

Report of	Meeting	Date
Director of Customer and Digital (Introduced by the Executive Member for Customer and Advice Services)	Executive Cabinet	16 March 2016

CARE LEAVERS – COUNCIL TAX FINANCIAL ASSISTANCE

PURPOSE OF REPORT

1. This report aims to highlight the difficulties that Care Leavers can face when they leave care (aged 16 or over), and have to manage their own budgets for the first time.
2. To support care leavers the report recommends making changes to our Council Tax Scheme (CTS) discretionary hardship policy so that we can give Care Leavers who meet the CTS criteria 100% council tax relief until they reach the age of 25.
3. It also recommends that where a Care Leaver doesn't meet the CTS criteria, the Council offers Council Tax relief of Chorley Council's element, which is roughly a 10% discount. The Council would then encourage all preceptors to offer the same support to care leavers, with the aim of enabling all care leavers to benefit from 100% council tax relief until they reach the age of 25.

RECOMMENDATION(S)

4. Members are recommended to approve:
 - a. Changes to the existing discretionary hardship policy which applies to council tax payers who receive Council Tax Support (CTS) to make provision for Care Leavers who meet the CTS criteria to be granted 100% relief from paying Council Tax from 1 April 2017.
 - b. Changes to the Council's discretionary hardship policy which applies to council tax payers who do not receive CTS to provide 100% relief of Chorley Council's element of the Council Tax for all Care Leavers who do not meet the CTS criteria up until the age of 25.
 - c. Writing to all major preceptors to make them aware of the difficulties care leavers face, and asking them to support giving all care leavers 100% relief until the age of 25 by contributing to the cost chargeable to this council's General Fund in proportion to their share of council tax income for 2017/18.

EXECUTIVE SUMMARY OF REPORT

5. Lancashire County Council wrote to Chorley Council in July 2016 to make us aware of the financial difficulties that care leavers face and to make us aware that they have written to the Minister of State for Children and Families to urge him to introduce legislation for a national exemption for care leavers from council tax up to the age of 25
6. Chorley Council already has two discretionary hardship policies that can be used to provide additional Council Tax relief if conditions are met. One applies to Council Tax payers who

receive Council Tax Support (CTS), and one applies to Council Tax payers who do not receive CTS.

7. Both of these policies would need amending to extend the existing provision to allow Council Tax relief to the care leaver group.
8. The new care leavers' relief would start from 1 April 2017.

Confidential report Please bold as appropriate	Yes	No
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Key Decision? Please bold as appropriate	Yes	No
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Reason Please bold as appropriate	1, a change in service provision that impacts upon the service revenue budget by £100,000 or more	2, a contract worth £100,000 or more
	3, a new or un-programmed capital scheme of £100,000 or more	4, Significant impact in environmental, social or physical terms in two or more wards

REASONS FOR RECOMMENDATION(S)
(If the recommendations are accepted)

9. Lancashire County Council has provided information that many young adults who leave the care of Lancashire County Council find it difficult to begin the transition out of care into adulthood.
10. Awarding former care leavers who meet the council tax scheme criteria council tax relief until they are 25 years will assist this vulnerable group to make the transition from care to adult life is as smooth as possible, and will mitigate the chances of care leavers falling into debt as they begin to manage their own finances. It is recommended that they should be exempt from paying Council Tax until they are 25.
11. Changing the council's discretionary hardship policy for care leavers who do not meet the CTS criteria, will provide them with some level of relief, and also show other major preceptors that the council considered it important to provide support to care leavers. It is hoped that leading by example in offering relief of the Chorley Council element of the council tax income will also encourage other preceptors to offer the same support and relief.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

12. We could choose to have no special provision for this group. The existing hardship policies could already be used to provide discretionary financial assistance; however, this would only be if all the current conditions in the policy were met.

CORPORATE PRIORITIES

13. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all	✓	A strong local economy	
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and	✓

