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**Manchester City Council  
Report for Resolution**

**Report to:** Resources and Governance Scrutiny Committee - 20 July 2017  
Executive - 26 July 2017

**Subject:** Council Tax Discount for Care leavers

**Report of:** City Treasurer  
Strategic Director of Children's Services

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**Summary**

This report seeks approval to provide up to 100% discount from the payment of Council Tax to care leavers (aged 18, 19 and 20 years) who live in Manchester.

The Council has the discretion to reduce Council Tax liability for individuals or prescribed groups. This discretion is exercised in accordance with section 13 A (1) (C) of the Local Government Finance Act 1992.

It is proposed that the Council exercises its discretionary powers to support care leavers by offering a Council Tax discount of up to 100% for care leavers living in the city. Providing this support would help care leavers manage the social and financial transition from local authority care to independent living.

**Recommendations**

The Resources and Governance Scrutiny Committee is asked to consider and comment upon the contents of the report and the steps being taken to support care leavers living in the city.

The Executive is asked to agree the following:

That the Council will:

1. Provide a discount of up to 100% discount of the Council Tax that is due, to care leavers who live in the city aged 18, 19 and 20 years, up to the date of their 21st birthday.
2. Create a local discount (s 13 A (1) (c) Local Government Finance Act 1992) policy to support this provision.
3. The discount will be awarded after all other discounts, exemptions (for example student discount) and Council Tax Support have been awarded.
4. Where there is a shared liability for the Council Tax due the discount will only be paid to cover the share that the former looked after person would be liable for.

5. That any discounts should be awarded with immediate effect with the discretion to backdate to 1 April 2017. This discretion should be delegated to the Head of Revenues and Benefits on behalf of the City Treasurer.
6. That the Council monitors the costs of the scheme during the first year of implementation and provides delegated responsibility to the City Treasurer to amend the scheme and associated policy as required to support a Greater Manchester approach and policy.

A copy of the new policy document to support this scheme is attached as appendix one.

**Wards Affected: All**

<b>Manchester Strategy outcomes</b>	<b>Summary of the contribution to the strategy</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The proposals have been considered to ensure that they do not have a negative impact on the transition into work or maintaining employment
A highly skilled city: world class and home grown talent sustaining the city's economic success	This proposal has been developed to support care leavers in the transition from local authority care to living independently. This includes financial management and inclusion and the sustainability of their home, work and education.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	As above.
A liveable and low carbon city: a destination of choice to live, visit, work	Not applicable.
A connected city: world class infrastructure and connectivity to drive growth	Not applicable

**Full details are in the body of the report, along with any implications for:**

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

### **Financial Consequences – Revenue**

Initial analysis indicates that the costs of providing this discount could cost £42,000 per year. This would be met from the Collection Fund and reduce the amount of Council Tax funding available to support the revenue budget in the following year.

### **Financial Consequences – Capital**

None

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### **Background documents (available for public inspection):**

The Wolf at the door. How council tax collection is harming children. The Children's Society, March 2015  
[https://www.childrenssociety.org.uk/sites/default/files/wolf-at-the-door\\_council-tax-debt-collection-is-harming-children\\_PCR027a\\_WolfAtTheDoor\\_Web.pdf](https://www.childrenssociety.org.uk/sites/default/files/wolf-at-the-door_council-tax-debt-collection-is-harming-children_PCR027a_WolfAtTheDoor_Web.pdf)

Department for Education, Keep on Caring, July 2016  
[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)

Council Tax Information Letter: 21 December 2016, DCLG  
<https://www.gov.uk/government/collections/council-tax-information-letters#2016>

## Background

1. Corporate parenting is a statutory function of the Council. The underlying principle is that every local authority will seek the same outcomes for children and young people in care that every good parent would want for their own children.
2. Looked after children and care leavers are amongst the most vulnerable groups in society. Many will have suffered abuse or neglect. Research advises that care leavers show significantly lower academic achievement, are more likely to be unemployed, to have mental health needs, be homeless and be disproportionately represented in prison. Whilst the Council has positive arrangements to support these young people, they tend to leave home at a younger age and have more abrupt transitions to adulthood than their peers. Unlike many of their peers who normally remain in the family home, care leavers will often be living independently at age 18. As corporate parents, the Council wants to make sure that young people's experiences leaving care and moving into independent living are positive and improve their life chances.
3. Managing budgets can be very challenging for most people on low incomes; none more so than vulnerable young people as they transition into adulthood; adjusting to living by themselves. Care leavers whose transition is often 'not of choice' and life experiences are often characterised by trauma and limited support networks are more likely to find it even more difficult than their counterparts.
4. The Government's recently published 'Keep on Caring', published in July 2016, encourages Local Authorities and their partners 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'. Furthermore, nationally care leavers have consistently reported they were insufficiently prepared for the realities of living independently, particularly in relation to budgeting.
5. A 2015 report by The Children's Society (The Wolf at the Door. How council tax debt collection is harming children) suggests that care leavers are a particularly vulnerable group for council tax debt. It found that when care leavers move into independent accommodation and they begin to manage their own budget fully for the first time that this is challenging time for care leavers, particularly if they are falling behind on their council tax. The Children's Society report made a number of recommendations, including making care leavers eligible for council tax discount. This would help to relieve some of that initial pressure and would sit alongside a number of other financial support arrangements available to care leavers.
6. The Council has the discretion to reduce Council Tax liability for individuals or prescribed groups. This discretion is exercised in accordance with section 13A (1) (C) of the Local Government Finance Act 1992. It is important that the proposals set out in this report are seen in the context of an overall package of support offered to prepare care leavers for independence and support them in the successful transition to adulthood.

