

Cabinet 25 July 2017	 TOWER HAMLETS
Report of: Zena Cooke, Corporate Director, Resources	Classification: Unrestricted
Payment of Council Tax for Care Leavers	

Lead Member	Cabinet Member for Resources - Councillor David Edgar
Originating Officer(s)	Roger Jones – Head of Revenue Services
Wards affected	(All Wards);
Key Decision?	No
Community Plan Theme	A fair and prosperous community A safe and cohesive community A healthy and supportive community

Executive Summary

The recent Children’s Society Report “Council Tax exemption for care leavers” highlighted that care leavers are a particularly vulnerable group when it comes to council tax and often the move to independent accommodation is the first time they begin to manage their own budget fully for the first time. The recommendation from the Children’s Society is that Councils should exempt care leavers from paying council tax up to the age of 25.

The Council as corporate parent is committed to improving the life chances of looked after children and care leavers and provides a range of support to children and young people leaving care. The exemption from paying council tax up to the age of 25 is seen as a further opportunity to provide financial support to care leavers transitioning from care into independent living.

The Children’s Society Report “The Wolf at the Door, How council tax debt collection is harming children” contained 8 recommendations in total for local authorities to consider. These will be followed up separately to this report which is specifically targeted to help 1 of those recommendations to provide care leavers with 100% council tax support until the age of 21. This was later extended in the Children’s Society Report “Council Tax exemption for care leavers” to exempt care leavers from paying council tax up to the age of 25.

Recommendations:

The Mayor in Cabinet is recommended to:

1. support the payment of council tax in two ways –
 - a. Agree to fund the Council Tax payable by care leavers taking up accommodation within the Borough and which would be administered through a local council tax discretionary discount scheme under Section 13A(1)(c) of Local Government Finance Act 1992
 - b. Agree to fund the balance of any Council Tax payable by care leavers taking up accommodation outside the Borough after application of any financial assistance to which they may be entitled under the Local Council Tax Support Scheme of the borough in which they reside.

1. REASONS FOR THE DECISIONS

- 1.1 Children and young people who are looked after by the local authority rather than their parents are amongst the most vulnerable groups in our community. Outcomes for this group are generally poor and, 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.
- 1.2 The Corporate Parenting Board meeting (formerly the Corporate Parenting Subgroup), held on 15 February 2017, and noted the Children's Society campaign that showed the likelihood of care-leavers falling into arrears and struggling with debt associated with their Council Tax payments.
- 1.3 The Corporate Parenting Board on 15 June 2017 received a report setting out the implications of exempting care leavers from paying council tax and recommended the exemption be presented to the Mayor in Cabinet for consideration.
- 1.4 The exemption is considered to be a relatively low cost for the council but will make a significant difference to those care leavers who often struggle with their finances on turning 18 and moving to independence. The exemption would be in line with the council's corporate parenting duties, parents often help their children with their finances during the transition from childhood to work or university and independent living, to set them up well for adulthood.
- 1.5 The cost/benefit in terms of arrears and debt enforcement and the support being provided through crisis grants is considered positive as these would likely reduce if care leavers didn't have the burden of council tax payments.
- 1.6 This policy along with the growth allocation in the budget for employment support for care leavers is a strong package of measures to support a very vulnerable group of young people to get the best possible start to adult life.

2. ALTERNATIVE OPTIONS

- 2.1 The Council could continue to charge council tax to care leavers when they are liable. However this may cause financial hardship or result in recovery and enforcement action being taken to recover debts from care leavers for whom the council is corporate parent.

3. DETAILS OF REPORT

- 3.1 Corporate parenting is a statutory function of the Council. 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.
- 3.2 Children and young people who are looked after by the local authority rather than their parents are amongst the most vulnerable groups in our community. Outcomes for this group are generally poor and, 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.
- 3.3 One of the key priorities of the corporate parenting strategy is to support young people to move to adult life. Many care leavers choose to move to independent accommodation often at an earlier age than their peers.
- 3.4 The recent Children's Society Report "Council Tax exemption for care leavers" highlighted that Care leavers are a particularly vulnerable group when it comes to council tax and often the move to independent accommodation is the first time they begin to manage their own budget fully for the first time. The recommendation from the Children's society is that Councils should exempt care leavers from paying council tax up to the age of 25.
- 3.5 There are two aspects to funding the Council Tax for care leavers -
1. Council Tax payable by care leavers taking up accommodation within the borough which would be administered through a local council tax discount scheme under Section 13a Local Government Finance Act 1992.
 2. Council Tax payable by care leavers taking up accommodation outside the borough who will be charged council tax but may receive funding towards this in the borough where they reside. Any Council Tax that remains payable would be paid by the council.

