I am keen to ensure the Welsh Government and local authorities are doing everything we can to support care leavers and enable their successful transition into adulthood and independent living.

In March 2017, I asked councils to consider using their existing discretionary powers to grant a full dispensation from council tax for all care leavers, regardless of their individual circumstances.

The Welsh Local Government Association undertook to coordinate this work to encourage authorities to offer council tax exemptions to care leavers. In October 2017, Torfaen County Borough Council became the first council in Wales to exempt care leavers from paying council tax. I have been pleased to see the progress made by other councils which have introduced their own schemes.

However, the degree of support available to care leavers across Wales is inconsistent and discretionary powers may not provide a long term, reliable statutory basis for the change we wish to see. I therefore believe that legislation is required to rectify these matters. I am therefore pleased to publish this consultation document seeking your views on this important topic.

Mark Drakeford AM

Cabinet Secretary for Finance

1 The current context

In March 2017, the Cabinet Secretary for Finance wrote to local authorities to encourage them to use existing discretionary powers, under section 13A of the Local Government Finance Act 1992, to grant council tax reductions to care leavers up to the age of 25.

The Welsh Local Government Association (WLGA) undertook to coordinate work to encourage authorities to offer council tax exemptions to care leavers. In October 2017, Torfaen County Borough Council became the first council in Wales to exempt care leavers in its area from paying council tax. A number of councils have subsequently introduced their own schemes.

However, the degree of council tax support which care leavers can currently access is not consistent across the 22 local authorities in Wales. Some authorities have yet to introduce schemes, some have elected to extend discretionary relief to the age of 21, while others have prescribed 25 as the upper age limit.

Where local authorities have not introduced their own schemes, care leavers may make an individual request for council tax relief but there is no requirement for this to be granted.

This consultation responds to requests from local government to formalise current discretionary relief on a statutory basis.

2 Case for change

Care leavers are a particularly vulnerable group of people who are significantly more likely to have experienced disadvantage than their peers. The transition into adulthood and the need to manage household budgets for the first time without family support can be especially challenging for care leavers, many of whom have had limited access to financial education.

A growing body of literature has highlighted the particular difficulties which care leavers experience in understanding council tax bills for the first time and knowing about the exemptions they are entitled to. There is a significant risk of care leavers falling into council tax arrears and the pace of escalation to bailiff and court action is distressing for these young adults.

The annual costs of introducing an exemption are relatively small. The direct costs have been estimated at around £10,000 for an average authority. However, these costs would be offset by avoiding the costs which an authority might incur in providing additional support to care leavers struggling with managing their household finances or in pursuing the collection of arrears.

Introducing a pan-Wales council tax exemption for care leavers would be a significant milestone in supporting care leavers to transition successfully into adulthood and independent living.

The case for exempting care leavers from liability for council tax has been widely accepted and an approach based on local authorities' use of their discretionary powers has been tested. This consultation seeks views on the adoption and implementation of a consistent approach through the introduction of a statutory exemption.

3 Proposed approach

Strictly speaking, within the council tax system, the term 'exemption' applies to specified types of dwellings, while people who meet specified criteria are 'disregarded' for the purposes of calculating the council tax liability of a household. Throughout this document, we refer to these dispensations together as 'exemptions'.

Legislative changes would be needed to exempt qualifying care leavers from council tax in Wales. The exemption would replace discretionary relief which may not provide a long term, reliable statutory basis for the change we wish to see. The proposed principles for the exemption are as follows:

- The individual is a care leaver.
- The individual is aged between 18 and 24.
- Once the care leaver turns 25, council tax becomes due, subject to any other exemptions, discounts or reductions for which the individual is eligible.
- The individual is eligible for the exemption in their current authority of residence irrespective of where they were in care.
- The exemption would apply from the 2019-20 financial year onwards. It would not apply retrospectively but local authorities could continue to use their discretionary powers to provide reductions up to 31 March 2019.
- Any disregard would apply to the household. For example in a joint tenancy, the other resident would be eligible for a single adult occupancy discount and, if all the adult occupants were in a relevant class, the property would be exempt.
- The exemption would apply to all care leavers within the eligible age range on or after 1 April 2019.

We would welcome your views on these principles and related matters in response to the questions in section 5.

Subject to the outcome of this consultation, our aim would be to bring forward legislation to introduce an exemption from 1 April 2019.

4 Next Steps

This consultation is open for a six-week period.

During this time, we will continue to work with stakeholders and engage them about implementing the approaches set out in this document.

Once the consultation has closed, all responses will be analysed and will be used to inform a decision about whether and, if so, how to proceed with legislating to provide council tax exemptions to care leavers.

5 Consultation response form

Your name:

Organisation (if applicable):

Email / Telephone number:

Your address:

Questions

1. **Do you agree that the Welsh Government should provide extra support to some care leavers by exempting them from paying council tax?**

YES/NO

Please provide supporting comments

2. **A person cannot be liable for council tax until the age of 18. Do you agree that this is the age that the exemption should apply from?**

YES/NO

Please provide supporting comments

3. **Some local authorities already use their discretionary powers to exempt care leavers from council tax until their 25th birthday. Do you agree that the proposed exemption should end on the care leaver's 25th birthday?**

YES/NO

Please provide supporting comments

4. **By ‘care leavers’ we mean young people who have been looked after for at least 13 weeks since the age of 14, and were in care on their 16th birthday. This is a definition used for other forms of support for care leavers. Do you accept this as a suitable definition?**

YES/NO

If not, do you have an alternative definition?

Please provide supporting comments

5. **Do you agree that the Welsh Government should exempt care leavers living in Wales who were looked after in other parts of the UK?**

YES/NO

Please provide supporting comments

6. **Should local authorities be responsible for establishing or seeking evidence of individual’s care leaver status?**

YES/NO

Please provide supporting comments

- 7. How do you think local authorities should respond to existing council tax debt which has already been accrued by qualifying care leavers?**

Please provide supporting comments

- 8. How should the Welsh Government and local authorities ensure all eligible care leavers are identified, and ensure maximum take-up of the exemption?**

Please provide supporting comments

- 9. Are there any other practical considerations that you think should be dealt with in guidance?**

Please provide supporting comments

- 10. Please provide any other comments you have on the proposals.**

Please provide supporting comments

Responses to consultations are likely to be made public, on the internet or in a report. If you would prefer your response to remain anonymous, please tick here: