Draft council motion: Care leavers council tax exemption

This council notes that:

1. Last year <<LOCAL FIGURE>> young people (aged 16 or over) left the care of their <<LOCAL AUTHORITY>> and began the difficult transition out of care and into adulthood.

2. A 2016 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.

3. 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. The local authority has statutory corporate parenting responsibilities towards young people who have left care up until the age of 25.

This council believes that:

1. 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, they should be exempt from paying council tax until they are 25.

2. Care leavers are a particularly vulnerable group for council tax debt.

This council, therefore, resolves:

1. To exempt all care leavers from council tax up to the age of 25.

<<ENDS>>
Key facts on financial pressures for care leavers:

- 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.

- Government decided that from April 2016, work allowances for care leavers without children would be withdrawn altogether.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).

- Our findings show that care leavers are three times more likely to have had a benefit sanction than their non-care experienced peers of the same age, and five times more likely to be sanctioned than the general working age population – however 86% of decisions appealed are overturned, meaning that they’re being incorrectly applied.

- 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.

- Since cuts to legal aid were introduced in April 2013, children and care leavers who have a non-asylum immigration claim now have to pay for their own costs from a solicitor for advice and any representation needed. According to our research on the impact of these cuts on unaccompanied children and young people, this has left many being forced to resolve their immigration issues on their own, or they are avoiding the issues altogether.

How council tax debt in particular places pressure on this group:

- 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.

- 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.

- Work undertaken in respect of this proposal by Rochdale Council, found that 77% of their care leavers were behind with their council tax payments. Rochdale also expects the policy will result in a decrease in emergency payments made to care leavers in crisis as well as further reducing the dependency of these young people on other services. When they introduced the policy, Swindon Council noted that unfortunately “many” of their care leavers had previously taken to court in order to obtain council tax arrears.

- 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.