This policy also gives effect to the Vision and Principles of the Tower Hamlets Children Looked After Strategy 2015-18¹

Cost of providing the Care Leavers Discounts –

¹ <http://democracy.towerhamlets.gov.uk/mgConvert2PDF.aspx?ID=86165>

Analysis of the potential cost of providing a 100% exemption under s13a Local Government Finance Act 1992 for care leavers and payment of council tax liability for those care leavers being placed outside the borough is shown below.

The following criteria have been used –

- Funding will be provided for 18 to 25 years old
- Funding will be provided for placements both inside and outside the borough
- The award will be to cover 100% of the council tax liability after deductions for the Single Person Discount (SPD) or disregards and after application of the appropriate Council Tax Reduction Scheme (CTRS)

There is currently a total client base of 324 care leavers –

Placements within the borough –

- 98 appear to be liable for Council Tax within the Borough or are sharing with other care leavers within a house in multiple occupation.
- Where the care leaver is currently in receipt of full CTRS or a student exemption, the cost is assumed as zero. Where the care leaver is in receipt of partial CTRS, the cost of the scheme is estimated at 50% of the Council Tax charge.
- The estimated cost for 2017/2018 taking into account the above points is approximately £40,000.

The table below indicates the position on each category –

Number	Account Status
24	Full CTRS awarded
12	Partial CTRS awarded
53	No CTRS Awarded
9	Student Exemption Awarded

Of all cases having something to pay within Tower Hamlets, 18 are currently subject to enforcement action which has been suspended pending the outcome of this proposal

Placements outside the borough –

- There are 173 placements outside the borough
- It is anticipated that a large proportion of these will be entitled to a discount under local council tax support schemes and will have reduced amounts to pay.

- Estimating cost in this area is difficult but assuming that these will be in the main lower banded properties an annual charge of £1,000 has been estimated with an average CTR discount of 75%
- The estimated cost for 2017/2018 taking into account the above is approximately £43,250

In considering this proposal along with the overall package of financial support proposed, it is expected that there will be a decrease in emergency payments made to care leavers in crisis.

EQUALITIES IMPACT ASSESSMENT

A Quality Assurance Checklist has been completed and is attached. It is considered that taking into account the scale of the proposal and the small number of people that it will benefit, this will be sufficient Care leavers as a group will include those with protected characteristic and the impact of this policy will be formally monitored by and reported to the Corporate Parenting Board.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1 This report seeks to fund the Council Tax payable by care leavers taking up accommodation within and outside the borough.
- 4.2 The estimated cost of 98 placements within the borough is in the region of £40,000 after taking into account Single Person Discount, student discount and council tax support scheme. For placements outside the borough, this is estimated to be approximately £43k for 173 cases. The cost of any discounts given to Care Leavers within the borough will fall as a cost to the overall Collection Fund. For those outside the borough a specific budget provision is required so it is proposed that an on-going provision of £50k be established as part of the 2018/19 budget setting process with any 2017/18 costs being met from the Council's central contingency.
- 4.3 As a result of these recommendations, there is likely to be a decrease in emergency payments made to care leavers although this has not yet been quantified. The financial impact will be monitored and reported and should it exceed the provision that is set out, officers will need to seek further approvals.

5. LEGAL COMMENTS

- 5.1 Section 13A(1)(c) of the Local Government Finance Act 1992 provides that the Council may reduce the amount of council tax which a person is liable to pay in respect of any chargeable dwelling and any day (as determined in accordance with sections 10 to 13) to such extent as the billing authority for the area in which the dwelling is situated thinks fit (i.e. discretionary discounts). Discretionary discounts recognise that an Authority's Local Council Tax Reduction Scheme does not always meet the household's full Council Tax liability. The Council has the right to choose whether to use its

powers on a case-by-case basis or it also has the right to specify a class of use. A class of use is where several people who pay Council Tax fall into a group because their circumstances are similar.

