

## **Committee: Cabinet**

### **Date:**

Wards: All

### **Subject: Council Tax – Care Leavers**

Lead officer: Caroline Holland, Director of Corporate Services

Lead member: Councillor Mark Allison and Councillor Kelly Braund

Contact officer: David Keppler, Head of Revenues and Benefits

### **Recommendations:**

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1. Cabinet agrees that the Council Tax Reduction policy is amended to support care leavers up to the age of 25 that do not receive maximum help towards their council tax through council tax support or an exemption with effect from April 2019.
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## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. This report details the current position within the borough regarding care leavers and the likely impact and cost of implementing a local discount or exemption to council tax for care leavers.
- 1.2. The report details the potential cost of implementing a local discount.

## **2 DETAILS**

### **2.1. Council Tax Localisation**

- 2.2. Under section 13A of the Local Government Finance Act 1992 the council has the discretionary power to reduce liability for council tax in relation to individual cases or class(es) of cases that it may determine where national discounts and exemptions cannot apply.

- 2.3. The Council is responding to a Children's Society campaign that has identified a range of disadvantages care leavers uniquely experience. In particular care leavers are a vulnerable group for council tax debt. The Children's Society details the case for care leavers at least up to the age of 21 to be exempted from paying council tax.

- 2.4. The Council agrees with the campaign's principal sentiments that young people's transition out of care and into adulthood is extremely difficult and that managing money for the first time without support from family leaves care leavers at real risk of falling into debt.

- 2.5. Care leavers who were looked after by a local authority rather than their parents are amongst the most vulnerable groups in our community. Outcomes for this group are generally poor and, as corporate parents, the

Council wants to keep them safe, make sure their experiences leaving care and moving into independent living are positive and improve their ongoing life chances.

- 2.6. An analysis of Merton care leavers (up to 25 years) has been undertaken as at the end of November 2018 and the council currently has 165 care leavers. Of these 85 are living in Merton.
- 2.7. Not all care leavers in Merton are liable to pay council tax as some live in properties where they are not liable for the council tax. Of the 85 living in the borough 49 are not liable to pay council tax as someone else is liable under council tax rules.
- 2.8. The table below shows how the 36 care leavers that are liable for council tax are supported.

Number	Circumstances
17	Full CTS
7	Part CTS
4	Students
1	Discount
7	No assistance

- 2.9. As Merton has continued to adopt the old council tax benefit scheme as its council tax support scheme residents on very low incomes and welfare benefits continue to receive full council tax support and do not have to contribute towards the council tax.
- 2.10. Out of the 36 care leavers 21 do not have to pay any council tax due to existing support.
- 2.11. The easiest option would be to amend the existing Council Tax Reduction Policy so that where a Merton care leaver, who has responsibility to pay council tax, does not receive 100% reduction the council will consider a discretionary reduction based on a case by case basis. See appendix 1.
- 2.12. If the care leaver is not solely liable for council tax the circumstances of the other liable persons would be considered before a reduction was granted.
- 2.13. A care leaver would have to complete a short application to apply for the Council Tax Reduction.
- 2.14. For care leavers between the age of 21 and 25 they do not have to be receiving a full leaving care service to be eligible for this reduction.  
Based on the current number of care leavers in the borough and liable to pay council tax the maximum additional cost to the council would be £12,700 per year.
- 2.15. The GLA currently funds part of the council tax support scheme and they would also fund 20% of the additional extra expenditure.
- 2.16. This approach outlined in 2.11 would prevent the council having to purchase additional software to administer a new class of exemption or discount which

would cost £8,275 to purchase plus £1,655 per year maintenance and support.

- 2.17. The council tax team would monitor the additional cost of assisting care leavers and will report to the Director of Corporate Services on a yearly basis the additional spend and the number of awards. If this spend increases then consideration would be given to introducing a new class of exemption and or discount for care leavers and to purchase the additional software.
- 2.18. An initial desk top exercise would be undertaken to identify which care leavers could apply for this additional reduction and with the assistance of colleagues in Children's Schools and Families they would be supported through the application process.

### **3 ALTERNATIVE OPTIONS**

- 3.1. There are a number of different options available to implement support to care leavers.
- 3.2. Grant an exemption where the property is occupied solely by care leavers or a 25% discount where all but one of the occupiers in the property are care leavers. In the same way as student exemptions/discounts are applied. The council would need to purchase additional software to implement this option.
- 3.3. To continue with the existing arrangements where care leavers can apply for council tax support to assist with paying their council tax. As mentioned above Merton's council tax support scheme is generous and although means tested the majority of existing care leavers living in the borough currently receive council tax support and the majority receive full support and have no council tax to pay.
- 3.4. Award a discount for a set period of time only from when a care leaver becomes liable, so for example a six month 100% discount if they are not entitled to 100% council tax support or a different exemption. The council would need to purchase additional software to implement this option

### **4 CONSULTATION UNDERTAKEN OR PROPOSED**

The council does not formally need to undertake consultation with the GLA but they would like to be made aware of any proposals.

### **5 TIMETABLE**

- 5.1. The key milestones for council tax support scheme are detailed below:

Task	Deadline
Agreement of the new reduction by Cabinet	14 January 2019
Agreement of the new reduction by full Council	6 February 2019
Publish the new policy	7 February 2019

Identify qualifying care leavers	7 – 28 February 2019
Award new reduction in billing process	7 March 2019
Implement new reduction	1 April 2019

## **6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 6.1. Based on current estimated expenditure for in borough care leavers in receipt of council tax support and exemptions for 2018/19 of £26,600, the implementation of this council tax reduction for care leavers, as described above, cost an additional maximum amount of £12,700 per year.
- 6.2. Currently the GLA fund approximately 20% of our council tax support scheme and would also fund 20% of any new discount or exemption.
- 6.3. An enhancement to the existing system software would be required to administer a new formal local discounts and or exemption scheme. The cost of this is £8,275 plus a yearly maintenance and support charge of £1,655.
- 6.4. If this is introduced for 2019/20 any surplus or deficit as a result will be accounted for within the Collection Fund.
- 6.5. The additional expenditure will be built into the council tax base for 2020/21.

## **7 LEGAL AND STATUTORY IMPLICATIONS**

- 7.1. Under section 13A of the Local Government Finance Act 1992 the council has the discretionary power to reduce liability for council tax in relation to individual cases or class(es) of cases that it may determine where national discounts and exemptions cannot apply.

## **8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 8.1. A formal consultation exercise is not required with the GLA but they want to be advised of our proposals.

## **9 CRIME AND DISORDER IMPLICATIONS**

- 9.1. None for the purpose of this report

## **10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

- 10.1. The Council will need to monitor the cost of any scheme and the impact on the council tax base.

## **11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

- Appendix 1 – Council Tax Reduction Policy

## **12 BACKGROUND PAPERS**



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