

Summary Sheet

Council Report

Title:

Discretionary Council Tax Discount for Care Leavers

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report

Ian Thomas – Strategic Director

Report Author(s)

Ian Walker – Head of Service, Looked After Children

Ward(s) Affected

All

Summary

The Council has the discretion to reduce the Council Tax liability for individuals or prescribed groups. The Council exercises this discretion in accordance with section 13A of the Local Government Finance Act 1992, in respect of local Council Tax support and for ad hoc cases of extreme financial hardship.

It is proposed that the Council exercise its discretionary powers to award a 100% discount for Rotherham's care leavers aged between 18 and 21 years residing within the Borough boundaries. It is further proposed that a 100% discount is made available for care leavers up to the age of 25 and in full-time Higher Education who are resident in the Rotherham area or have dual residency and are liable for Council Tax to Rotherham Council.

Finally it is proposed that those eligible care leavers who reside outside of the Rotherham area receive a full reimbursement from the Leaving Care budget.

The rationale for supporting care leavers in this way is to help them make an effective social and financial transition from Local Authority care and, ultimately, to help to improve the life chances of looked after children.

Recommendations

DLT is recommended to approve the request of the Council to exercise its discretionary powers to award a 100% discount for Rotherham care leavers between the ages of 18 and 21 (and up to 25 for those care leavers in full-time Higher Education) residing in the borough based on the principles set out in this report and

that those care leavers from Rotherham living outside of the Borough receive a full reimbursement of those costs.

List of Appendices Included

None

Background Papers

None

Consideration by any other Council Committee, Scrutiny or Advisory Panel

This proposal will also need to be considered by SLT, the Corporate Parenting Panel and Cabinet.

Council Approval Required

Yes

Exempt from the Press and Public

No

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Title: Discretionary Council Tax Discount for Care Leavers

1. Recommendations

- 1.1 DLT is recommended to approve the request of the Council to exercise its discretionary powers to award a 100% Council Tax discount for Rotherham care leavers between the ages of 18 and 21 (and up to 25 for those care leavers in full-time Higher Education) residing in the borough based on the principles set out in this report and that those care leavers from Rotherham living outside of the Borough receive a full reimbursement of those costs.

2. Background

- 2.1 The Council has the discretion to reduce the Council Tax liability for individuals or prescribed groups. The Council exercises this discretion in accordance with section 13A of the Local Government Finance Act 1992, in respect of local Council Tax support and for ad hoc cases of extreme financial hardship.
- 2.2 Some Councils use Section 13A discretion to prescribe Council Tax reductions for certain classes of tax payer. One such class is care leavers and several local authorities already offer this level of additional support to their care leavers. Councils can provide up to 100% discounts for their residents for whom the respective council has previously held corporate parenting responsibility. Where a care leaver moves from Local Authority care into private or social accommodation, and where the care leaver is liable to pay Council Tax at the new property, the Council can provide up to a 100% discount through the application of section 13A discretion. The period for which the exemption applies is at the discretion of the Council.
- 2.3 The Children's Society has been lobbying councils in relation to this following a report that suggested that care leavers are a particularly vulnerable group for Council Tax debt. It found that, when care leavers move into independent accommodation and begin to manage their own budget fully for the first time it can often be a challenging time for them, particularly if they are falling behind on their Council Tax. The rationale for supporting care leavers in this way is to help to support them in making an effective social and financial transition from Local Authority care to independence. Ultimately, this is to help to improve the life chances of looked after children – principles clearly consistent with the Council's Corporate Parenting objectives and responsibilities.
- 2.4 The government has set out its intentions in the 'Keep on Caring' paper published in July 2016 to extend existing entitlements to care leavers up to the age of 25. Although this hasn't been fully implemented yet, and there is no clarity on the exact expectations, some local authorities that have introduced Council Tax exemption for care leavers have done so for care leavers until their 25th birthday for those care leavers in Higher Education. These local authorities include Wolverhampton, Birmingham, Coventry, Rochdale, Cheshire East and Islington. As a result Rotherham has the opportunity to be an early adopter of this scheme.

3. Key Issues

3.1 It is proposed that the Council exercise its discretionary powers to award a 100% Council Tax discount for Rotherham care leavers residing in the Borough and reimburse the full costs for those care leavers living out of Borough. The principles of the proposed scheme are as follows:-

- The young person is a care leaver and is between the ages of 18 and 21 or 25 if in full-time Higher Education, and is not exempt on any other basis.
- Where a Rotherham care leaver moves out of the Local Authority area the discount can be reclaimed should they return before their 21st birthday otherwise they will be supported to be reimbursed these monies via the Leaving Care Service budget.
- Where a Rotherham care leaver not in Higher Education is between the age of 21 and 25 and does not qualify for a discount on some other basis they can also apply for an exemption if suffering financial hardship.

3.2 The exemption will operate as follows:

- The discount will apply to residents for whom Rotherham Council held corporate parenting responsibility at the point at which the young person left care.
- The care leaver resides, and is liable to pay Council Tax, in Rotherham.
- Where the care leaver resides outside of the Borough they will have to pay the amount of Council Tax due but will be eligible to a full reimbursement from the Leaving Care Team budget.
- The level of discount applied will be 100% of residual Council Tax liability after taking account of any other discounts/exemptions to which the resident may be entitled.
- Where a care leaver is jointly liable with other tax payers, the discount will be applied to the household and so non care leavers may benefit inadvertently.
- The discount would be awarded against any Council Tax liability arising from 1st April 2017 and the council will have the discretion to backdate any future awards to 1st April 2017.
- The discount will not be means tested or responsive to the individual circumstances of the care leaver if s/he is between the ages of 18 to 21(25 if in full-time Higher Education).
- For those Rotherham care leavers not in Higher Education and aged 21-25, resident in the Borough who do not qualify for a discount on

some other basis, the application for discount will be considered on an individual basis.

