

# MoneySavingExpert

## Response to Welsh Government Consultation: A Fairer Council Tax

MoneySavingExpert (MSE) welcomes the opportunity to respond to this Phase 1 Consultation on reforms to council tax in Wales.

We are choosing to focus our response on questions outlined in the 'Discounts, Disregarded Persons, Exemptions and Premiums' consultation section. Our attention is given in particular to provisions around the 'severely mentally impaired' (SMI) discount, as this is a key campaigning area for MSE.

In 2017, MSE published a report into the SMI council tax discount titled 'The Disregarded Discount'.<sup>1</sup> Within this, we laid out a series of recommendations to central and devolved Governments, urging them to – among other actions – conduct a review of local authority procedures regarding the SMI discount; introduce a standardised application procedure and form; ensure all councils adopt the standardised procedure and issue best practice guidance; and engage with key stakeholders to ensure councils are equipped with the necessary resources and information to effectively administer the discount.

We were very pleased that the Welsh Government was engaged with and receptive to our campaign, ultimately championing the recommendations from our report in 2019.<sup>2</sup> The changes made meant that clear literature was produced for consumers and professionals about the discount and how to claim, all 22 Welsh councils have since adopted a standardised easy application form, and every council in Wales was provided with a standardised way to backdate claims.

Overall, MSE is happy to see the Welsh Government's continued commitment to developing a council tax system that is well-designed, easy-to-understand and fair for consumers through this new consultation. As outlined above, we will be answering questions which relate specifically to the 'Discounts, Disregarded Persons, Exemptions and Premiums' consultation section only at this stage.

**Question: What is your view on the existing discounts, disregarded persons, exemptions or premiums? For example, do you think the current rules are appropriate and fit for purpose? Are there particular aspects of the rules which you think need to change or new rules created?**

MSE is strongly committed to ensuring that the existing provisions available to those eligible for the SMI council tax discount and exemption remain in either their current or improved forms in Wales and all other GB nations. Those who are eligible for this discount are often among the most vulnerable in society, and it is our view that the law rightfully recognises that this group of people are entitled to a council tax reduction.

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<sup>1</sup> MoneySavingExpert.com, "The Disregarded Discount", September 2017.

[https://images6.moneysavingexpert.com/images/documents/SMI\\_report-2017\\_final-interactive.pdf](https://images6.moneysavingexpert.com/images/documents/SMI_report-2017_final-interactive.pdf)

(Last accessed 30 September 2022).

<sup>2</sup> MoneySavingExpert.com, "Wales champions 'severely mentally impaired' £400/yr council tax discount", April 2019. <https://www.moneysavingexpert.com/news/2019/04/wales-champions--severely-mentally-impaired--p400-yr-council-tax/> (Last accessed 30 September 2022).

Our work in this space has focused on campaigning for the discount to be correctly processed and administered, improving awareness of the discount and helping eligible people to claim their entitlements – with resources including a regularly updated guide on our website.<sup>3</sup> MSE welcomes actions which would improve consistency of communication and boost uptake of this council tax discount, with more detailed analysis outlined below.

We are encouraged by the continuation of efforts by the Welsh Government to provide clear, accessible guidance about the SMI discount for professionals and consumers alike, so as many eligible people as possible are able to claim it.

While positive strides have been taken to improve communication around this discount in recent years, MSE would like to see further clarity and guidance for doctors and other relevant professionals around who they might certify as 'severely mentally impaired' – or indeed any updated terminology adopted.

We have heard anecdotal evidence of healthcare professionals misunderstanding the term or lacking awareness of the legal definition of SMI, and therefore not granting someone a certification, even when they appear to fall under the legal definition.<sup>4</sup> In these cases, the claimant has no choice but to seek a second opinion from another medical professional. This is deeply concerning and any efforts to improve knowledge and understanding of the definition of SMI among medical professionals are warmly welcomed.

