

**ECONOMY AND RESOURCES SCRUTINY COMMITTEE
3 NOVEMBER 2022**

COUNCIL TAX EXEMPTION FOR CARE LEAVERS 2023-24

SUMMARY REPORT

Purpose of the Report

1. To consider a Council Tax exemption for care leavers under the age of 25 from 2023-24 before recommendation by Cabinet on 8 November 2022 and approval by Council on 24 November 2022.

Summary

2. Since 1 April 2018, a provision has been made in the Council Tax Support (CTS) scheme to provide care leavers under the age of 25 up to 100% support with their Council Tax costs. All other working age people can only receive up to 80% support with their Council Tax costs under the CTS scheme.
3. As the CTS scheme is means tested, some young care leavers may still have some or all of their Council Tax costs to pay, depending on their income and other circumstances.
4. It is proposed to replace the current provision in the CTS scheme for care leavers under the age of 25, with a full Council Tax exemption from 1 April 2023. This will be achieved using the Council's powers under section 13a of the Local Government Finance Act 1992 (discretionary Council Tax discounts) and full details are provided in the main report.
5. The financial implications of this change are considered to be minimal, given that most care leavers under the age of 25 already receive support with their Council Tax costs through the CTS scheme.

Recommendation

6. It is recommended that :-
 - (a) Members consider the proposed Council Tax exemption for care leavers under the age of 25 from 2023-24 and agree its onward submission to Cabinet.

Reasons

7. The recommendations are supported by the following reasons :-
 - (a) Darlington Borough Council has a responsibility to support young care leavers whilst they are developing the skills and confidence to live independently.

- (b) A Council Tax exemption will provide young care leavers with the assurance and stability with their Council Tax costs.
- (c) A Council Tax exemption will be much easier for the Council to administer than the current arrangements through the CTS scheme and for young care leavers to access and understand.

Anthony Sandys
Assistant Director – Housing and Revenues

Background Papers

- (i) Local Government Finance Act 1992

Anthony Sandys: Extension 6926

S17 Crime and Disorder	There are no issues
Health and Wellbeing	There are no issues
Carbon Impact and Climate Change	There is no impact in this report
Diversity	Care leavers under the age of 25 will be treated differently to other working age people liable for Council Tax, recognising their specific needs
Wards Affected	All wards are affected
Groups Affected	Care leavers under the age of 25 who are liable for Council Tax on a dwelling they occupy as their sole or main residence
Budget and Policy Framework	The issues contained within this report do not represent a change to Council budget or the Council's policy framework
Key Decision	This is not an Executive decision
Urgent Decision	This is not an Executive decision
Council Plan	This report supports the Council Plan to maximise Council Tax income and to improve life opportunities for care leavers
Efficiency	The operation of a Council Tax exemption for care leavers under the age of 25 will be more efficient than the current arrangements in the CTS scheme
Impact on Looked After Children and Care Leavers	Care leavers under the age of 25 will be exempt from Council Tax from 1 April 2023

MAIN REPORT

Information and Analysis

Background

8. Children and young people who are looked after by the Council are amongst the most vulnerable people in our community. Young care leavers often have to start living independently much earlier than their peers, taking on more financial responsibilities, when they might be on a low income and without the same family support network.
9. As a corporate parent, Darlington Borough Council has a responsibility to support young care leavers whilst they are developing the skills and confidence to live independently. The provision of a Council Tax exemption for care leavers under the age of 25 will give the practical help and financial assistance to achieve this.
10. In April 2018, support for care leavers under the age of 25 with their Council Tax costs was provided through the CTS scheme. A provision was made to provide up to 100% support, whereas all other working age people can only receive up to 80% support with their Council Tax costs under the scheme. As the CTS scheme is means tested, some young care leavers may still have some or all of their Council Tax costs to pay, depending on their income and other circumstances.
11. The decision to provide support through the CTS scheme was to specifically target additional support to those care leavers liable to pay Council Tax who were on a low income.
12. A Council Tax exemption will provide young care leavers with the assurance and stability with their Council Tax costs, without the need to make a means tested application that can result in them still having to pay some Council Tax and is subject to changes in circumstances. In addition, it will be much easier for the Council to administer and for young care leavers to access and understand.

Definition

13. A care leaver, for the purpose of this Council Tax exemption, is a person aged 18 to 24 who was formerly a child in the care of Darlington Borough Council, or any other local authority, and has then become a "care leaver" as defined by the Children (Leaving Care) Act 2000.

Eligibility Criteria

14. The following eligibility criteria will apply for the Council Tax exemption:
 - (a) The care leaver must be liable for Council Tax on a dwelling they occupy as their sole or main residence.
 - (b) The exemption will apply from 1 April 2023, or from their 18th birthday, if this is after that date. Any person aged under 18 who is liable for Council Tax on a dwelling they occupy as their sole or main residence, is subject to a statutory Council Tax exemption.
 - (c) The Council Tax exemption will be applied to the Council Tax liability, after taking into account any other available Council Tax discounts to which the care leaver may be entitled (such as the single occupancy discount).
 - (d) The Council Tax exemption will apply to the full Council Tax liability where:
 - (i) The care leaver has sole Council Tax liability

- (ii) The care leaver is jointly and severally liable for Council Tax with one or more eligible care leavers who are also under the age of 25
- (iii) The care leaver is jointly and severally liable for Council Tax with one other person who is their partner.
- (e) Otherwise, where the care leaver is jointly and severally liable for Council Tax with one or more other persons, the Council Tax exemption will be divided by the number of people who are jointly and severally liable.
- (f) The Council Tax exemption will cease on the care leaver's 25th birthday.

Application process

15. Any care leaver under the age of 25 who is receiving CTS on 31 March 2023 will be automatically awarded a Council Tax exemption from 1 April 2023.
16. The Looked After Through Care team will notify the Revenues and Benefits team of any care leavers under the age of 25 that they are aware of, who have a Council Tax liability in Darlington. The Revenues and Benefits team will then automatically award a Council Tax exemption from 1 April 2023 or from the date they first became liable for Council Tax, if it is after 1 April 2023.
17. An on-line application form will be available for any care leaver under 25 to apply for a Council Tax exemption, including those care leavers who were being looked after by another local authority. Darlington care leavers who move out of the Council's area will be subject to the rules under that local authority.

Financial Implications

18. There are currently 128 care leavers living in semi-independent or independent accommodation who are being supported by our Looked After Through Care team. Of these, 37 have a Council Tax liability and 36 of these are receiving support through the CTS scheme.
19. Based on the average Council Tax charge for a band B property in 2022-23, and assuming a 25% single occupancy discount applies, offering the 37 care leavers a Council Tax exemption would cost a total of £44,089 (£1,191.61 for each property). The amount of CTS currently being awarded to young care leavers is £37,927 so this proposal would cost an additional £6,162 plus any increase for Council Tax in 2023-24.

Legal Implications

20. Under section 13a of the Local Government Finance Act 1992, local authorities have the discretionary power to reduce (or further reduce) the liability for Council Tax for a chargeable dwelling for a specified period, including the power to reduce the Council Tax liability to nil. This discretion may be exercised in relation to particular cases or by determining a class of case in which liability can be reduced.