3.3 The scheme will be administrated by the Council's Revenues, Benefits and Payments section.

3.4 It is proposed that the impact of this discount is reviewed within the first six months of operation and any proposed changes to the arrangements will be subject to a future Cabinet or Cabinet Member decision making process.

4. Options considered and recommended proposal

4.1 There are no alternative options being considered and the recommendation is that all care leavers up to the age of 21 (25 if in full-time Higher Education) are given an exemption from Council Tax in line with the legislation if resident in the Borough or receive a full reimbursement if residing elsewhere. For those care leavers aged 21-25 and not in full-time education this discount will be considered on an individual basis.

5. Consultation

5.1 No direct consultation has been undertaken in respect of the proposed implementation of this scheme although the Children's Society has been lobbying Councils in relation to this.

6. Timetable and Accountability for Implementing this Decision

6.1 It is proposed that, if approved, the Council Tax discount for care leavers will be implemented from the beginning of the financial year 2017/18 and, as a result, any Council Tax payments made by eligible care leavers from the 1st April 2017 will have to be reimbursed to them.

7. Financial and Procurement Implications

7.1 The financial implications arising from this proposal will vary depending on the exact offer agreed and the numbers of care leavers in scope although there may be problems in identifying a number of the care leavers who may be entitled to the discount. The process for waiving the Council Tax for residents in the Borough is comparatively straightforward in that can be addressed at source once those care leavers entitled to the discount have been identified. However, for those care leavers residing outside of the Borough, there will have to be arrangements in place for them to be paid a re-imburement from the Children's Services Leaving Care budget. Depending on the financial impact over the course of 2017/18 the budget may have to be reviewed for future years.

7.2 As of 4th April 2017, there were 136 care leavers in the 18-21 age bracket (18-25 if in full time education), and 91 of them resided in Rotherham. 31 of these had a Council Tax liability. The cost of providing a discount for these individuals is estimated to be £9,000 per annum. It should be noted

that this figure is subject to change dependent upon the number of care leavers identified each year. These figures are based on those care leavers we have been currently able to identify as being eligible for the scheme and there is a small risk that the costs could be higher than this estimation although the difference is unlikely to be significant. This local discount scheme will be funded through the existing general fund by effectively reducing the Tax Base.

- 7.3 Of those living out of the Rotherham area (45) 14 are living independently. The approximate cost to these care leavers liable to pay Council Tax is £4,000. This will be funded through the Leaving Care budget in Children's Services.
- 7.4 The additional cost of awarding discretion in cases of financial hardship for the 21-25 year old cohort that are not in full time education is difficult to forecast. Based on the experiences of other local authorities that have implemented a similar scheme it is not envisaged that this will create a significant pressure on existing budgets within Children's Services.
- 7.5 The total cost to the Council would therefore be approximately £20,000 per annum. This cost will be offset by a reduction in emergency payments to care leavers in crisis. There will also be a further reduction in their dependency on other Council services.

8. Legal Implications

- 8.1 Section 13A of the Local Government Finance Act allows councils in England to reduce liability for Council Tax in two circumstances:
 - Section 13A (1) (a) allows the Council Tax for any dwelling to be reduced in accordance with the Council's Council Tax Reduction Scheme which councils are under a duty to have (as set out in section 13 A (2)). Schedule 1A and supporting regulations set out more provisions in respect of these schemes, including a duty to consult on the scheme or any changes and to have any changes in place by 31 January in the financial year before the Scheme takes effect.
 - (b) Section 13A (1)(c) gives all councils a power to reduce liability in cases where they think fit, even if liability has already been reduced under Section 13A(1)(a) (and the Council Tax Reduction Scheme detailed above, must include details of how to apply for this discount.)
- 8.2 The discount that is proposed would be implemented under Section 13A (1) (c).
- 8.3 The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 at paragraph 9 of Schedule 7 allows an application to an authority for a reduction under Section 13A (1) (c) to be made in writing, by means of an electronic communication or, where the authority has published a telephone number for the purpose of receiving such applications, by telephone. As stated above, Schedule 1A of the Local Government Finance Act 1992 requires that the Council Tax

Reduction Scheme of the local authority includes information about how an application under Section 13A (1) (c) can be made. The Council's currently published scheme includes this information.

- 8.4 The proposal to reduce care leavers' liability to Council Tax can therefore be implemented under Section 13 (1) (c) using the Council's power to make discretionary reductions in Council Tax in cases where it is considered appropriate.

9. Human Resources Implications

- 9.1 There are no Human Resources implications arising out of this proposal.

10. Implications for Children and Young People and Vulnerable Adults

- 10.1 This directly supports the Council's key objectives of supporting people to lead independent lives, and ensuring that children and young people are safe and make a positive contribution.

11. Equalities and Human Rights Implications

- 11.1 This proposal is intended to enhance the equality and Human Rights of care leavers.

12. Implications for Partners and Other Directorates

- 12.1 The proposal contained in this report will support the drive of the Council to become a Child Centred Borough.

13. Risks and Mitigation

- 13.1 There will be a risk presented to the budget of the leaving Care service arising from proposal to reimburse those care leavers residing outside of the Borough. This does look to be manageable on current projections but the overall budget allocated to the Service may need some review if the impact increases to a significant degree.

14. Accountable Officer(s)

Ian Walker, Head of Service

Approvals Obtained from:-

Strategic Director of Finance and Corporate Services:-

Mick Wildman, Finance Manager, CYPS Finance Business Partnering

Rob Cutts, Service and Development Manager, Revenues, Benefits and Payments

Director of Legal Services:- Neil Concannon

Head of Procurement (if appropriate):- N/a

Name and Job Title.

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