

## **Summary Sheet**

### **Cabinet and Commissioner's Decision Making Meeting – 11 September 2017**

**Title:**

Council Tax Discount for Care Leavers

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

Yes

**Strategic Director Approving Submission of the Report**

Judith Badger – Strategic Director Finance and Customer Services

**Report Author(s)**

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**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 the local Council Tax Reduction scheme, for ad hoc cases of extreme financial hardship or by determining a class of case for which the charge should be reduced.

It is proposed that the Council exercise its discretionary powers to award a 100% Council Tax discount for all Rotherham's care leavers aged between 18 and 21 years and up to the age of 25 for those in full-time education who reside within the Borough boundaries and are liable for Council Tax. It is further proposed that the Council Tax owed by eligible care leavers who reside outside of the Rotherham area is paid by Rotherham Council.

This proposal has been developed to help improve the life chances of looked after children and support care leavers in making an effective social and financial transition from Local Authority care to independent living.

It is proposed that the discount is awarded as part of the Council Tax Reduction scheme. However, changes to the scheme can only be implemented from 1 April 2018, following a review and public consultation and it is therefore proposed that a local discount be awarded under Section 13A (1)(c) for the period from the relevant

date at the end of the formal call in period following decision (likely to be 22<sup>nd</sup> September) for the period to 31 March 2018.

### **Recommendations**

1. That a 100% Council Tax discount be awarded for Council Tax liability arising from the relevant date at the end of the formal call in period following decision for the period to 31 March 2018, under Section 13A (1)(c), to Rotherham care leavers between the ages of 18 to 21 and up to the age of 25 for care leavers in full-time education, who reside in the borough based on the principles set out in this report.
2. That for those care leavers from Rotherham living outside of the Borough, Rotherham Council will pay 100% of Council Tax liability arising from the relevant date at the end of the formal call in period following decision based on the principles set out in this report.
3. That a full review of the Council Tax Reduction scheme be undertaken, including public consultation, to consider potential changes to the scheme for 2018 including the incorporation of the care leavers discount into the scheme.

### **List of Appendices Included**

None

### **Background Papers**

Corporate Parenting Panel paper "Discretionary Council Tax Discount for Care Leavers"

### **Consideration by any other Council Committee, Scrutiny or Advisory Panel**

None

### **Council Approval Required**

No

### **Exempt from the Press and Public**

No

## **Title: Council Tax Discount for Care Leavers**

### **1. Recommendations**

- 1.1 That a 100% Council Tax discount be awarded for Council Tax liability arising from the relevant date at the end of the formal call in period following decision for the period to 31 March 2018, under Section 13A (1)(c), to Rotherham care leavers between the ages of 18 to 21 and up to the age of 25 for care leavers in full-time education, who reside in the borough based on the principles set out in this report.
- 1.2 That for those care leavers from Rotherham living outside of the Borough, Rotherham Council will pay 100% of Council Tax liability arising from the relevant date at the end of the formal call in period following decision based on the principles set out in this report.
- 1.3 That a full review of the Council Tax Reduction scheme be undertaken, including public consultation, to consider potential changes to the scheme for 2018 including the incorporation of the care leavers discount into the scheme.

### **2. Background**

- 2.1 Section 13A of the Local Government Finance Act 1992 gives Councils the discretion to reduce the Council Tax liability for individuals or prescribed groups. Rotherham Council exercises this discretion in respect of the local Council Tax Reduction scheme, for ad hoc cases of extreme financial hardship or by determining a class of case for which the charge should be reduced.
- 2.2 The Section 13A discretion has been used by several councils to prescribe Council Tax reductions of up to 100% for care leavers as a means of offering this level of additional support to their care leavers for whom they previously held corporate parenting responsibility. The Section 13A discretion has been used 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 period for which the exemption applies is at the discretion of the Council.
- 2.3 Following a report that suggested that care leavers are a particularly vulnerable group for Council Tax debt the Children's Society has been lobbying councils in relation to the support with Council Tax costs provided to care leavers. The report found that for it can be challenging for care leavers when moving into independent accommodation and beginning to manage their own budget fully for the first time and that falling behind with their Council Tax payments is a particular problem. 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 until their 25th birthday for those care leavers in full-time education. These local authorities include Wolverhampton, Birmingham, Coventry, Rochdale, Cheshire East and Islington. As a result of this Rotherham has the opportunity to be an early adopter of this scheme.
- 2.5 The Council proposes to include this support for care leavers within its Council Tax Reduction Scheme, however regulations require that changes to the scheme can only be implemented following a review and public consultation. Any changes to the Council Tax Reduction Scheme must have full Council approval by 31 January in the financial year before the Scheme takes effect. It is therefore proposed that for the period from the relevant date at the end of the formal call in period following decision (likely to be 22<sup>nd</sup> September) for the period to 31 March 2018 a local discount is awarded under Section 13A (1)(c), which gives all councils a general power to reduce liability in cases where they think fit. A more general review of Rotherham's Council Tax Reduction scheme is currently planned and it is proposed that the support for the Council's care leavers is included with any other changes to the scheme arising from this review, with effect from 1 April 2018.

