

Report of the Strategic Director to the meeting of the Corporate Parenting Panel to be held on 13th September 2017.

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Subject: Council Tax Exemptions for Bradford Care Leavers

Summary statement:

The City of Bradford Metropolitan District Council has received a letter from the Children's Commissioner, Anne Longfield, regarding the experience of Care Leavers who become eligible to pay Council Tax. The Children's Commissioner has challenged all Local Authorities in relation to their Corporate Parenting duty to Care Leavers living within their area and asked that they consider using their powers to exempt Care Leavers from paying individual Council Tax contributions.

This report sets out Bradford's response and proposals to this challenge.

Jim Hopkinson
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(Children's Social Care)

Portfolio:
Children's Services

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Overview & Scrutiny Area:
Children's Services

1. SUMMARY

- 1.1 Bradford Council has the power to reduce Council Tax payable, beyond those standard reductions prescribed in legislation. Section 13A of the Local Government and Finance Act (LGFA) 1992 covers both the Council Tax Reduction scheme for low income households and a wider discretionary power.
- 1.2 The discretionary power allows the authority to reduce Council Tax and includes the power to reduce the Council Tax bill to zero. The law states that the power can be used for individual particular cases or a 'class of cases'. The Council, therefore, has the legal powers to provide additional discretionary support to care leavers and others under Section 13A(1)(c).
- 1.3 Following publication of a report from the Children's Society on care leaver poverty, ("The Wolf at the Door; How Council Tax debt collection is harming children" – March 2015) and a letter to all Chief Executives (Appendix 1) there is national impetus for Local Authorities to review and consider their corporate parenting duties and powers to consider exemptions for particular care leavers from Council Tax contributions.
- 1.4 Bradford is working closely with the National Care Leavers Benchmarking Forum (NCLBF) who report that some 11 Authorities currently have schemes to exempt care leavers from Council Tax as part of a corporate parenting offer. Schemes are at varying levels – up to age 21 or 25 and some have eligibility criteria built into that scheme. Bradford has studied in depth 3 schemes (Rochdale, Cheshire East and Leeds) in order to assist the Through Care Service in creating a bespoke offer for Bradford care leavers.
- 1.5 In consideration of the Bradford 'offer' the Council has to consider carefully the impact of the predicted reduction in Council Tax revenue verses the positive impact this will have for care leavers and the further enhanced reputation for Bradford Council who are already known to be proactive in delivering their corporate parenting responsibilities.
- 1.6 Thought has also been given to the impact that Bradford, as a corporate parent, will be giving to our young people by supporting and promoting the transition to adulthood and independence as well as continuing to promote the responsibilities that each individual has. This needs to be set in the context that there is strong research evidence that many care leavers do and are more likely to live in poverty. *'The Government needs to take such additional steps as exempting care leavers from paying council tax until they turn 25, to make sure they do not fall into debt.'* (A Fairer Start – Childrens Society September 2016).

2. BACKGROUND

- 2.1 In Bradford, the current year's data indicates a total of 231 care leavers aged 18 to 21 of which 38 are in employment or apprenticeships and their circumstances are such as they are potentially responsible for 100% of Council Tax payments.

Of these, the breakdown of living arrangements is as follows:

Independent Tenancy -16

Ordinary Lodgings - 5

Other arrangements - 6

Parental Home (or person with PR) - 5

Returned To Live With Relatives (not Staying Put) -5

Semi-Independent Accommodation/ Supported Tenancy (Leaving Care Only)-5

Staying Put with former foster carer (Leaving Care only) - 5

- 2.2 At a minimum, the number living independently could be 16 and at a maximum 24 (including other and semi-independent accommodation). This range of young people would be liable to Council Tax as householders – the others are living in arrangements where they are not the householder (e.g. at home with parent, in lodging arrangements or Staying Put).

3. OTHER CONSIDERATIONS

- 3.1 Staying Put Scheme estimates that 11 of their Staying Put providers (i.e. former foster carers) have lost their 25% single occupier reduction through continuing to provide accommodation to their former foster child post 18 irrespective of their EET status. It may seem reasonable to consider the position of Staying Put Providers in looking at a corporate parenting approach to Council Tax exemptions.

4. FINANCIAL & RESOURCE APPRAISAL

- 4.1 Bradford Council Tax Band A is currently £979.80 pa.
Assuming care leavers living in properties at Band A, the figures above suggest that the number of care leavers living independently and liable to full council tax could cost the Council between £ 15,677 pa and £23,515 pa if granted full exemption and the scheme ended at age 21.
- 4.2 Bradford Council Tax Bands (Band A to Band F) range from £979.80 pa to £2,122.97 pa. Assuming the mid point Band C (£1,306.41) for Staying Put Providers, the cost of exempting those losing the 25% single occupier reduction could be in the region of an additional £3,593 pa.
- 4.3 The potential reduction of income due to Council Tax exemption for Bradford care leavers living within the Bradford district would be at a maximum level of approximately £27,000.
- 4.4 The current cumulative debt following a piece of work with the Council Tax Department highlights a figure of approximately £27,600 across young people currently required to pay Council Tax.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES/ LEGAL APPRAISAL

- 5.1 The Council has a legal obligation if proposals are part of the budget to consult members of the public, it is proposed by the Through Care service that the consultation process be completed within the National Care Leavers Week, October 23rd to 27th in order to optimise public opinion and positivity this week generates.