- 5.2 Paragraph 19A of Schedule 2 to the Children Act 1989 ('the 1989 Act') provides that it is the duty of the local authority looking after a child to advise, assist and befriend him with a view to promoting his welfare when they have ceased to look after him. Paragraph 19B(4)(b) of Schedule 2 to the 1989 Act provides that the local authority shall carry out an assessment of his needs with a view to determining what advice, assistance and support it would be appropriate for them to provide him under this Act after they cease to look after him and shall then prepare a pathway plan for him. This pathway plan is to be kept under review as per paragraph 19B(5) of Schedule 2.
- 5.3 Section 23C(4) of the Children Act 1989 ('the 1989 Act') provides that it is also the duty of the local authority to give a former relevant child other assistance, to the extent that his welfare requires it and pursuant to section 23C(5) this may be in kind or, in exceptional circumstances, in cash. This duty continues until the former relevant child reaches the age of twenty-one as provided by section 23C(7). However, pursuant to section 3 of the Children and Social Work Act 2017, a section 23CZB is to be inserted into the 1989 Act. This has not yet come into force but will apply where the former relevant child has reached the age of 21 but not the age of 25, and a local authority in England had duties towards him or her under section 23C and extends the requirement for support between those ages where the former relevant child requests it.
- 5.4 The Council therefore has a duty to provide advice and assistance for care leavers under twenty-one years of age but that this is likely to be extended to the age of twenty-five. Therefore as the provision of a discount is discretionary, the Council has the power to agree to the discretionary discount.
- 5.5 On 22nd February 2017 Council agreed the General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2017-20. This is in accordance with the Council's Budget and Policy Framework. Once the Budget has been agreed then it is the responsibility of the Mayor, the Executive and officers to implement it. The Mayor can therefore agree to this discretionary discount provided that this is not contrary to the Budget.
- 5.6 In its consideration of this Report and its recommendations, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not (the public sector equality duty). There is some information in the report relevant to these considerations in paragraph 6 below.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1 The profile of the Council's care leavers is diverse, as outlined in the Tower Hamlets Children Looked After Strategy², and it is incumbent upon the Council to work to eliminate any discrimination they may face, under the provisions of the Equalities Act.
- 6.2 Local intelligence and national research also illustrates the financial vulnerability and risk factors associated with being a care leaver. This policy revision will decrease the financial vulnerability and risk borne by care leavers, as evidenced by;
- The Children's Society's March 2015 Report into 'How council tax debt collection is harming children'³
 - Feedback to the Tower Hamlets Corporate Parenting Board from care leavers , Foster Carers and the Children in Care Council regarding financial hardship when leaving care⁴
 - There are currently 18 care leavers in Tower Hamlets that are currently in arrears with Council Tax payments

7. BEST VALUE (BV) IMPLICATIONS

- 7.1 For a relatively low cost, this proposal will give care leavers financial support as they begin to manage their own budgets and should reduce claims under the Crisis and Support Grants

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1 There are no SAGE implications arising from this report.

9. RISK MANAGEMENT IMPLICATIONS

- 9.1 The budget for and impact of this policy will be monitored and reported to the Corporate Parenting Board which will help to mitigate financial risks to the council.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 10.1 There are no crime and disorder implications arising from this report

11. SAFEGUARDING IMPLICATIONS

- 11.1 There are no safeguarding implications arising from this report.
-

² <http://democracy.towerhamlets.gov.uk/mgConvert2PDF.aspx?ID=86165>

³ https://www.childrensociety.org.uk/sites/default/files/wolf-at-the-door_council-tax-debt-collection-is-harming-children_PCR027a_WolfAtTheDoor_Web.pdf

⁴ Minutes of the Tower Hamlets Corporate Parenting Board, 15 February, 2017 and 27 April, Approved by the Corporate Parenting Board Meeting of 15 June 2017

Linked Reports, Appendices and Background Documents

Linked Report

NONE

Appendices

The Children's Society 'Tax Exemption for care leavers', April 2017
Equality Analysis quality Assurance Checklist

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

The Children's Society 'The Wolf at the Door How council tax debt collection is harming children The Debt Trap End the damage to children', March, 2015

Officer contact details for documents:

N/A