

## **Cabinet - 18 March 2020**

### **Out of Borough Care Leavers and Council Tax**

**Portfolio:** Councillor T Wilson, Children and Young People

**Related portfolios:** None

**Service:** Children's Services

**Wards:** All

**Key decision:** No

**Forward plan:** Yes

#### **1. Aim**

- 1.1 To provide Care Leavers residing outside the Borough financial support for council tax payments until the age of 25.
- 1.2 On 7 January 2020 the Corporate Parenting Board recommended that
  - That Walsall Council matches the exemption of council tax for its care leavers, up to the age of 25, irrespective of where the individual resides; and
  - That a detailed and fully costed report be submitted to Cabinet at the earliest opportunity for determination.
- 1.3 To ensure that the transition from care to adult life is as smooth as possible, and to mitigate the chances of care leavers falling into debt as they begin to manage their own finances. Care Leavers residing in Walsall are exempted from paying Council Tax until they reach the age of 25 years. This relief currently does not extend to care leavers living outside Walsall.

#### **2. Summary**

- 2.1 The Government Strategy Keep on Caring – supporting young people from care to independence (July 2016) confirms that corporate parenting is a corporate responsibility across the whole local authority and all the services provided by the Council, not just the Children's Services department. The strategy recommends that local authorities consider discounts and exemptions from council tax for care leavers as a way of providing financial support and assisting them with establishing independence and stability in their home lives.
- 2.2 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, and some Local Authorities have extended this exemption to care leavers living outside of their borders.

### **3. Recommendations**

- 3.1 Walsall Council matches the exemption for council tax relief to those care leavers residing outside of the Borough until they are aged 25 from 1<sup>st</sup> April 2020.

### **4. Report detail - know**

#### ***Context***

- 4.1 Children in care and care leavers are some of the most vulnerable members of our society and national evidence indicates that far too often their life chances are significantly poorer than for their peers who are raised within a birth family. Like any parent, our responsibility is not just to ensure the safety and wellbeing of the children during their childhood but also extends to preparing them for a happy, healthy and successful life as an adult , and this means providing support beyond the age of 18 when they legally become an adult.
- 4.2 The Government's care leavers strategy, "Keep on Caring - supporting young people from care to independence", (published in July 2016) encourages 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'. The strategy recommends that local authorities consider discounts and exemptions from council tax for care leavers as a way of providing financial support and assisting them with establishing stability in their home lives using the powers already at their disposal.
- 4.2 The local authority has statutory corporate parenting responsibilities towards young people who have left care up until the age of 25.
- 4.3 Councils have the power to introduce exemptions on council tax for certain groups under Section 13A (1), (2) and (3) of the Local Government Finance Act 1992., which means they are discretionary local reliefs which must be paid fully by the local authority. Care leavers residing in Walsall are already exempted from paying Council Tax up to the age 25 years of age. Walsall Council also exempt care leavers living with spouses and partners at 100% of their council tax bill.
- 4.4 However, this relief does not extend to Walsall care leavers living outside Walsall. 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. 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. Very often this is at a much younger age than their peers.
- 4.5 In 2016, the Wolf at the Door report by The Children's Society found that when care leavers move into independent accommodation they begin to manage their own budget fully for the first time. The report showed that care leavers can find this extremely challenging and with no family to support them and insufficient financial

education, are falling into debt and financial difficulty. Research from The Centre for Social Justice found that over half (57%) of young people leaving care have difficulty managing their money and avoiding debt when leaving care.

4.6 Most care leavers living outside of the Borough will qualify for a discount towards their council tax bill. A full council tax bill is based on at least 2 adults living in a home. Spouses and partners who live together are jointly responsible for paying the bill.

- Care leavers may qualify for a 25% discount as “adults” if they live on their own.
- Care leavers in full time education and if they are living in a household where everyone, including the care leaver is a full-time student will be eligible for 100% discount.
- Care leavers in receipt of benefits or on low income may have their bill reduced by up to 100%. However, the level of discount would depend on each Council’s scheme.

4.7 For the purposes of council tax billing these people are not counted as adults and the discounts will apply to many care leavers:

- children under 18
- people on some apprentice schemes
- 18 and 19-year-olds in full-time education
- full-time college and university students
- young people under 25 who get funding from the Skills Funding Agency or Young People’s Learning Agency
- student nurses
- foreign language assistants registered with the British Council
- people with a severe mental impairment
- live-in carers who look after someone who isn’t their partner, spouse, or child under 18
- diplomats

4.8 It is proposed that this relief applies to Care Leavers who are defined as being “former relevant” under the Children Act 1989 and up to the age of 25. Former relevant young people have been looked after for a period of 13 weeks after reaching the age of 14 and / or remained looked after until the age of 18.

4.10 The scoping exercise has mapped the potential cost over a five year period on the basis that we would expect to have young people employment which increases the liability to pay 75% of the tax.

This is set out in the financial implications in 4.14.

### ***Council Corporate Plan priorities***

4.11 Children have the best possible start and are safe from harm, happy, healthy and learning well.

- 4.12 People have increased independence, improved health and can positively contribute to their communities.