6. OTHER IMPLICATIONS

None.

7. OPTIONS

7.1 The options are as follows and have taken into consideration financial commitment to the Council as well as other models being implemented nationally.

1. **To do nothing** – Young People eligible for Council Tax continue to be responsible for their payments. This is not in line with the recommendation and challenge all Local Authorities have received from Anne Longfield, Childrens Commissioner for England. Many care leavers do fall into the poverty trap, particularly those who are starting out in low paid work and or apprenticeships who as a result of no longer being reliant on benefits find themselves eligible for the whole amount of their Council Tax contributions.
2. **To establish an eligibility criteria for Council Tax exemptions.** A number of Local Authorities have developed an eligibility criteria, for example exempting only care leavers undertaking apprenticeships. The positives of this option are that this would incentivise apprenticeships, which links into other corporate parenting business through the apprenticeship levy. However, there would be negatives for example in the potential complexity of administering such a system, young people are transient setting up systems and process across two key departments in the Council would not be cost effective for the small saving it would give.
3. **To exempt all care leavers up to 21.** This is the preferred option based on the predicted financial costs detailed above. Administering this option would be relatively simple and use systems that have already been established in Bradford. Information would be shared from the Through Care Service on a rolling basis as young people have their 18th birthday and, therefore, become eligible for Council tax payments. The exemption would follow the young person until they are 21, providing they continue to live in the Bradford area. It is recommended that the exemption should continue until the 31st March following the 21st birthday of the care leaver, unless they were to have a change in circumstances before then, such as for example becoming not liable to pay Council Tax.

The cost to the Council is comparatively small against the positive message that this will generate to Bradford Care leavers as well as the enhanced national recognition Bradford can expect to gain in how the Council chooses to exercise its corporate parenting powers and duties to all Bradford care leavers up to 21. This system will incentivise our care leavers to enter the labour market or access apprenticeships, as well as protecting our more vulnerable care leavers who are in receipt of DWP benefits and those at risk of falling into poverty.

8. RECOMMENDATIONS

The views of the Corporate Parenting Panel on the options set out above are requested in principle and that the Executive are asked to incorporate this in the budget planning for 2018/19 with a view to implement any exemption from 1/4/18.

9. APPENDICES

Appendix 1 - Letter from Anne Longfield – 12th July 2017

Appendix 1 - LETTER FROM ANNE LONGFIELD

From: "PICKARD, Kelly - Children's Commissioner" <Kelly.PICKARD@childrenscommissioner.gsi.gov.uk>

Date: 12 June 2017 at 15:36:31 BST

To: "kersten.England@bradford.gov.uk" <kersten.England@bradford.gov.uk>

Subject: Message from Childrens Commissioner for England : Care leavers exemption from council tax

Dear Kersten

Care Leavers exemption from Council tax

I am writing to ask you to exempt care leavers from paying council tax in your area.

As you will know, children leaving care often struggle with the new financial responsibilities of independence. Some are unaware they even need to pay Council Tax, others don't know how, and many tell me that Council Tax bills are an unexpected and onerous financial burden that can force them into arrears.

Unfortunately, the speed with which Council Tax debt can escalate creates a "lose-lose" situation for everyone. These young people can face court summons and enforcement action very quickly and even eviction. It's not only bad for that care leaver but self-defeating for the local authority who are then have to meet the costs of emergency housing.

The Children's Society raised many of these issues in their *Wolf at the Door* report last year and have since been working with some councils to make positive changes for children leaving care since then.

Taking on new financial responsibilities is part of the move to independence for all young people but care leavers have to face these responsibilities much younger than most and often without family members to fall back on for guidance and support. The Centre for Social Justice found that 57% of care leavers find it difficult to manage money and avoid debt. The Joseph Rowntree Foundation has shown that accumulation of debt and threats to tenancies are some of the biggest ongoing issues of concern for care leavers. Research by the Children's Society shows care leavers are three times more likely to have had a benefit sanction – most of which are overturned when challenged.

The Government's Care Leavers' Strategy – *Keep on Caring* encourages Councils to do what any reasonable parent would do to help their children get the best start in adult life. The Children and Families Act encourages Councils to do all they can to support Care Leavers and this has been further enhanced by Section 2 of the Children and Social Work Act which places a statutory duty on Councils to make a clear offer to care leavers. Exempting care leavers from Council Tax is an excellent step towards meeting the spirit of all these obligations in a way that will meaningfully improve the lives of care leavers.

Almost twenty local authorities have now taken this positive step to exempt care leavers from paying Council Tax – most at a cost of no more than £15,000 - £30,000 in lost revenue, which in relative terms means a lesser loss to the council than would be the significant gain to the care leaver. I have, also, anecdotally heard that local authorities have found the move cost neutral because it saves on chasing council tax arrears and on the costs associated with supporting a care leaver who has become statutorily homeless.

I hope that you will now consider this positive move for care leavers in your local authority and remove the requirement to pay Council Tax for care leavers to the age of 25. I would be very grateful if you could inform me of your decision and I look forward to hearing from you soon.

Yours Sincerely

Anne Longfield

Children's Commissioner for England