

# Council Tax Discount for Care Leavers

Report of the Finance Portfolio Holder

## Recommendation:

**That the Council introduces a Council Tax discount for care leavers with effect from 1 April 2020.**

- **That care leavers living alone be awarded 100% relief until their 25<sup>th</sup> birthday.**
- **That care leavers living with other adults be disregarded for Council Tax purposes until their 25<sup>th</sup> birthday.**

## Recommendation to Council

### SUMMARY:

- The report considers the impact of introducing a Council Tax discount scheme for care leavers.
- It recommends that care leavers be entitled to receive a 100% Council Tax discount until their 25<sup>th</sup> birthday.

## 1 Introduction

- 1.1 In July 2016, the government published 'Keep on Caring', a guide to supporting young people from care to independence. One of the areas for consideration was whether care leavers should be exempted from paying Council Tax.
- 1.2 The Children and Social Work Act 2017 sets out seven corporate parenting principles that all local authorities should have regard to. These principles are to ensure that local authorities and their partners support looked after children and care leavers. One of the principles is 'to prepare those children and young people for adulthood and independent living'.
- 1.3 Anne Longfield, the Children's Commissioner for England, has encouraged Councils to follow the recommendations of The Children's Society's *Wolf at the Door* publication which recommends that Council Tax exemptions be introduced for care leavers.

## 2 Background

- 2.1 Following the release of the Keep on Caring guidance and corporate parenting legislation, Hampshire County Council sought to develop a county-wide care leaver scheme that could be used by any Hampshire district that wanted to adopt it.

- 2.2 TVBC expressed an interest in the scheme and were willing to contribute to its development. However, in March 2019 it became clear that a county-wide scheme would not be delivered and that any Council wishing to offer Council Tax discounts to care leavers would need to develop their own scheme.
- 2.3 Winchester, Basingstoke and the Hampshire unitary authorities have already introduced schemes to award Council Tax relief to care leavers.

### **3 Care leavers in Test Valley**

- 3.1 The definition of a care leaver, as provided by HCC in 2018, is a young person aged 16-25 who has been cared for by a local authority for at least 13 weeks since the age of 14.
- 3.2 Figures provided by HCC to the Council at that time estimated that there were approximately 25 care leavers that could be entitled to support in Test Valley.
- 3.3 At the same time, there were 350 care leavers living in Hampshire, of whom 76 were estimated to be paying Council Tax (21.7%). Extrapolating that figure across Test Valley would indicate that five or six care leavers would be likely to benefit from a local scheme.
- 3.4 It is expected that most, if not all, will be entitled to some form of discount from their Council Tax charge. This could be in the form of single person discounts, student exemptions or the Council's own Council Tax Support scheme. Any specific relief for care leavers would be applied after all other forms of support have been used.

### **4 Examples of other Councils' schemes**

- 4.1 Both Winchester and Basingstoke introduced schemes to support care leavers from April 2019. Their schemes are published on their respective websites at the addresses shown below.
- 4.2 Winchester - <https://www.winchester.gov.uk/council-tax/discounts/care-leaver-discount>  
Basingstoke - <https://www.basingstoke.gov.uk/council-tax-discount>
- 4.3 Winchester – 100% reduction if the care leaver is the sole occupant. If there are two or more residents in the property the care leaver will be disregarded for Council Tax purposes. As at 25 November 2019, there had been no applications for this relief.
- 4.4 Basingstoke – 100% reductions up to 22<sup>nd</sup> birthday, relief then reduces by 25% per year until 25<sup>th</sup> birthday. At any time up to age 25, if there is one other adult living in the property (who is not a care leaver), the bill will be reduced by 50% and if there are two or more adults living in the property (who are not care leavers), the bill will be reduced by 25%. The taper was used to help introduce the care leaver to paying for Council Tax over a number of years, gradually increasing the amount payable, rather than a full charge as soon as they turn 25.

## **5 Corporate Objectives and Priorities**

- 5.1 The Corporate Plan 2019 to 2023, “Growing Our Potential”, includes priorities to ensure residents of Test Valley are able to live well and fulfil their aspirations.
- 5.2 The introduction of a Council Tax discount for care leavers will assist some of our most vulnerable residents to achieve this aspiration.

## **6 Consultations/Communications**

- 6.1 During the review of the Council’s Council Tax Support Scheme for 2020/21, the OSCOM Member Panel also considered whether Council Tax relief for care leavers should be introduced. Whilst not directly part of that panel’s remit, the lead member was keen that the development of such a scheme be taken forward as a separate matter.
- 6.2 HCC have previously supported the development of Council Tax discount schemes for care leavers. However, as this is a locally funded scheme, there is no requirement to formally consult with major preceptors.
- 6.3 The delivery of a successful scheme will require new working relationships with HCC, particularly the case worker of each care leaver. It will be a requirement of any scheme that the care leaver gives permission for HCC to provide information necessary to support an application for relief.

## **7 Options**

- 7.1 The introduction of a scheme to reduce or eliminate Council Tax charges for care leavers is a local decision and the Council is therefore free to set its own parameters.
- 7.2 Section 3 of the report identifies that there are likely to be a small number of recipients of relief from any scheme that the Council introduces. It is therefore recommended that any scheme should be as simple as possible to administer.
- 7.3 The recommended options are:
- Option 1 – Not to introduce a scheme for care leavers
  - Option 2 (Recommended) – To implement a scheme that offers 100% Council Tax relief to care leavers until their 25<sup>th</sup> birthday
  - Option 3 – To implement a scheme that reduces the amount of support a care leaver receives as they approach their 25<sup>th</sup> birthday.

