

Subject:	Council Tax Exemption for Care Leavers		
Date of Meeting:	4 May 2017		
Report of:	Executive Director for Finance & Resources		
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 This report asks the Policy, Resources & Growth Committee to consider and approve a new Council Tax exemption that would ensure that Care Leavers within the City do not have to pay Council Tax up to the age of 25.

2. RECOMMENDATIONS:

- 2.1 That the Policy Resources & Growth Committee approves the creation of a new Council Tax exemption for Care Leavers to be applied until the age of 25.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 Under the Children (Leaving Care) Act 2000 the council's responsibilities to Care Leavers can continue until the age of 25. There is a duty to improve the life chances of young people living in and leaving care, meaning that the council must plan for these individuals so that they have the support needed to make their transition to a successful adult life.
- 3.2 Care leavers often have to take on more financial responsibilities than their peers, when they might be on low income and without the same family support network. They can often feel overwhelmed by this, while seeing peers at work or college enjoying more spending power.
- 3.3 In its role as corporate parent, the council should ensure that care leavers are given the same level of care and support their peers would expect from a reasonable parent and they are provided with opportunities to help them move successfully to adulthood and independent living.
- 3.4 The Children's Society published a report called "The Wolf at the Door" in March 2015, showing that Care Leavers were a particularly vulnerable group when it comes to the collection of Council Tax. When Care Leavers move into independent accommodation, it can be the first time they have managed their

own budget. The escalation of debt recovery processes can be difficult and frightening for these individuals.

- 3.5 The government made recommendations in July 2016 that Local Authorities should consider exempting care leavers from Council Tax, using their existing discretionary powers. This recommendation is part of the government’s care leaver strategy “Keep on Caring”, in which councils are encouraged to consider the role of a corporate parent ”through the lens of what any reasonable parent does to give their child the best start in life”.
- 3.6 A growing number of Local Authorities are now setting up the exemption, meaning that more and more Care Leavers across the UK are not having to pay Council Tax.
- 3.7 The Council has discretion under Section 13A of the Local Government Finance Act 1992 to reduce council tax to nil for individuals, or for classes of taxpayer.
- 3.8 It is proposed that the council uses this discretion to set up Care Leavers (up to the age of 25) as a new class of taxpayer for whom Council Tax liability will be reduced to nil from 1 April 2017.
- 3.9 There are currently 189 care leavers aged between 18 and 20 inclusive, and 247 aged between 21 and 24. Of these, approximately 37% are living out of area. The new Council Tax care leaver relief would apply to those remaining within the city. Among the 63% in Brighton and Hove, not all would need an exemption, because their Council Tax might already be covered by Council Tax Reduction if they are on a low income, or another exemption might already apply , for example if they are full time students. Therefore the actual number of care leavers benefitting from the relief is likely to be lower than the maximum level of care leavers shown below.

Age	Total	Outside of area (estimate)	Within Brighton & Hove (estimate)
18 to 20 inclusive	189	71	118
21 to 24 inclusive	247	92	155
TOTAL	436	163	273

- 3.10 Qualifying criteria
- 3.11 For the purposes of this relief, a Care Leaver is defined as somebody under the age of 25, for whom Brighton & Hove City Council acted as a corporate parent up to the point that they left care. The legal definition of a care leaver is someone who has been looked after for at least 13 weeks since the age of 14, and was in care on their 16th birthday.
- 3.12 Where such a person becomes liable to pay Council Tax, their liability will be reduced to nil from 1 April 2017, until they reach the age of 25.
- 3.13 All other discounts and exemptions, including any entitlement to Council Tax Reduction, will be applied before reducing any remaining balance to nil.

