

Children's Services Committee

Report title:	Council Tax Exemption for Care Leavers
Date of meeting:	22 May
Responsible Chief Officer:	Sara Tough Executive Director Children's Services

Strategic impact

Corporate parenting is a statutory function of the Council. Provisions contained in the new Children and Social Work Act 2017 sets out in law what it means for a local authority to be a good corporate parent.

The underlying principle is that every local authority will seek the same outcomes for children and young people in care that every good parent would want for their own children; for example, successful transition to young adulthood and financial independence.

Furthermore, the children's social care inspectorate, Ofsted, has the 'Experience of Looked After Children and Care Leavers' as a key judgement area in its evaluation of local performance, and expects Councils and children's services to provide clear evidence that it supports it's young people leaving care up to the age of 25, in a way that optimises their outcomes.

This proposal for a council tax exemption for Norfolk care leavers is in keeping with the aims and aspirations stated in the DfE document "Keep on Caring", particularly achieving financial independence.

Executive Summary

Children and young people who are looked after by the local authority are amongst the most vulnerable groups in our community. The County Council has statutory corporate parenting responsibilities towards young people who have left care up to the age of 25. As corporate parents, the Council has the responsibility to keep them safe, make sure their experiences in care are positive, and improve their on-going life chances.

A child in the care of the council looks to the whole council to be the best parent it can be to that child. Every member and employee of the council has the statutory responsibility to act for and for that child in the same way that a good parent would act for and for their child.

Care leavers can find themselves grappling with the challenges of living independently; managing a household, continuing education or seeking employment, as well as managing their personal finances and paying household bills for the first time – often on a very low income and without the support of family or previous financial education to help them navigate this.

This can make care leavers a particularly vulnerable group when it comes to the collection of council tax when moving into independent accommodation.

Information provided by Broadland District Council shows of the current five care leavers who have a council tax liability, two have been subject to enforcement action for non-payment.

Further anecdotal evidence shows spiralling debt and the threat to their tenancies are amongst the biggest issues in care leaver's lives, often leading to abandonment and tenancy loss, making it extremely difficult for young people to access accommodation at a later stage. This can have a great impact on not only the young person's health and wellbeing but the wider community i.e. homelessness, health, crime and the prison service.

Research by the Children's Society has found that more than a third of councils across England have taken the step to exempt care leavers from council tax, enhancing their service's 'local offer' to care leavers, the quality of which is a key point of focus in Ofsted inspections.

In a two-tier area like Norfolk it is the district councils who are the billing authority and issue council tax bills to care leavers. Therefore any direct change to care leavers' council tax bills would have to be implemented by the district councils.

This paper sets out a proposal for a full council tax discount for all Norfolk care leavers who are under the age of 25 years and solely responsible for payment of the bill, or who occupy a property with other Norfolk care leavers up to the age of 25.

Under this proposal Norfolk County Council would forgo its share of care leaver's council tax (around 75%) and work with the seven Norfolk district councils and the Norfolk Police and Crime Commissioner to agree that they bear their share of the full discount and seek to implement a uniform scheme across Norfolk.

Currently Norwich City Council has agreed to the discount up until the age of 25 years and Broadland District Council in principal agrees up until the age of 21 years, and dependent on Norfolk County Council's decision.

In order to ensure that Norfolk care leavers residing outside of Norfolk are not disadvantaged, the paper also proposes a grant scheme to compensate these individuals for their council tax bills, subject to the same eligibility criteria.

Recommendations:

Children's Services Committee are recommended to:

- a) **Recommend to Policy and Resources Committee and Full Council that a scheme be adopted as set out in this paper to deliver a full council tax discount for all Norfolk care leavers living either in or out of Norfolk who are under the age of 25 and are solely responsible for payment of the bill, or who occupy a property with other Norfolk care leavers aged up to 25.**
- b) **Commission officers to undertake further work with the seven Norfolk District Councils and the Norfolk Police and Crime commissioner to seek to agree that all authorities bear their share of the full discount and that a uniform scheme can be implemented across Norfolk.**

1. Proposal (or options)

- 1.1 From April 2018 Section 3 of the Children and Social Work Act 2017 requires local authorities to provide a Personal Advisor and leaving care support until the age of 25, removing the existing distinction between care leavers in education and training and those who are not. The Act also places corporate parenting responsibilities on district councils for the first time, requiring for them to have regard to children in care and care leavers when carrying out their functions.
- 1.2 The extension of the Personal Advisor role will allow more time for care leavers to be provided with appropriate financial support, helping them make positive financial decisions. This support should continue throughout the young person's time in care and up until the age of 25 to ensure we are not just delaying the issue of council tax debt. Some tools available in which these skills can be developed are:
 - skills learnt through Norfolk's Passport to Independence
 - support through the Personal Advisor role
 - peer mentors
 - life skills training courses
 - good pathway planning
- 1.3 This report sets out a proposal to provide a full council tax discount to all Norfolk care leavers living in and out of Norfolk who are under the age of 25 and are solely

responsible for payment of the bill, or who occupy a property with other Norfolk care leavers aged up to 25.

