

Report to the Deputy Leader of the County Council
Report submitted by: Director of Financial Resources
Date: 27 April 2017

Part I

Electoral Divisions affected:
All

Care Leavers – Support Grant

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Executive Summary

The Corporate Parenting Board has recently discussed the financial pressure that some care leavers are experiencing as they move from care to independent living. During recent meetings of the Care Leavers Forum and Lancashire's Children in Care Council (LINX) discussions have been held about care leavers particularly struggling with the additional cost of council tax which increases the risk of them struggling with debt when striving to live independently. A report completed by The Children's Society in March 2015 recommended that an exemption of 100% was applied to care leavers. Care leavers in education or training are already exempt (as a result of no/very low income) from council tax and the Children's Society and Lancashire's Corporate Parenting Board believes that this should apply to all care leavers up to the age of 25.

A range of Councils including Cheshire East, Milton Keynes, Birmingham, North Somerset and Hammersmith have introduced measures to exempt care leavers from Council Tax.

Recommendation

The Deputy Leader of the County Council is asked to approve that a support grant be provided to Care Leavers (aged 18-25) who are living independently and are liable for council tax from 1st April 2017.

Background and Advice

In March 2015 a report completed by The Children's Society identified care leavers as a vulnerable group for Council Tax debt. They found evidence that demonstrated how difficult care leavers found managing their own budgets when living independently and found it particularly scary when they fell behind with Council Tax. During recent meeting meetings of the Care Leavers Forum and Lancashire's Children in Care Council (LINX) discussions have been held about care leavers

particularly struggling with the additional cost of council tax which increases the risk of them struggling with debt when striving the live independently.

A range of Councils including Cheshire East, Milton Keynes, Birmingham, North Somerset and Hammersmith have introduced measures to exempt care leavers from council tax. The Corporate Parenting Board has recently written to all Lancashire District Councils encouraging them to introduce an exemption policy. Feedback has been received that some Lancashire Districts are progressing implementing a policy. If each District implemented their own exemption policy there would be no need for a support grant to be provided by the County Council.

In Lancashire there are currently 831 care leavers aged between 16 and 23 that are classified as living independently. Following removal of those care leavers that are currently exempt from council tax (due to being in education/training or are living with other tax paying adults who are liable) there are 62 care leavers that could be liable for council tax. Information in relation to care leavers between aged between 24 and 25 is not readily available therefore for the purposes of this report a pro-rated estimate of 11 that are liable for payment of council tax for this age group has been included. A total of 73 care leavers will therefore be liable for council tax in 2017/18. On reviewing the age profile of current 18-25 year old care leavers who will be eligible to pay council tax it is expected that the number of care leavers will increase in 2018/19 to 82 and 2019/20 to 91. It is important to note that only care leavers from the age of 18 are liable for Council Tax and we do not have information that indicates if the eligible care leavers are currently in receipt of discounts (such as single person discount) or council tax reductions.

This report proposes that a support grant is provided to care leavers (in those instances where a full council tax exemption doesn't apply) rather than a council tax exemption. The ability to implement an exemption is only available to billing authorities which would be District and Unitary Councils rather than the County Council. However, the County Council is keen to support care leavers and therefore a support grant is thought to be a suitable option. There is also a possibility that a care leaver may choose to leave the Lancashire area or move between districts in Lancashire therefore a support grant will provide initial support to enable the individual to live independently. Even if the care leaver eventually chooses to live independently outside Lancashire in most cases they will still be the responsibility of the County Council and will therefore be supported with a grant to support them with their council tax payment.

The potential costs of introducing support for Care Leavers in respect of Council Tax have been modelled over the next 3 years. The estimates below are based on the average council tax for a property classified as Band A or Band B, as it is reasonable to assume that care leavers are most likely to live independently in lower cost properties due to financial pressures that are experiencing following the transition to living independently. In 2017/18 Lancashire County Council's average charge for property that is either Band A or Band B is £882.37 (approximately 73% of the total council tax bill), however at this stage it is anticipated that the grant provided by the County Council will cover all council tax costs incurred by the care leaver. The County Council does not currently have information as to whether the care leavers will be in receipt of any council tax support (as the County Council is not a billing authority), so the potential costs of the support grant have been calculated at 100%,

75%, 50% and 25% of care leavers being liable for council tax. The scheme will however only provide a support grant up to the amount that the care leaver is liable to pay for Council Tax which will need to be evidenced by the individual.

| | 2017/18 | 2018/19 | 2019/20 |
|---|-----------|-----------|-----------|
| Number of Care Leavers estimated to be eligible for a grant (ie expected to pay a level of Council Tax) | 73 | 82 | 91 |
| Average Council Tax (Band A/Band B) | £1,211.78 | £1,244.84 | £1,278.83 |
| Potential Costs: | | | |
| Cost if support grant for 100% Council Tax is paid to 75% of care leavers | £66,345 | £76,557 | £87,280 |
| Cost if support grant for 100% Council Tax is paid to 50% of care leavers | £44,230 | £51,038 | £58,187 |
| Cost if support grant for 100% Council Tax is paid to 25% of care leavers | £22,115 | £25,519 | £29,093 |

The table above demonstrates that the maximum estimated cost of providing the support grant is £87k (if all care leavers only received single person discount). The table also includes an estimate of 50% as if a care leaver shares their home then the grant will only be awarded by the share attributable to the care leaver (ie if living with a partner a grant will be paid for 50% of the amount of Council Tax paid) As the County Council is not a billing authority we do not currently have information on which care leavers would qualify for discounts (such as single person discount c25%) or the council tax reduction scheme offered at the discretion of each district council.

On 16th March 2017, Chorley Council approved a report that provided council tax assistance to care leavers. Within their report they estimated that the cost of their scheme for the full cost of council tax to the care leavers (not just the Chorley Council element) would be no more than £5k. If this estimate is used to estimate the cost for the County Council this would result in a maximum cost of £73k.

The County Council would only provide a support grant to the amount that the individual is paying towards their council tax, therefore if a district council established their own exemption policy care leavers in that area would not be eligible for the grant.

As part of the offer of the support grant a letter will be sent to all care leavers inviting them to complete an application form and demonstrate their eligibility and council tax liability. A verification process will be carried out and a grant will then be paid to the individual for 2017/18 on a retrospective monthly basis. A process will be determined to work with billing authorities to ensure that the care leaver is paying their council tax on a timely basis. The application process will be completed each year to ensure the individual still meets the criteria for the grant and review the amount of grant payable.

Implications:

This item has the following implications, as indicated:

Risk management

This proposal supports care leavers as they move from care to independent living and aims to try to reduce the risk of the individuals accumulating significant debts.

Financial

The cost of implementing a care leaver support grant is estimated to be between £87k - £29k by 2019/20. This scheme will be funded from the Transitional Reserve in 2017/18 with the cost built into the budget through the Medium Term Financial Strategy (MTFS) from 2018/19.

List of Background Papers

| Paper | Date | Contact/Tel |
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None

Reason for inclusion in Part II, if appropriate

N/A