



## 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

Councils 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. 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 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 80% 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*<sup>1</sup>, 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.<sup>2</sup>

### 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<sup>3</sup>. 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.

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

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***'...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.'***

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

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

<sup>3</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/535899/Care-Leaver-Strategy.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/535899/Care-Leaver-Strategy.pdf)

### Areas of best practice

In recognition of our research, 42 councils (as of 24/10/17) across England have introduced a council tax exemption for care leavers, including:

- [Birmingham City](#) (up to the age of 21 and discretionary up to the age of 25)
- [Wolverhampton](#) (up to the age of 25)
- [Islington Council](#) (up to the age of 25)
- [Rochdale Council](#) (up to the age of 21)
- Cheshire West and Chester (up to the age of 25)
- [Lancashire County Council](#) (up to the age of 25)
- Oldham Council (Up to the age of 21)
- Bolton Council (Up to the age of 21)
- [Greenwich Council](#) (Up to the age of 25)
- Bracknell Forest Council (Up to the age of 21)
- [Windsor and Maidenhead](#) (up to the age of 21 and discretionary up to the age of 25)
- North Somerset (up to the age of 21)
- Milton Keynes (up to the age of 21)
- [Hammersmith & Fulham](#) (up to the age of 25)
- [Coventry](#) (up to the age of 21 and discretionary up to the age of 25)
- [Cheshire East](#) (up to the age of 25)
- Stockport Council (up to the age of 25)
- Dudley Council (Up to the age of 25)
- Brighton & Hove City Council (Up to the age of 25)
- [Swindon Council](#) (up to the age of 21)

We estimate that across the local authorities that have introduced the policy, more than 13,000 care leavers have been exempted from council tax. A number of other local authorities are also currently exploring similar exemptions.

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