1.4 It is proposed that the discount be operated as follows:

1. The discount will apply to individuals for whom Norfolk County Council held corporate parenting responsibility at the point when the young person left care (a care leaver).
2. The level of discount applied will be 100 per cent of residual council tax liability after taking account of any other available statutory discounts/exemptions to which the resident may be entitled (for example single person discount).
3. The discount will apply only to those care leavers in single residence who have sole liability, or who are sharing with one or more other eligible care leaver(s) under the age of 25.
4. Eligibility to the discount would cease on the care leaver's 25th birthday.
5. The discount would be awarded against any future council tax liability from the date of implementation.
6. The discount will not be means tested or responsive to the individual circumstances of the 'care leaver' if s/he is between the ages of 18 to 24.
7. Where the care leaver resides, and is liable to pay council tax in Norfolk, the County Council will seek to work with the billing authorities to implement a full local council tax discount for Norfolk care leavers under S13A of the Local Government Finance Act 1992 (as amended). The cost of a S13A discount is borne by the billing authority (district council). The County Council would therefore compensate districts implementing such a discount for the county council element of the council tax (approximately 75%) and would engage with the Norfolk Police and Crime Commissioner to seek a contribution to the district in respect of their share. A process to confirm the actual cost of support provided by districts will need to be established for the County Council to make payment. Care leavers for whom the County Council does not have a corporate parenting responsibility (i.e. those from outside Norfolk but now residing in the county) would not be eligible for reimbursement to the district (although are not precluded from applying to a district council under the normal terms of their discretionary relief policy).
8. Where the care leaver resides, and is liable to pay council tax outside of Norfolk, the cost would need to be met fully by Norfolk County Council via a grant claim system, which will need to be developed to include a mechanism to ensure the grant is used for the purpose intended. A grant system could also be implemented where a Norfolk district chooses not to implement a S13A discount.
9. A process will be determined to work with billing authorities to ensure that the individual is a Norfolk care leaver and meets the criteria

1.5 There is an option to "do nothing", as the Government intention is for councils to continue to use their local discretion. However, the evidence for supporting care leavers as they move into independent living is persuasive.

2. Evidence

- 2.1 The Children's Society published a report "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 moving into independent accommodation. The report revealed how problem debt such as council tax is having a profound impact on children's lives, causing them stress, depression and anxiety. This stress can lead to a number of young people abandoning accommodation.
- 2.2 In the Government's "Keep on Caring" strategy published in July 2016, 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'. For many this may mean providing financial support when first living independently. Local authorities are encouraged to consider exempting care leavers from Council Tax using powers already at their disposal.

3. Financial Implications

- 3.1 The ability to implement a council tax discount is only available to billing authorities which would be district, metropolitan borough, and unitary councils rather than the county council. Therefore it is district councils in Norfolk which have the power to offer a discretionary discount to care leavers. In Norfolk agreement to implement this will need to be obtained from the seven district councils who have all been approached and are open to the proposal. As set out in the proposal above, a hybrid scheme with a grant funding element will be required to provide equivalent support to those Norfolk care leavers living outside of the county, and in the event that a Norfolk district does not agree to implement a local discount.
- 3.2 Norfolk County Council currently receives around 75% of council tax collected in Norfolk, with the remaining 25% going to district councils and the police. The financial impact to the County Council of removing council tax liability for care leavers is difficult to forecast. It is dependent on variables such as the number of eligible care leavers, the council tax band of the dwellings they reside in, and whether they qualify for single person discounts or any other form of council tax relief.
- 3.3 Data as of 4 May 2018 shows Norfolk County Council has 471 known open case care leavers aged between 18-25 years. Of these 180 (38%) are living independently and we estimate 116 (25%) living in Norfolk to have a council tax liability (not in education/training or living with other tax paying adults who are liable).
- 3.4 There is also the possibility that a care leaver may choose to leave the Norfolk area therefore a grant scheme will be required to support them with their council tax payment. Of the 180 care leavers living independently 32 are living out of county, of which 15 have a possible liability.
- 3.5 At the Full Council meeting of 12th February, Members approved a council tax increase which will result in a Band A council tax level of £881.82 for Norfolk County Council's share of council tax in 2018-19.
- 3.6 **Removing the council tax liability for an estimate of 116 care leavers could therefore cost the County Council around £102,291 in 2018-19.**
This estimate should be treated with caution. A number of these care leavers are in receipt/will be eligible for single person discounts or other forms of council tax relief, which would reduce the cost of the care leaver exemption and the cost to the Council. However, the care leavers could be living in accommodation with a council tax liability higher than a Band A, which would increase the cost of the care leaver exemption and the cost to the Council.
- 3.7 These are currently just estimates of likely numbers and costs. Due to the number of unknowns and variables involved the actual cost to the authority will not be known until the exemption is in place. The maximum cost to the County Council could be substantially higher if the offer of a discount encourages a change in behaviour resulting in higher numbers of care leavers living independently and claiming the discount.
- 3.8 There are currently 479 care leavers who are closed to the Leaving Care service with whereabouts unknown, so the impact of this cohort is difficult to determine. Further work would be required to understand the numbers of those that are living independently and with a council tax liability.
- 3.9 Taking this rate of 25% with a council tax liability and extrapolating based on the total number of care leavers aged (950 individuals) would result in the **council tax discount being required for 238 care leavers once the full cohort becomes known to the Leaving Care service**. The closed case care leavers are of an older age. This number

