

ASSEMBLY

29 January 2020

Title: Exemption of Care Leavers from Council Tax	
Report of the Cabinet Member for Social Care and Health Integration	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
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Accountable Director: April Bald, Operations Director, Children's Care and Support	
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Summary <p>On 16th July 2019 (Minute 32), the Cabinet considered a report on the Local Offer for Care Leavers. One of the key decisions was to recommend to Assembly that LBBDCare Leavers resident in the borough should be exempted from Council Tax up to the age of 25. This would be in line with the practice of many other Local Authorities.</p> <p>Young People who have been in care are some of the most vulnerable young people in society and evidence suggests that without good support their life chances are significantly poorer than for their peers raised within a birth family.</p> <p>Exemption from Council Tax will help make the transition from care to independence smoother by reducing financial pressures on these young people who are learning how to manage their budget and increase their chances of avoiding falling into debt.</p>	
Recommendation <p>The Assembly is recommended to agree that LBBDCare Leavers resident in the Borough be exempted from Council Tax up to the age of 25, effective from April 2020.</p>	
Reason(s) <p>To assist in achieving the Council priority of "Empowering People" by enabling greater independence by supporting the most vulnerable and ensuring that no one in our community is left behind.</p>	

1. Introduction and Background

- 1.1 Children in care and those with care experience are some of the most vulnerable members of our society and national evidence indicates that far too often their life chances are significantly poorer than for their peers who are raised within a birth family. Like any parent, our responsibility is not just to ensure the safety and wellbeing of the children during their childhood but also extends to preparing them for a happy, healthy and successful life as an adult – and this means providing support beyond the age of 18 when they legally become an adult.
- 1.2 Through the Children and Social Work Act 2017, local authorities are required to publish their Local Offer for care leavers, outlining the services and support available within the local authority area, including information about both statutory entitlements as well as any discretionary support that a local authority chooses to provide.
- 1.3 Support offered should cover preparing for adulthood and independent living, health and wellbeing, relationships, education, training and employment, accommodation and participation in society.
- 1.4 LBBD has recognised the need to improve its approach to working with care leavers. While good outcomes are being achieved, our aspirations for care leavers could and should be higher. We should embrace the notion of being “pushy parents”. The principle of “would this be good enough for my child” should underpin our local offer.

2. Proposal and Issues

- 2.1 The Children’s Society report “Wolf at the Door” published in March 2015 recommended that Councils make care leavers eligible for council tax exemption, to ensure that the transition from care to adult life is as smooth as possible, and to mitigate the chances of care leavers getting into debt as they begin to manage their own finances. Care Leavers are amongst the most vulnerable groups in the community, particularly for council tax debt. Evidence from the Children’s Society shows how challenging care leavers can find managing their own budgets for the first time when moving into independent accommodation and how scary they found falling behind on their council tax.
- 2.2 As their corporate parent, we should help care leavers to take their first steps towards living independently, just as any parent would with their children. By making care leavers exempt from council tax, we are giving these young people a few valuable years to learn how to manage their finances and have a better chance of avoiding problem debt in the future – thus making the transition from being in care to becoming independent much smoother.
- 2.3 Most other London Boroughs including our neighbours Newham and Redbridge have already taken the decision to exempt care leavers from paying council tax.
- 2.4 In October 2018, the Mayor of London published his actions for care leavers, including the agreement to waive the GLA precept where a borough has put in place a discretionary scheme for care leavers to be exempt from council tax. This means that the cost to the Council of exempting care leavers would be less the GLA

precept. The Mayor of London also pledged to undertake a survey of London boroughs to gather information on discretionary schemes and encourage boroughs who do not currently have a care leavers exemption scheme to set one up, showing that there is further backing for exemption schemes.

2.5 Options for exemptions that were considered:

- Council tax exemption for all care leavers up to 25
- A stepped discount - council tax exemption for all care leavers up to 21 (100%), then liable to pay 50% council tax until 25.
- A sliding scale for council tax exemption – with 18 years old being fully exempt and the amount of council tax they pay increasing each year until they are 25 and are paying full council tax.

2.6 Initial discussions with Elevate about a sliding scale highlighted some issues, mainly that date of birth is not recorded as it is not required for council tax purposes, and there is no field for this on the council tax system. This discount would need to be manually applied outside the system. In addition; Elevate also do not recommend creating eight levels of discount (one for each year) as this would not only increase administration, and likelihood of error but they also say this would be confusing to the young people.

2.7 Elevate confirmed that a two-tier discount scheme would be more manageable although they add that as their system does not record date of birth and that they would not know when a young person moved into accommodation liable for Council Tax (e.g. moving out of a staying put arrangement), this would need to be monitored by the Leaving Care team.

2.8 Agreement has been made that the Leaving Care team will monitor any changes of circumstance and send a monthly report to Elevate advising which Care leavers are eligible enabling the discount to be applied.