BACKGROUND

14. In July 2016 Lancashire County Council (LCC) contacted the Leader of Chorley Council to advise that they had approved a resolution to contact the Minister of State for Children and Families urging him to introduce legislation for a national exemption from payment of Council Tax for care leavers up to the age of 25.
15. LCC have estimated that there are 57 Care Leavers resident in Chorley, however this figure doesn't take account of young people who have left the care of authorities other than LCC and have now moved to Chorley.
16. LCC have provided the following background information:
 - a. Last year many young people aged 16 or over left the care of Lancashire County Council and began the difficult transition out of care and into adulthood.
 - b. 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, are falling into debt and financial difficulty.
 - c. Research from the Centre for Social Justice found that over half (57%) of young people leaving care have difficulty managing their money and end up in debt when leaving care.
 - d. In 'Keep on Caring: Supporting Young People from Care to Independence', July 2016, HM Government highlighted how local authorities can also support care leavers financially in lots of different ways, including introducing exemptions from Council Tax.
 - e. The Children and Social Work Bill, currently progressing through parliament, introducing a new 'Care Leavers Covenant' underpinned by statutory duties to make sure local authorities set out clearly the entitlements for care leavers including housing, jobs and healthcare.
 - f. The local authority has a duty of care to care leavers.
17. LCC believes that:
 - a. 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 manager their own finances, they should be exempt from paying Council Tax until they are 25.
 - b. Care leavers are a particularly vulnerable group for Council Tax debt.
18. LCC have defined a care leaver is defined as:
 - a. A person aged 25 who is a former relevant child within the meaning given by section 23C (1) of The Children Act 1989.

FINANCIAL HARDSHIP POLICIES

19. Chorley Council currently has two policies that allow additional financial assistance to pay Council Tax where the Council Tax payer demonstrates financial hardship. Both of these local discretionary policies would need amending to make provision for the new Care Leaver relief.
20. The first policy offers discretionary hardship relief in respect of Council Tax liability under the Local Government Finance Act 1992 (Section 13A (1)(c)) and the Local Government Act 2003 Section 76. This allows local authorities the discretion to reduce a part or all of the Council Tax liability where it is satisfied that the Council Tax payer would suffer hardship if it did not do so.

21. The Council could only grant hardship relief for those who do not receive CTS to the extent of the Council's council tax element, which would be approximately a 10% council tax discount. This discount would need to be covered from the Council's General Fund, however the impact on the general fund should be minimal as most care leavers are likely to meet the CTS criteria and therefore will be able to access the 100% relief.
22. In order to offer 100% discount for the care leavers who do not meet the CTS criteria all other preceptors would need to agree to contribute to it. It is therefore proposed to write to them to encourage them to do so and to agree a process of recouping the money at the end of year.
23. The second policy offers financial assistance under the LGFA 1992 (Section 13A (1)(a)) by way of additional Council Tax Support (CTS) to Council Tax payers who already receive CTS but where the level of support being paid by the council does not meet their full Council Tax liability. This discretionary policy has been approved as part of Chorley's Council Tax Support scheme to assist recipients of CTS who are facing exceptional financial hardship.
24. The cost of granting hardship relief for those who receive CTS would be shared automatically with other preceptors as it is treated as an additional payment of CTS within the Collection Fund.
25. Consultation on the Care Leavers discount was carried out between 1 November to 6 December 16. Only one response was received and with the respondent agreeing that Chorley Council should award 100% relief from payment of Council Tax in specific circumstances set out within the guidelines.

IMPLICATIONS OF REPORT

26. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	✓
Human Resources		Equality and Diversity	✓
Legal	✓	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

27. There is no provision in the Council's General Fund revenue budget for 2017/18 for awarding discretionary hardship relief to Care Leavers. If the existing hardship policies are amended as recommended, the financial effect would be identified in budget monitoring reports during 2017/18. The cost to this council would depend on the split of Care Leavers between the two hardship relief categories; and whether other major preceptors would contribute towards the cost of the relief chargeable directly to this council's General Fund.
28. If the hardship relief is awarded under Section 13A (1)(a) of the Local Government Finance Act 1992, the cost would be accounted for in the Collection Fund. It would be a minor increase in the cost of the Council Tax Support Scheme, which estimated to be £6.1m in 2017/18. In effect if no other elements making up the Council Tax budget for 2017/18 changed, the unbudgeted relief would contribute to a deficit in 2017/18, which would be shared between major preceptors in 2018/19 in proportion to their 2017/18 precepts. If all Care Leavers currently identified had relief in this category, then the estimated cost would be less than £5,000, of which this council's share in 2018/19 would be around £600.

29. Hardship relief awarded under Section 13A (1)(c) of the 1992 Act would be charged directly to this council's General Fund revenue budget in 2017/18 rather than via the Collection Fund mechanism. It is considered likely that the majority of care leavers would meet the CTS criteria, therefore the cost to the council's General Fund of providing 100% relief should be minimal. There is no automatic way of sharing this cost between major preceptors. The recommendation therefore is that the other major preceptors should be approached to ask them to contribute to the cost in proportion to their shares of Council Tax income.

COMMENTS OF THE MONITORING OFFICER

The Council have an obligation to act reasonably when agreeing discretionary relief policies such as this. In this instance a sound argument for the change to the policy has been provided by LCC which is in line with the Councils Vision to protect vulnerable people.

Asim Khan
DIRECTOR OF CUSTOMER AND DIGITAL SERVICES

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
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