Council Tax Exemption for Care Leavers: Briefing for councillors.
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 on council tax for certain groups under Section 13A of the Local Government Finance Act 1992.

Our recommendation

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

Background

In many cases we looked at, care leavers were aware of bills – but not how to pay them. This was a situation that had been 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 which 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.

Work undertaken by Rochdale Council in respect of this proposal found that 77% of their care leavers were behind with their council tax payments. Rochdale also expects adopting the suggested 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.

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 care leaver 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 Caring⁴, 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 homelessness, 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

² http://www.publications.parliament.uk/pa/cm201617/cmselect/cmcomloc/40/4002.htm
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 leavers. 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 Act 2017 places corporate parenting responsibilities on district councils for the first time, requiring them to have regard to children in care and care leavers when carrying out their functions.
Introducing council tax exemption

The Children’s Society have produced a range of materials to support implementation of this policy:

- **Draft motions** which can be used to introduce this policy at district, unitary and county level.

- An **interactive map** which provides more information about which local authorities have already implemented this policy.

What else can my council do?

Through the Children and Social Work Act 2017, the Government introduced the requirement for local authorities to publish a ‘Care Leaver Offer’, which outlines the services for care leavers available within the local authority area.

The Children’s Society has **produced guidance** to assist councils developing their offer, including a range of suggestions, questions and best practice examples that councils may wish to consider or replicate as they develop and evolve their Care Leaver Offer.

In recognition of our research and subsequent campaign, the majority of councils in the country have introduced council tax exemption including unitary, county and district councils. A number of other local authorities are also currently exploring similar exemptions.

We estimate that across England, over 30,000 care leavers have been exempted from paying council tax.

Further information

For more information, or a bespoke briefing for your local authority, please contact Toby North on toby.north@childrenssociety.org.uk or 020 7841 4400
Right now in Britain there are children and young people who feel scared, unloved and unable to cope. The Children’s Society works with these young people, step by step, for as long as it takes.

**We listen. We support. We act.**

There are no simple answers so we work with others to tackle complex problems. Only together can we make a difference to the lives of children now and in the future.

**Because no child should feel alone.**