## **8 Option Appraisal**

### Option 1 – Not to introduce a scheme

- 8.1 Care leavers are among the most vulnerable members of our community.

The Joseph Rowntree Foundation has published a report, *Resilience and young people leaving care*, which explores the factors that affect young people leaving care and making the transition to adulthood. It highlights care leavers' vulnerability to unemployment, homelessness and their need for financial advice and assistance.

- 8.2 Not introducing a scheme would mean that the Council misses an opportunity to help vulnerable young adults transition from the care system to financially independent living.

Option 2 (Recommended) – To implement a scheme that offers 100% Council Tax relief to care leavers until their 25<sup>th</sup> birthday

- 8.3 This scheme would offer the greatest amount of support to care leavers.
- 8.4 The scheme would introduce a 100% Council Tax exemption for care leavers up to their 25<sup>th</sup> birthday where they are the only adult in a property. Where there are two or more adults living in the property, the care leaver would be disregarded for Council Tax purposes.
- 8.5 From an administrative perspective, this scheme is the simplest to operate. The relief will be the same until the care leaver's 25<sup>th</sup> birthday, so will not require an adjustment on each birthday.
- 8.6 This scheme will potentially be more expensive than Option 3; however, the resource implications section below shows that the total cost is expected to be small.
- 8.7 The Council will ensure that care leavers are made aware of their obligation to pay Council Tax from their 25<sup>th</sup> birthday. This will help to prepare them for becoming liable for a full Council Tax charge when they reach that milestone.

Option 3 – To implement a scheme that reduces the amount of support a care leaver receives as they approach their 25<sup>th</sup> birthday

- 8.8 This scheme would offer less support to care leavers because the amount of relief offered would reduce each year on the care leaver's birthday. 100% relief would be awarded until their 22<sup>nd</sup> birthday and would then reduce by 25% each year until their 25<sup>th</sup> birthday.
- 8.9 However, this approach is more in line with assisting care leavers to reach financial independence by gradually increasing their obligation to pay Council Tax and not introducing a full charge in one bill.
- 8.10 This scheme would result in less relief being awarded and therefore be cheaper to the Council. However, the additional administrative constraints of reviewing accounts each year on a care leaver's birthday would make it less simple to administer.

## 9 Risk Management

- 9.1 An evaluation of the risks indicates that the existing controls in place mean that no significant risks have been identified at this time.

## 10 Resource Implications

- 10.1 A scheme to provide Council Tax discounts to care leavers would be introduced using powers in section 13A of the Local Government Finance Act 1992. This is a power to award Council Tax relief at a local level and means that the total cost of relief would be met by TVBC.
- 10.2 Essentially this means that TVBC would pick up 100% of the cost of the relief, rather than the 10-11% share of the Collection Fund that applies to most other reliefs.
- 10.3 HCC are not prepared to provide budgetary support for their 'share' of the cost.
- 10.4 The following table shows an estimate of the potential cost of the recommended option. The full charge is based on the 2019/20 Council Tax charge in Andover.

	Band A / living alone	Band A / living with another adult	Band B / living alone	Band B / living with another adult
Full charge	1,126	1,126	1,314	1,314
Single Person Discount	(282)	N/A	(328)	N/A
<b>Maximum care leaver discount</b>	<b>844</b>	<b>282</b>	<b>986</b>	<b>328</b>
Assume 50% CTS	(422)	N/A	(493)	N/A
<b>Expected care leaver discount</b>	<b>422</b>	<b>282</b>	<b>493</b>	<b>328</b>

- 10.5 A Council Tax Support (CTS) assumption has been made to reflect that care leavers in work are likely to be in the early part of their career development and earning relatively low pay. The 50% figure used above is purely for illustrative purposes and should not be relied upon as a budget guide.
- 10.6 Where the care leaver is living with another adult, the discount is equal to 25% of the charge. This is equivalent to a single person discount and means that if the care leaver is living with one other person, that person is not required to pay more Council Tax than they would if they were living on their own.

10.7 Taking an average relief of £400 and multiplying by the estimated number of beneficiaries (see para 3.3), the cost to the Council is not expected to exceed £3,000.

## 11 Legal Implications

11.1 The introduction of a care leaver discount would be made using powers in Section 13A of the Local Government Finance Act 1992, which gives the Council a discretionary power to reduce the amount of Council Tax payable for a dwelling within its area by such amount as it thinks fit.

## 12 Equality Issues

12.1 An equalities impact assessment has not identified any negative impacts that will arise from the introduction of this policy.

## 13 Conclusion and reasons for recommendation

13.1 Care leavers are among the most vulnerable members of our community.

13.2 The introduction of a Council Tax discount for care leavers will help them as they move into adulthood and towards financial independence. The scheme will also demonstrate the Council's commitment to its corporate parenting responsibilities.

13.3 For these reasons, it is recommended that a Council Tax discount scheme for care leavers be introduced from April 2020.

### Background Papers (Local Government Act 1972 Section 100D)

Keep on Caring – Supporting young people from care to independence  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/535899/Care-Leaver-Strategy.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/535899/Care-Leaver-Strategy.pdf)

Joseph Rowntree Foundation Report, *Resilience and young people leaving care*  
<https://www.jrf.org.uk/sites/default/files/jrf/migrated/files/185935369x.pdf>

### Confidentiality

It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.

No of Annexes:	0	File Ref:	N/A
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