

Date of Meeting: 1<sup>st</sup> October 2019

Portfolio Holder: Cllr A Parry  
Lead member for Children, Education and Early Help

Cllr Tony Ferrari  
Lead member for Finance, Commercial and Assets

Local Member(s): All

Lead Officer: Aidan Dunn, Executive Director, Corporate Development

**Executive Summary:** In 2017 and 2018, the Corporate Parenting Board considered how to support a national campaign led by The Children's Society to exempt care leavers from council tax until the age of 25 in order to prevent debt after leaving care.

Promoting high aspirations and seeking to secure the best outcomes for looked after children and care leavers are shared principles that Corporate Parents can achieve through making the best use of services provided by the Council.

Assisting young people financially and promoting independence is no more than any good parent would do for their child.

This paper reviews the progress of the campaign across the UK, and explores the options adopted by English local authorities and suggests how Dorset Council can support young people leaving the care system in Dorset by introducing a discretionary Council Tax discount from April 2020.

**Equalities Impact Assessment:**

Not necessary as there is no identified negative, or unclear, impact on any of the protected characteristic groups

**Budget:**

The estimated cost of providing Council Tax support for care leavers is £46,472 pa.

**Risk Assessment:**

Having considered the risks associated with this decision, the level of risk has been identified as:

Current Risk: LOW

Residual Risk LOW

**Climate implications:** NA

**Other Implications:** None

**Recommendation:** That Cabinet recommends that Dorset Council agrees to exercise its discretionary powers, under Section 13A of the Local Government Finance Act 1992, to award Council Tax discounts, effective from 1 April 2020, in the following cases.

- a. That a 100% Council Tax discretionary discount be awarded in respect of those cases where the care leaver is under the age of 25 and is solely responsible for the Council Tax
- b. That where a care leaver, who is under the age of 25, lives with someone else who is responsible for the Council Tax, they are disregarded for the purposes of determining whether a 25% single person's discount applies.
- c. That support will only be provided in respect of those care leavers:
  - i. For whom Dorset Council has a corporate parenting responsibility, and
  - ii. who live in the Council's area
- d. That, in the case of (a) above that support will be automatically awarded where the care leaver is in regular contact with Childrens Services. In all other cases the Taxpayer will be required to apply for the discount or disregard.

**Reason for Recommendation:**

As a Corporate Parent, Dorset Council has a duty to apply the Corporate Parenting Principles as set out in the Children and Social Work Act 2017. Care leavers face a range of pressures when they start to live independently for the first time. This recommendation will help these care leavers manage the transition to adulthood and offer an opportunity for the council to exercise its function as a Corporate Parent.

**Background Papers:**

Claiming after care: Care leavers and the benefits system, August (2017)

A National Offer for care leavers: Preventing them from falling into financial difficulty, December (2016)

The cost of being care free: The impact of poor financial education and removal of support on care leavers, September (2016)

The Wolf at the Door: How council tax debt collection is harming children,

March (2015)

Applying Corporate Parenting Principles to Looked After Children and Care Leavers DfE (2018)

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## 1. Background

- 1.1 The Children's Society have campaigned around the issue of care leavers and council tax since 2015. The campaign is based on research which found that many care leavers fell into a pattern of debt when transitioning to adulthood. Reasons for this include:
  - a. Lack of support networks of family and friends
  - b. Lack of financial education while in care
  - c. Care leavers are more likely to be subject to benefit sanctions than other claimants
- 1.2 Care leavers are awarded council tax discounts in Scotland and Wales, and 102 English local authorities. In England, there are differences in how the discount is applied
  - a. Are care leavers exempt up until 21 or 25?
  - b. Does exemption from council tax in a local authority area apply only to care leavers from that local authority, or are all care leavers eligible?
  - c. Are care leavers exempt from payment, or do they claim a refund?
  - d. How does the policy applied to shared living?
- 1.3 Dorset Council has a corporate parenting responsibility for 225 care leavers aged between 18 and 25. Of the 130 care leavers who live in Dorset, 64 live in Weymouth and Portland. Of the 95 care leavers who live outside Dorset, or whose whereabouts is unknown, 33 live in Bournemouth, Christchurch and Poole. 66 care leavers are in full time education and exempt from council tax for the duration of their studies. 26 of these live in Dorset.
- 1.4 There are therefore 104 care leavers resident in Dorset who may be liable for council tax. We do not collect data on the amount of council tax which they pay, or on the composition of their households. 37 of these care leavers are not in employment, education or training and are likely to qualify for council tax support currently.

## 2. How exemption works

- 2.1 Under Section 13A (1c) of the Local Government Finance Act 1992, Councils have the discretion to award Council Tax discounts of up to 100% of the

amount due. Discounts can be awarded on an individual basis or in respect of a specific class of property or Council Taxpayer. The cost of any awards made is fully met by the Council.

2.2 Scotland was the first nation to agree to introduce a council tax discretionary discount for care leavers in April 2018 and was followed by Wales in April 2019. Although the two national assemblies took a lead in this, in practice the matter is devolved to local authorities and there are a variety of approaches to implementation.