with a council tax liability could be significantly higher if we assume those aged 21-24 are more likely to be in their own accommodation.

- 3.10 On reviewing the age profile of current care leavers who will be eligible to pay council tax it is expected that the number will **increase in 2020 to 250**.
- 3.11 The below table provides an estimate of the annual cost to Norfolk County Council of removing the council tax liability on the current known cohort living in Norfolk, an estimate of the 2018-19 cost if the full cohort of current care leavers were known and an estimate of potential future cost when the full cohort of increased numbers of care leavers is known.

	2018/19 current known cohort	2018/19 if full cohort known	2020 onwards – full cohort known
Number of care leavers currently open to the LC team aged 18-25 years with a council tax liability	116*	238	250
Possible total cost to County Council (based on Band A)	£102,291	£209,873	£220,455

*excludes those out of county or address unknown

- 3.12 Norfolk County Council is currently forecasting a budget gap of £95m over the next three years to 2021-22. **Any reduction in council tax income will result in increased financial pressures for the County Council to address.**
- 3.13 There is also a cost for the recovery/prosecution process to the billing authorities, where care leavers fall into council tax arrears. It is assumed the cost of administering a S13A discount would be absorbed within districts' existing resources.

4. Issues, risks and innovation

- **Other resource implications (staff, property)**
Implementation of the exemption for Norfolk care leavers will be carried out by the billing authorities. There may be resource implications on Children's Services staff in the administration of grant payments to care leavers living out of county.
- **Risks**
If this is not adopted, care leavers will continue to be subject to the consequences of recovery action, including the necessity for our Leaving Care service to help and support young people who have been evicted
- **Equality**
Care leavers are seen as a vulnerable and disadvantaged group, disproportionally represented in national homelessness data.
This scheme would be available to those care leavers living in and out of Norfolk, meaning those who choose to move out of Norfolk would not be disadvantaged.
- **Environmental implications**
N/A
- **Health and safety issues**
N/A

5. Background

- 5.1 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.
- 5.2 Care leavers often have to take on more financial responsibilities than their peers, when they might be on low income and without similar family support networks. They can often feel overwhelmed by this, while seeing peers at work or college enjoying more spending power and financial security.
- 5.3 In its role as corporate parent, the council (not just the County 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.
- 5.4 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 their role as a corporate parent "through the lens of what any reasonable parent does to give their child the best start in life".
- 5.5 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.
- 5.6 The Billing authorities have discretion under Section 13A of the Local Government Finance Act 1992 to reduce council tax to nil for individuals, or for classes of taxpayer.
- 5.7 It is proposed that the district councils use this discretion to provide Care Leavers (up to the age of 25) with a discount so that their council tax liability will be reduced to nil from no later than April 2019.
- 5.8 Background documents

5.8.1 Norfolk County Council's overall vision;

'Norfolk County Council will be a consistent, caring and responsible parent to all children and young people in our care through to adulthood. We Promise to put Children First and to work with them and the important people in their lives to ensure they are safe, happy and well. We will always be there at the right time to support children and young people to achieve their own personal ambitions by never giving up on them'

Keep on Caring" – Government Strategy December 2016
(available online: <https://www.gov.uk/government/publications/keep-oncaring-supporting-young-people-from-care-to-independence>)

"The Wolf at the Door" – The Children's Society report 2015
(available online: <http://www.childrenssociety.org.uk/what-we-do/resourcesand-publications/the-wolf-at-the-door-how-council-tax-debt-collection-is>)

Looked after Children and Leaving Care Strategy 2016-2019, Norfolk County Council (available online <https://www.norfolk.gov.uk/what-we-do-and-how-we-work/policy-performance-and-partnerships/policies-and-strategies/childrens-social-care-policies/looked-after-children-and-care-leavers-strategy>)

Officer Contact

If you have any questions about matters contained or want to see copies of any assessments, e.g. equality impact assessment, please get in touch with:

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