### **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 make payment of the Council Tax costs for those care leavers living out of Borough.
- 3.2 The discount will operate as follows:
- The discount will apply to care leavers between the ages of 18 and 21 or 25 if in full-time education for whom Rotherham Council held corporate parenting responsibility at the point at which the young person left care.
  - Where the care leaver resides and is liable to pay Council Tax in Rotherham, the level of discount applied will be 100% of the residual Council Tax liability after taking account of any other discounts/exemptions to which the care leaver may be entitled.
  - Where the care leaver resides outside of the Borough and is liable to pay Council Tax, Rotherham Council will pay 100% of the residual Council Tax liability after taking account of any other discounts/exemptions to which the care leaver 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 the relevant date at the end of the formal call in period following decision.
- The discount will not be means tested or responsive to the individual circumstances of the care leaver if they are between the ages of 18 to 21 or 25 if in full-time education.
- Rotherham care leavers not in full-time education between the age of 21 and 25 who are suffering financial hardship can apply for Council Tax Reduction or for Council Tax discretionary relief which will be subject to a means test.

3.3 It is currently proposed that a local discount be awarded under Section 13A (1)(c) for the period from the relevant date at the end of the formal call in period following decision (likely to be 22<sup>nd</sup> September) for the period to 31 March 2018. Going forward it is intended that the discount is awarded as part of the Council Tax Reduction scheme under Section 13A (1)(a). However, changes to the Council Tax Reduction scheme can only be implemented from 1 April 2018 following a review and public consultation.

3.4 The scheme will be administered by the Council's Benefits Assessment section with the assistance of Children's and Young People's Services (CYPS).

#### **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 or 25 if in full-time education are given a 100% Council Tax discount.

#### **5. Consultation**

5.1 CYPS have been involved in the development of this proposed discount. No external 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 the Council Tax discount for care leavers will be implemented from the date of decision as a local discount under Section 13A (1)(c). This will cover the period from the relevant date at the end of the formal call in period following decision for the period to 31 March 2018. Following a review of the Council Tax Reduction scheme and public consultation the care leavers discount would be incorporated into the Council Tax Reduction scheme with effect from 1 April 2018. Changes to the Council Tax Reduction scheme must be subject to public consultation and approved by Full Council by 31 January 2018.

## **7. Financial and Procurement Implications**

- 7.1 Rotherham's Children's and Young People's Services directorate are supportive of the proposals. As of 4 April 2017, there were 136 care leavers age 18-21 or 18-25 in full-time education. 91 of them resided in Rotherham of which 31 had a Council Tax liability. The cost of providing a discount for these individuals is estimated to be £9,000 per annum (£4,500 in 2017/18). It should be noted that this figure is subject to change dependent upon the number of care leavers identified each year and their individual circumstances. Care leavers are often not liable to pay Council Tax such as Students or they may reside in a house in multiple-occupation where the landlord is liable.
- 7.2 There are 45 care leavers living out of the Rotherham area of which 14 are living independently. The approximate cost of these care leavers' Council Tax is liability £4,000 per annum which it is proposed Rotherham Council will meet (£2,000 in 2017/18).
- 7.3 The additional cost of awarding discretionary relief in cases of financial hardship for the 21-25 year old cohort that are not in full-time education is difficult to forecast.
- 7.4 The total cost to the Council would therefore be approximately £13,000 per annum which will be managed within the overall Council Tax Reduction scheme budgets. This cost may be offset by a reduction in emergency payments to care leavers in crisis and there may 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.
  - Section 13A (1)(c) gives all councils a general power to reduce liability in cases where they think fit, even if liability has already been reduced under Section 13A(1)(a)
- 8.2 The discount that is proposed would be initially implemented under:
- Section 13A (1)(c) for the period from the relevant date at the end of the formal call in period following decision for the period to 31 March 2018 as a local discount; then
  - Section 13A (1)(a) from 1 April 2018 as part of the Council Tax Reduction Scheme.

8.3 Changes to the Council Tax Reduction scheme must be subject to public consultation and be approved by full Council by 31 January 2018.

8.4 Payments to care leavers liable to pay Council Tax outside the Borough would be made under section 23C of the Children Act 1989 [Continuing functions in respect of former relevant children].

## **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 The total cost to the Council is estimated to be approximately £13,000 per annum however it should be noted that this figure is subject to change dependent upon the number of care leavers identified each year and their individual circumstances.

## **14. Accountable Officer(s)**

Approvals Obtained from:-

Judith Badger, Strategic Director, Finance and Customer Services  
Dermot Pearson, Assistant Director, Legal Services  
Head of Procurement - Not Applicable

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

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