2.3 In Scotland, CELCIS, the Centre for Excellence for Children's Care and Protection brought together local authorities and other stakeholders to produce best practice principles: As good corporate parents, local authorities should act on the 'assumption of entitlement' principle.

- a. Eligible young people should not have to 'apply' for or request this 'exemption'
- b. There is no legislative necessity for a young person to sign/complete a form, therefore local authorities should avoid any unnecessary paperwork to be completed by a young person
- c. Legislation does not require any evidence over and above a professional endorsement
- d. Eligible young people in contact with services are easier to identify. Additional measures should be taken to identify and notify eligible care leavers who are no longer in contact with support services, or who have moved to another local authority area

2.4 In Wales, Carmarthenshire; an area which has adopted the following approach:

- a. A Council Tax discount scheme has been introduced for care leavers at the point at which they leave care.
- b. The discount is granted to care leavers aged 18 up to their 25th birthday that are still engaged with the corporate parenting team.
- c. The amount of discount will be the care leaver's Council Tax liability after other reductions, such as a single person's discount. Therefore the amount shown on the care leaver's Council Tax bill will be covered by the discount, leaving nothing to pay.
- d. The same discount scheme will also apply where the care leaver is living with another person and is jointly responsible for paying the Council Tax bill. The entire bill, after any other reduction, will be covered by a discount.
- e. In cases where a care leaver is not liable to pay Council Tax but the person that is liable would receive the 25% single person's discount if the care leaver were not living at the property, a 25% discretionary discount will be granted to the council taxpayer.
- f. A Council Tax discount to care leavers may also be granted in circumstances where they have moved into the county having previously been looked after by a different council.
- g. The discount will be granted automatically with no application necessary and it will not depend on the care leaver's financial situation.

2.5 Various English councils have awarded discretionary discounts to care leavers through a range of approaches:

- a. Some only apply exemption to their own care leavers, others to all care leavers
- b. Some apply exemption up to age 25, others for an initial period of independent living
- c. Some automatically apply the exemption if a young person is known to the council, others require an application of some sort
- d. Some have excluded qualifying care leavers from the scheme
- e. The extent of applying the exemption when the property contains other householders varies

2.6 All local authorities seem to apply the exemption to the bill which remains after all other exemptions or support have been applied and amend this to nil.

### **3 Proposal**

3.1 There is clear evidence that care leavers are likely to struggle with their finances therefore, any assistance that can be provided will be of benefit. It is proposed that the Council introduces a Council Tax discretionary discount scheme which looks to provide the following support to care leavers in Dorset from 1 April 2020.

3.2 That a 100% Council Tax discretionary discount be awarded in respect of those cases where the care leaver is under the age of 25 and is solely responsible for the Council Tax.

3.3 That where a care leaver, who is under the age of 25, lives with someone else who is responsible for the Council Tax, they are disregarded for the purposes of determining whether a 25% single person's discount applies.

3.4 That support will only be provided in respect of those care leavers:

- a. For whom Dorset Council has a corporate parenting responsibility, and
- b. Who live in the Council's area

3.5 That, in the case of 3.2 above support will be automatically awarded where the Care Leaver is in regular contact with Dorset Children's Services. In all other cases the Council Taxpayer will be required to apply for the discount or disregard.

3.6 Many care leavers struggle financially due to the lack of support networks of family and friends and financial education whilst in care. A number of the Council's Revenues & Benefits Service have received "personal budgeting support" training to help customers who are moving onto Universal Credit. There is also an opportunity to make this support available for care leavers so

that they become better educated and able to deal with their finances in the future.

- 3.7 Not all the 104 current care leavers, mentioned above, are responsible for Council Tax. Some will already be exempt due to their circumstances (e.g. they are a student, they are severely mentally impaired, etc). Also, many care leavers currently live in either “sheltered or foyer” type accommodation they are not directly liable for Council Tax. In such cases their rent includes a small contribution towards the Council Tax and this is covered by any housing benefit payments they receive. We have identified 29 cases where the care leaver is directly responsible for Council Tax and further 30 cases where the Council Taxpayer may, potentially, be entitled to a 25% single person’s discount if the care leaver was not living with them.
- 3.8 The maximum cost to the Council, based on current levels, would be £46,472 per year. The table below provides a breakdown of this cost.

<b>Type</b>	<b>Number</b>	<b>Total cost £</b>
Care leaver is directly responsible for Council Tax	29	33,024
Cases where 25% discount may be awarded if care leaver is disregarded*	30	13,448
<b>Total</b>	<b>59</b>	<b>46,472</b>

\* This is currently the maximum number of cases where a 25% single person’s discount may be awarded.

#### **4. Decision**

That Cabinet recommends that Dorset Council agrees to exercise its discretionary powers, under Section 13A of the Local Government Finance Act 1992, to award Council Tax discounts to young people leaving care, effective from 1 April 2020.