



## **Council Tax exemption for care leavers**

### **Introduction**

Care leavers are a particularly vulnerable group when it comes to council tax. Often, when care leavers move into independent accommodation they begin to manage their own budget fully for the first time. [Our 'Wolf at the Door' report](#) into council tax debt showed that the pace of escalation of debt by local authorities could be frightening for care leavers - what can start out for many care leavers as falling slightly behind can very quickly escalate to a court summons and enforcement action being taken.

Councils have the power to introduce exemptions for council tax for certain groups.

### **Our recommendation**

Councils should exempt care leavers from paying council tax up to the age of 25.

### **Background**

In many cases, care leavers were aware of bills, just not how to pay them. This was a situation that had been further exacerbated by a lack of proper financial education during their time at school, meaning that they did not feel they had a practical understanding of finances and bills that they could use in everyday life.

One care leaver told us that they didn't know what council tax was or that they needed to pay it when they moved into independent living arrangements; another explained how after getting into debt they had received letters from bailiffs, and had to work with their personal advisor to set up a repayment plan.

As a priority bill the enforcement measures available to councils to collect unpaid council tax are severe, which at its most extreme can result in a committal to prison.

Government decided that from April 2016, work allowances for care leavers without children would be withdrawn altogether. This change costs working care leavers claiming Universal Credit up to £72 per month (or £865 per year).

Our findings show that care leavers are three times more likely to have had a benefit sanction than compared to the general working age population - 62% of decisions are overturned, however

The Centre for Social Justice found that 57% of young people find it difficult managing their money and avoiding debt when leaving care. This is further reinforced by research from the Joseph Rowntree Foundation that outlines how 'accumulation of debt, threats to their tenancies and their inability to avoid this through careful budgeting' were issues of continuing concern for care leavers.

### **The national picture**

In the Government's care leavers' strategy, Keep on Caring, published in July 2016, they encouraged councils 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'. In relation to this, local authorities were encouraged to consider exempting care leavers from council tax using the powers already at their disposal.

At a national level, we're working to amend the Children and Social Work Bill that's currently going through Parliament to include an exemption for care leavers from council tax as part of the 'National offer for care leavers' contained within the Bill. The momentum building among local authorities who are beginning to introduce the policy independently is contributing to an increased appetite for the policy nationally.

In August 2016, through their report into homeless, the Communities and Local Government Select Committee recommended to Government that care leavers be made exempt from council tax up to at least the age of 21.

### **Benefits to councils**

The DfE and Ofsted regularly raise issues of concern pertaining to care leavers that council tax exemption can support in mitigating.

Ofsted inspection reports consistently highlight the inadequacy of pathway planning for care leavers, while care leavers have consistently reported they were insufficiently prepared for the realities of living independently, particularly in relation to budgeting. Similarly, not enough is being done to raise awareness among care leavers of their entitlements.

In the year ending March 2015, local authorities were 'in touch' with, and provided data to the DfE on, 88% of care leavers. In many of the cases where no information was provided, this was because the care leaver had either refused contact, or had told the local authority that they no longer required support.

### **Examples of good practice**

A range of local authorities across the country have introduced measures to exempt care leavers from council tax.

In April 2016, Conservative-led Cheshire East has introduced an exemption for council tax for care leavers until the age of 25, including those living outside the local area on leaving care costing a total of £17,000 per annum<sup>1</sup>. The council considered evidence from The Wolf at the Door report published by The Children's Society<sup>2</sup> to support their business case, which showed how quickly care leavers could fall into financial difficulty. Cheshire East Council have anticipated that this exemption will result in a decrease in emergency payments made to care leavers in crisis such as well as further reducing the dependency of these young people on other services.

In June 2016, Labour-led Birmingham agreed to an exemption from council tax for care leavers until the age of 25 as part of their efforts to tackle child poverty in the city. Birmingham, the largest local authority in Western Europe, will introduce the policy from April 2017.

Beginning in 2015, the Conservative-led North Somerset council has taken the decision that its care leavers should not have to pay Council Tax until they reach age 22.

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<sup>1</sup> Cheshire East Cabinet Paper: <http://moderngov.cheshireeast.gov.uk/ecminutes/mgConvert2PDF.aspx?ID=46193> The council costed this at £17k per annum, with £11k for those placed in Cheshire East and £6k for those placed out of borough.

<sup>2</sup> *Ibid.*