2.9 An accurate estimate of the costs of a council tax exemption for all care leavers up to either 21 or 25, requires the addresses of each care leaver to check council tax bands. If a care leaver is a full-time student, they would already be exempt from paying Council Tax. Other variants include whether the care leaver lives alone in which case they will have a 25% single person discount, and what type of accommodation they live in, such as residential care or supported lodgings, as not all are liable for paying council tax. Where a care leaver lives with non-care leavers, the exemption would be applied in a similar fashion to where a student lives with a non-student, e.g. their name would not appear on the bill, and the non-care leavers would be liable to pay the council tax, and would receive a 25% single person discount if they were the only other person in the property.

Care Leavers aged 18 – 21	Care Leavers aged 21 – 25-year	TOTAL	TOTAL minus GLA precept
100% exemption	100% exemption	£196,921.71	£156,359.12
100% exemption	50% discount	£127,247.04	£101,035.98
100% exemption	No exemption/discount	£57,572.37	£45,713.42

2.10 These figures are based on the current list of care leavers living within the borough and their current addresses as provided by the Leaving Care Team and Elevate,

and based on the assumption that all care leavers are solely liable for the cost, do not claim the single person discount and that 100% of those entitled make a claim. After adjustments for single person discount and other discounts available to them via the Council Tax Support Scheme, this estimate is likely to reduce. However, the estimate might also increase if the overall number of care leavers eligible for exemption increases, or if circumstances change, e.g. moving to a larger property.

- 2.11 Based on the lists supplied, 70% of care leavers aged 18-21 live within the borough with the remaining 30% living in boroughs that already offer exemption to care leavers. 110 (55%) of the 199 care leavers aged 21 to 25 live within the borough. Of the remaining 89, 41 live in areas that exempt care leavers from council tax, 5 are in prison and the whereabouts are unknown for 19. We would look to enter reciprocal arrangements with neighbouring boroughs that already exempt care leavers. Many of the London boroughs that offer council tax exemption to care leavers already offer this exemption to care leavers from other boroughs, for example Haringey, Lewisham and Croydon. We do not know how many care leavers from other boroughs currently live in Barking and Dagenham; however, it is likely that these reciprocal arrangements will result in some level of cost. There are currently 24 care leavers (according to lists supplied) who live in areas that do not exempt care leavers, mostly in Kent and Essex.
- 2.12 We propose that all LBBDD care leavers up to 25 living in the borough are fully exempt from paying council tax, in line with best practice, in keeping with the Council's vision of leaving no one behind and embedding the principle of "would this be good enough for my child".
- 2.13 The exemption from paying council tax is likely to result in a decrease in emergency payments made to care leavers in crisis and the numbers of care leavers finding themselves in council tax arrears, as well as further reducing the dependency on services that is experienced by some of our young people. Where care leavers are in council tax arrears, it is proposed that once an exemption is effective, as of April 2020, any remaining arrears would be cleared.

3. Financial Implications

Implications completed by Katherine Heffernan, Head of Service, Finance

- 3.1 This report seeks to enhance the current local offer to care leavers by exempting care leavers from paying council tax up to the age of 25. This is estimated to cost around £0.15m per year for LBBDD care leavers living in the borough and an unknown but fairly small amount more if care leavers from other authorities were exempted under reciprocal arrangements. If this recommendation were approved by Assembly, this exemption would feed through to the Council's budget through a reduction in the Council tax base. This will be taken into account in the MTFs for 2020/21 onwards.
- 3.2 However, offsetting this council tax base reduction as a result of these recommendations, there is likely to be a decrease in bad debt and write offs and emergency payments made to care leavers in crisis, as well as further reducing the dependency on services that is experienced by some of our young people, although this has not yet been quantified.

- 3.3 The number and amount of exemptions provided to Care Leavers would be recorded by the Council Tax recovery team in Revenues and Benefits. It is recommended that the financial impact both to the young people and to the Council should be monitored and reported to the Corporate Parenting Board.

4. Legal Implications

Implications completed by Dr Paul Field, Senior Governance Solicitor

- 4.1 The Local Government Finance Act 1992 section 13A (1) gives the Council the discretionary power to reduce liability for Council Tax in relation to particular cases or by determining a class of cases where national discounts and exemptions cannot be applied. Section 13A(1) states *'Where a person is liable to pay Council Tax in respect 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.'* Furthermore, Section 13A(3) enables the Council to establish a scheme in relation to particular cases or by determining a class of case in which liability is to be reduced to an extent provided by the determination. The proposed scheme which exempts care leavers who are living in the borough is reasonable being evidence based as it supports the Council's corporate parenting role for care leavers.
- 4.2 There are a number of pieces of legislation and statutory guidance that set out the role of the local authority in respect of children in care and care leavers. There are statutory obligations and guidance for the role of the Local Authority as the Corporate Parent in the Children's Act 2017, and the Children and Young People Act 2008.

Public Background Papers Used in the Preparation of the Report: None

List of Appendices: None