- 3.14 If there are other occupants who are not care leavers, the others will still have to pay council tax at the property. However, the care leaver will be disregarded for the purposes of calculating the council tax liability, and so the remaining occupants may qualify for one of the existing discounts or exemptions. For example, if there is one other occupant, the care leaver would be disregarded and the remaining occupant would receive the standard 25% Single Person Discount. In no circumstances would the care leaver be held responsible for the residual council tax as long as they fulfil the definition in paragraph 3.11 and they have not yet reached the age of 25.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 Consideration has been given to providing the exemption only to the age of 21. This is what the Children's Society report originally recommended, and the cost to the taxpayer would be lower. However, this would appear confusing compared with the extent of corporate parenting responsibilities. As a result, many Local Authorities are supporting care leavers through to age 25, to match the corporate parent responsibility.
- 4.2 A number of care leavers move out of Brighton and Hove, whilst others move in from outside the city. However, there are practical and operational complexities in both scenarios that mean it is not currently feasible to include them in the scheme. The relief will be monitored and proposals will be brought at a future date if the scheme needs to be updated.
- 4.3 There is an option to do nothing, as the Government intention is for councils to use their local discretion. However, the evidence for supporting care leavers as they move into independent living is persuasive.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 There has been no consultation about adopting this exemption. However, the proposed support for Care Leavers has been subject to a significant amount of research, engagement and publicity via the Children's Society and the Government's "Keep on Caring" strategy.

6. CONCLUSION

- 6.1 Approving this policy will help to complement our responsibilities as a corporate parent, and support care leavers to move into and sustain independent living.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The proposed exemption for care leavers would be fully met by the city council including the proportion that relates to precepting authorities (e.g. Police and Fire). The cost of this exemption depends on the individual circumstances of

each qualifying care leaver and therefore it is not possible to provide an exact cost of awarding this exemption. Due to the level of estimation involved in assessing the financial impact of the exemption, the cost can only be identified as within a range between £40,000 to £60,000 per annum. As this exemption did not form part of the 2017/18 budget, if approved, it will be reported as part of the TBM position during 2017/18. The Council's budget includes a £1.5 million general risk provision and therefore this new commitment would be set against this resource.

- 7.2 Future years' costs will be incorporated into the 2018/19 budget as an ongoing commitment.

Finance Officer Consulted: James Hengeveld

Date: 31/03/17

Legal Implications:

- 7.3 The Council has the power under Section 13A(1)(c) of the Local Government Finance Act 1992 to reduce liability for council tax where it sees fit. This includes the power to reduce the council tax amount to nil.

- 7.4 The Policy, Resources & Growth Committee is the correct committee to decide on this matter.

Lawyer Consulted:

Sarita Arthur-Crow

Date: 28/03/17

Equalities Implications:

- 7.5 The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.

- 7.6 A child or young person may come into care as a result of temporary or permanent problems facing their parents, as a result of abuse or neglect, or as a result of a range of difficulties, including not having a parent to care for them. National research indicates that this group is significantly disadvantaged across a range of outcomes compared to their peers.

- 7.7 In accordance with our equality duty, this proposal will therefore result in more favourable treatment being applied to care leavers, in order to advance equality of opportunity; with the overall aim of removing financial barriers, resulting in increased opportunities for employment, education and/or training opportunities.

- 7.8 This new scheme complements the Council's responsibilities as a corporate parent to assist financially disadvantaged care leavers during their early years of independence. The Council has considered whether its decision impacts on equality matters and concluded there are no significant equality concerns.

Sustainability Implications:

7.9 There are no sustainability implications.

Any Other Significant Implications:

7.10 In general terms, debt prevention is a positive measure in removing a possible driver for criminal acts. There would be a beneficial impact on public health as the Council Tax relief is intended to support care leavers as they move into adulthood and independence

SUPPORTING DOCUMENTATION

Appendices

Council Tax Information Letter December 2016, summarising the 'Keep on Caring' document.

Documents in Members' Rooms

1. "Keep on Caring" – Government Strategy December 2016
(also available online: <https://www.gov.uk/government/publications/keep-on-caring-supporting-young-people-from-care-to-independence>)
2. "The Wolf at the Door" – The Children's Society report 2015
(also available online: <http://www.childrenssociety.org.uk/what-we-do/resources-and-publications/the-wolf-at-the-door-how-council-tax-debt-collection-is>)

Background Documents

As above.