



Council Tax exemption for care leavers

Introduction

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. [Our 'Wolf at the Door' report](#) into council tax debt showed that the pace of escalation of debt by local authorities could be frightening for care leavers - what can start out for many care leavers as falling slightly behind can very quickly escalate to a court summons and enforcement action being taken.

Councils have the power to introduce exemptions for council tax for certain groups under Section 13A of the Local Government Finance Act 1992.

Our recommendation

Greenwich Council should exempt care leavers from paying council tax up to the age of 25.

Background

In many cases, care leavers were aware of bills, just not how to pay them. This was a situation that had been further exacerbated by a lack of proper financial education during their time at school, meaning that they did not feel they had a practical understanding of finances and bills that they could use in everyday life.

The Centre for Social Justice found that 57% of young people find it difficult managing their money and avoiding debt when leaving care. This is further reinforced by research from the Joseph Rowntree Foundation that outlines how 'accumulation of debt, threats to their tenancies and their inability to avoid this through careful budgeting' were issues of continuing concern for care leavers.

As part of our research for *Wolf at the Door* and [The Cost of Being Care Free](#) we interviewed care leavers and held focus groups. One care leaver told us that they didn't know what council tax was or that they needed to pay it when they moved into independent living arrangements; another explained how after getting into debt they had received letters from bailiffs, and had to work with their personal advisor to set up a repayment plan.

As a priority bill the enforcement measures available to councils to collect unpaid council tax are severe, which at its most extreme can result in a committal to prison. Unpaid bills can lead to court action and referral to enforcement agents.

Government decided that from April 2016, work allowances for care leavers without children would be withdrawn altogether. This change costs working care leavers claiming Universal Credit up to £72 per month (or £865 per year).

Care leavers are eligible for a range of benefits, including Housing Benefit, Jobseeker's Allowance and Universal Credit. But if care leavers fail to meet benefit regulations, such as being late for a meeting at the job centre or not updating their CV, they can be sanctioned and have vital benefits stopped.

Many care leavers don't know that they can challenge these sanctions and as a result they are much less likely than other groups to appeal a decision. But The Children's Society found that

out of the few who did, over 60% of the decisions were overturned, more than for any other group, showing they were wrongly applied in the first place.

The national picture

In the Government's care leavers' strategy, *Keep on Caring*¹, published in July 2016, they encouraged 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'. In relation to this, local authorities were encouraged to consider exempting care leavers from council tax using the powers already at their disposal.

In August 2016, through their report into homeless, the Communities and Local Government Select Committee recommended to Government that care leavers be made exempt from council tax up to at least the age of 21.²

Benefits to councils

The DfE and Ofsted regularly raise issues of concern pertaining to care leavers that council tax exemption can support in mitigating.

Ofsted inspection reports consistently highlight the need for more robust pathway planning for care leavers, while care leavers have consistently reported they were insufficiently prepared for the realities of living independently, particularly in relation to budgeting. Similarly, not enough is being done to raise awareness among care leavers of their entitlements.

In the year ending March 2015, local authorities were 'in touch' with, and provided data to the DfE on, 88% of care leavers³. In many of the cases where no information was provided, this was because the care leaver had either refused contact, or had told the local authority that they no longer required support.

Corporate parenting responsibilities

Upper tier local authorities have well-established corporate parenting responsibilities for those children and young people who are in or who have been through the care system.

The Children and Social Work Bill will also require all local authorities in England to publish a local offer for care leavers. The aforementioned care leavers' strategy stated the government:

'...will introduce a set of corporate parenting principles that will require all departments [their emphasis] within a local authority to recognise their role as corporate parents, encouraging them to look at the services and support that they provide through the lens of what a reasonable parent would do to support their own children.

Areas of best practice

In recognition of our research, the following areas have introduced a council tax exemption for care leavers:

- Cheshire East (up to the age of 25)
- Birmingham City (up to the age of 25)
- Wolverhampton (up to the age of 25)
- North Somerset (up to the age of 22)
- Milton Keynes (up to the age of 22)
- Hammersmith & Fulham (up to the age of 25)

¹ <https://www.gov.uk/government/publications/keep-on-caring-supporting-young-people-from-care-to-independence>

² <http://www.publications.parliament.uk/pa/cm201617/cmselect/cmcomloc/40/4002.htm>

³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/535899/Care-Leaver-Strategy.pdf

We estimate that across the local authorities listed above, over 2,500 care leavers have been exempted from council tax.⁴

A number of other Local Authorities are currently exploring similar exemptions. A national exemption from Council Tax for care leavers under 25 would ensure that there was a consistent framework of support for this group - wherever they lived in the country. The cost of such a national exemption would be low (we estimate around £17 million per year) since in most cases where care leavers are liable for Council Tax, they are already likely to be receiving much of this covered through Council Tax Reduction provision meaning councils are often chasing small amounts of debts from care leavers. Local Authorities are also likely to make significant savings by not having to pursue the collection of small amounts of council tax debt from care leavers.

Estimated costings for Greenwich

We have outlined estimated costs to Greenwich Council if council tax exemption for care leavers was introduced. The number of care leavers in each category are indicative estimates based on national figures; Greenwich Council will be able to provide more accurate figures.

Care leaver circumstances	Number of care leavers aged 18-25 affected	Level council tax liability CTR = Council Tax Reduction	% of council tax paid by care leaver	Cost of removing liability from care leavers
Living alone working full time ⁵	36	75% liability, since working and only eligible for single person discount	75%	£23,328.81
Living with someone else, both working full-time	36	Care leaver working, no CTR, and bill will be split two ways	50%	£15,552.54
In FT education	72	No liability	0%	£0
Other living alone ⁶	153	Assume 91% CTR	9%	£11,897.69
Other partner working FT	76	Partner working therefore no CTR, bill split two ways	50%	£32,833
Other partner not working	76	Neither partner working, 91% CTR, and remaining bill split two ways	4.50%	£2,955
Total	450⁷			£86,567.04⁸

⁴ Cheshire East (219); Birmingham (1,300); North Somerset (110); Wolverhampton (90); Milton Keynes (115).

⁵ We have estimated that half of the care leavers working full-time will be living alone, and half with someone.

⁶ We have assumed that all other care leavers will be eligible for council tax reduction. We have broken the "other category" into 50% living alone, 25% living with someone in fulltime employment and 25% living with someone else eligible for council tax reduction

⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/483716/SFR34_2015_Local_Authority_Tables.xlsx

⁸ Calculations based on the average Band A council tax liability of £864.03 in Greenwich.

Based on projections from councils that have already implemented the policy we expect the actual cost to be much lower than the total figure outlined above.

Cheshire East Council

Cheshire East, which has approximately 240 care leavers (53.3% of Greenwich's total) has estimated, taking account of the number of care leavers it has living independently as well as the discounts they may already receive, the cost to the council is approximately £17,000 per annum. If a similar proportion of care leavers in Greenwich lived independently as those in Cheshire East, the total cost would be approximately £31,875.

Hammersmith & Fulham

Hammersmith & Fulham, which has approximately 270 care leavers (60% of Greenwich's total) has estimated, taking account of the number of care leavers it has living independently as well as the discounts they may already receive, the cost to the council is approximately £49,000 per annum. If a similar proportion of care leavers in Greenwich lived independently as those in Hammersmith & Fulham, the total cost would be approximately £81,700.

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