### ***Risk management***

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

The liability will increase if any of the following factors increase

- Number of care leavers residing out of borough
- Number of care leaver increases
- Increased number of care leavers living independently and in employment

### ***Financial implications***

- 4.14 The estimated cost of funding council tax for out of borough care leavers in 2020/21 is £43k. There is no identified funding therefore a decision is required around the approach. Modelling of potential costs show a potential increase from £43k in 2020/21 to £145k by 2023/24. Future years' costs will continue to be reviewed.

The table below sets out the estimated cost of funding council tax for care leavers outside of the borough for 2020/21 to 2023/24.

	2020/21	2021/22	2022/23	2023/24
	£	£	£	£
% of Care Leavers Liable to pay council Tax	25%	33%	64%	59%
Cost of Council Tax liable to pay 75%	32,880	53,700	110,963	130,181
NEET Young People liable to pay 25%	10,387	12,091	12,289	14,466
<b>Total Council Tax Liability</b>	<b>43,267</b>	<b>65,791</b>	<b>123,252</b>	<b>144,647</b>

The costings in the table above are based on the following assumptions:

- Modelling has been completed based on current care leavers and predicted future demand. This new demand has been anticipated in line with the MTFO predictions of 30 new care leavers equating to 17 within OOB
- 43% of total care leavers are living outside of the borough
- 16% are currently employed and living independently therefore are liable to pay council tax at an average rate of 75%
- 84% are either NEET or not living independently and are liable to pay council tax at an average rate of 25%
- It is projected that the 16% of care leavers currently employed and living independently will increase year on year estimated on a care leaver by care leaver basis on the current cohort as they leave education, supported living and staying put arrangements therefore increasing the liability to pay council tax

### ***Legal implications***

- 4.15 The Children Act 1989, The Children (Leaving Care) Act 2000; Children and Social Work Act 2017 and other statutory guidance that sets out the responsibilities of the local authority in respect of cared for children and care leavers.
- 4.16 Children and Social Work Act 2017 contains new duties in relation to care leavers and extends some duties to 25 years. It also sets out seven corporate parenting principles that local authorities must have regard to when exercising their functions in relation to looked after children and young people, as follows:
1. to act in the best interests, and promote the physical and mental health and well-being, of those children and young people;
  2. to encourage those children and young people to express their views, wishes and feelings;
  3. to take into account the views, wishes and feelings of those children and young people;
  4. to help those children and young people gain access to, and make the best use of, services provided by the local authority and its relevant partners;
  5. to promote high aspirations, and seek to secure the best outcomes, for those children and young people;
  6. for those children and young people to be safe, and for stability in their home lives, relationships and education or work; and;
  7. to prepare those children and young people for adulthood and independent living.
- 4.17 Under Section 13A(1), (2) and (3) of the Local Government Finance Act 1992 the Council has the power to reduce (or further reduce) liability for council tax for a chargeable dwelling for a specified period of time in any case as the local authority for the area in which the dwelling is situated thinks fit. Subsection (2) confirms that such reduction includes the power to reduce the liability to nil. Subsection (3) confirms that the power may be exercised in relation to a particular case or by determining a class of cases

#### ***Procurement Implications/Social Value***

- 4.18 There are no procurement implications arising out of this report. Supporting care leavers to achieve successful independent lives provides significant value to the individuals, wider society and the public purse.

#### ***Property implications***

- 4.19 There are no property implications arising out of this report.

#### ***Health and wellbeing implications***

- 4.20 The introduction of the care leavers council tax policy will help improve the emotional and physical health of care experienced young people and contribute to the achievement of the best outcomes for this cohort.

#### ***Staffing implications***

- 4.21 There are no staffing implications arising out of this report.

## ***Reducing Inequalities***

- 4.22 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. The proposals will also have the impact of reducing the inequalities between young people who have experience of being in care and those who do not, as national evidence indicates that far too often their life chances are significantly poorer than for their peers who are raised within a birth family.
- 4.23 The financial relief of council tax extended to all Walsall care leavers will impact positively as the removal of this payment will improve their ability to manage their finances and thus reduce barriers that exist.

## ***Consultation***

- 4.24 The local offer consultation undertaken in 2018 identified that care leavers living outside the Borough asked that there is consideration for them to have access to the same entitlements.

The Corporate Parenting Board has considered this matter on two occasions, February 2019 and January 2020.

## **5. Decide**

- 5.1 On 7 January 2020, the Corporate Parenting Board made the following recommendation:-
- That Walsall Council matches the exemption of council tax for its care leavers, up to the age of 25, irrespective of where the individual resides.

## **6. Respond**

- 6.1 To implement this relief Children's Services will establish procedure and pathway to enable Care Leavers to apply for the relief which will be approved by the Directorate Management Team.
- 6.2 Care Leavers living outside of the Borough will be formally notified of their entitlement by the Transition and Leaving Care Service.

## **7. Review**

- 7.1 An annual review would need to be undertaken to inform the budget setting each year for care leavers.
- 7.2 Care Leavers and children in care are involved in the review of their care and pathway plans every six months and where it is appropriate to do so every opportunity is taken to consider whether returning to live in Walsall is an option, particularly where their family and wider connections remain in the Borough and where local services and resources can be drawn upon to strengthen the support they require.

## Background papers

1. Corporate Parenting Board 7 January 2020: Council Tax Report and Decision.
2. <https://www.childrenssociety.org.uk/sites/default/files/campaign/fairer-start-for-care-leavers-briefing-for-councillors.pdf>

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18 March 2020



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18 March 2020