We have also heard from some claimants who have been charged by GPs for completing this certification. The British Medical Association (BMA) confirms that, to support a claim by or on behalf of a 'severely mentally impaired' person for council tax discount or exemption, medical certificates should be issued without charge to the applicant or their representative – so we would encourage the Welsh Government to also include this information in any guidance.<sup>5</sup>

Further, across GB we have heard of misinformation and incorrect practice by local authorities about the SMI discount, including from people who have been 'diagnosed' by a council call handler as not being 'severely mentally impaired', and those whose council staff have confused the discount with other schemes where eligibility is means-tested or has other criteria attached (such as home adaptations). We are pleased that the Welsh Government has so far led on improving information for frontline workers and hope to continue seeing correct information being given at the first point of contact.

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<sup>3</sup> MoneySavingExpert.com, "How to claim the 'severely mentally impaired' council tax discount." <https://www.moneysavingexpert.com/reclaim/severe-mental-impairment-dementia-council-tax-rebate/> (Last accessed 30 September 2022).

<sup>4</sup> The Local Government Finance Act 1992 states that *"a person is severely mentally impaired if he has a severe impairment of intelligence and social functioning (however caused) which appears to be permanent."* Local Government Finance Act 1992, Schedule 1, Paragraph 2.

<https://www.legislation.gov.uk/ukpga/1992/14/schedule/1> (Last accessed 30 September 2022).

<sup>5</sup> British Medical Association, "Certificates GPs cannot charge fees for", August 2021. <https://www.bma.org.uk/pay-and-contracts/fees/fees-for-gps/certificates-gps-cannot-charge-fees-for> (Last accessed 30 September 2022).

**Question: Should the Welsh Government be able to amend titles and descriptions of any discount, disregarded person or exemption? Do you think any of the current titles should be changed? What would you consider to be a more appropriate term to replace 'severely mentally impaired'?**

MSE can certainly understand the Welsh Government's argument that, since council tax was first introduced thirty years ago, the term 'severely mentally impaired' could potentially now be seen as inappropriate, and lead to a stigma which prevents take-up of the discount among this vulnerable group of people.

Indeed, we have seen some anecdotal evidence from MSE users to support this sentiment, with case studies demonstrating this. For example, we heard from one MSE user who told us how their elderly relative with Alzheimer's disease did not identify with the language 'severely mentally impaired', feeling upset by this term and subsequently choosing not to enter into the application process. Another user described how their friend, whose mental health condition was likely to fit the criteria for a 'severely mentally impaired' diagnosis, felt burdened and shamed as a result of this language, leading to existing health issues being compounded.

Examples like this are concerning and we are pleased to see the Welsh Government making considerations to mitigate this potential issue. We therefore recognise that having the additional flexibility to amend titles and descriptions, including around changing the language of 'severely mentally impaired', could potentially have a positive impact on uptake among those eligible.

However, we also have some reservations that the use of inconsistent terminology across GB nations could lead to confusion for consumers and professionals about what can already be a complex, difficult-to-understand discount. As it stands, the Local Government Finance Act 1992 states that *"a person is severely mentally impaired if he has a severe impairment of intelligence and social functioning (however caused) which appears to be permanent,"* outlining the grounds for council tax discount or exemption.<sup>6</sup> This is the legal definition which is used to inform the administration of the discount and exemption. As our 2017 report outlines, we have been made aware of a range of names being mistakenly used by councils in place of 'severely mentally impaired', which may contribute to lower uptake. More analysis into the likely impact of such a name change, positive or negative, is therefore needed and we would welcome the Welsh Government's efforts in this area.

MSE would ideally like to see a uniform approach to terminology taken across all GB nations. We would encourage the Welsh Government to engage with relevant stakeholders, including the Department for Levelling Up, Housing & Communities, the Local Government Association and the Convention of Scottish Local Authorities, to work to have a universal, legal definition used across nations.

We would welcome suggestions from the Welsh Government, following consultation from relevant stakeholders including those with lived experience and charities and groups helping those eligible, as to what an appropriate, alternative term to replace 'severely mentally impaired' could be. If any change in terminology was made in Wales or other GB nations, this would have to be clearly communicated to consumers and professionals alike so as to minimise the potential for confusion.

Ultimately, the Welsh Government has often led the way in championing a fairer council tax system, and we would encourage any measures that improve the application process and uptake of this important discount.

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<sup>6</sup> Local Government Finance Act 1992, Schedule 1, Paragraph 2.

<https://www.legislation.gov.uk/ukpga/1992/14/schedule/1> (Last accessed 30 September 2022).