### **Definition of care leaver for the purposes of this report**

7. For the purposes of this report a care leaver is defined as a person who is currently resident in the city with a Council Tax liability and has been in the care of a local authority (looked after) for a period or cumulative periods equalling at least 13 weeks since the age of 14 and which ended on or after their 16<sup>th</sup> birthday.
8. Local authorities must plan for looked after children so that they have the support they need as they make their transition to the responsibilities of adulthood. The local authority's responsibility to some care leavers extends until they reach the age of 21.
9. The Local Authority has further responsibilities to those young people who are in full time education until the age of 25. However, this group would not be responsible for Council Tax and are not included in this proposal.

### **Position across other Greater Manchester Councils**

10. In light of representation from young people and within the context of national policy and the recently published Children's Society report, a number of Local Authorities across Greater Manchester have adopted a policy position of not charging eligible care leavers for Council Tax. Three GM Local Authorities have already amended their Council Tax schemes and offer a local discount to care leavers. They have reported that the number awarded and associated costs has been lower than they had initially anticipated (mainly due to the transience of this cohort). The remaining Greater Manchester councils are considering implementing a local discount either within the current financial year or ready for the 2018/19 financial year.
11. Consideration is also been given to whether there should be a reciprocal agreement across GM authorities whereby the Council Tax discount is provided based on where the young person is currently liable for Council Tax, rather than being picked up as a cost to the council that has the duty of care for the care leaver. Although this does present some potential financial risks; in the main due to the transience of care leavers and the spread and availability of affordable housing and other opportunities across Greater Manchester, the initial view is that this reciprocal agreement would be a reasonable approach and would avoid the introduction of a complex tracking and re-charging model across and between councils. Further work would be required before such an approach could be agreed.
12. This report proposes that the Council introduces a scheme for the 2017/18 year and as part of this, the financial impact is monitored especially in relation to care leavers from other councils living in the city. It is also proposed that authority to amend the scheme is delegated to the City Treasurer if required to align to a future GM scheme.

### **Current Position and Financial Implications of providing a discount**

13. A recent snapshot from the Council's Children's Services team shows that the Council is responsible for 542 Care Leavers aged between 18 and 21 years; of which 311 (57%) are recorded as living in the city. The majority of the remainder (26%) live in the catchment of other Greater Manchester Councils, with a further 6% living elsewhere in the North West and 8.5% outside of the North West of England. There will also be similar number from outside of Manchester that now live in the city.
14. The financial implications have been calculated based on the care leaver living alone in a band A property. For 2017/18 the full Council Tax for a band A property is £1,001.41 for the year. For people living alone this is further reduced to £751.06 for the year. For people receiving maximum Council Tax Support of 82.5% this would result in an amount payable of £131.44 for the year. Based on the assumptions set out below, the financial costs are for Manchester care leavers living in the city estimated to be around £20,000 per annum.
15. The indicative costings have been based on:
  - 43% of care leavers in the city, living in the city when they leave care.

Of these

  - 40% care leavers living independently and having a Council Tax liability
  - 10% care leavers not having a bill to pay due to being in full time education

For costing purposes it has been assumed that the 80% of the remainder receive maximum Council Tax support towards their bill and 20% receive no Council Tax Support (some will get partial benefits).
16. In addition to this there is a similar cohort of care leavers from other councils that now live in the city. For costing purposes it has been assumed that there will be similar costs to the Manchester cohort of £21,000.
17. The total costs have therefore been forecasted at **£42,000**.
18. Due to the transience and volatility of the cohort and the lack of knowledge about care leavers that move into Manchester from other councils the first year's costs are indicative, based on the modelling described above. It is expected that as the Revenues and Benefits Service administer the scheme the intelligence and financial mapping will improve.

### **Legal Considerations**

#### **Legislation in respect of looked after children and care leavers**

19. The Children's Act 1989, Children's Act 2004 and the Children and Young People Act 2008 place statutory obligations on the Local Authority as a

Corporate parent and further give rise to statutory guidance which the Local Authority must have due regard to when exercising the role of Corporate parent.

20. This legislation and statutory guidance also sets out the role of the local authority in respect of looked after children, young people in transition and care leavers.

### **Council Tax Legislation**

21. The Local Government Finance Act 1992 gives the Council the power to reduce liability for council tax in relation to particular cases or by determining a class of cases where national discounts and exemptions cannot be applied. Section 13A(1) states *'Where a person is liable to pay Council Tax in respect of any chargeable dwelling and any day, the billing authority for the area in which the dwelling is situated may reduce the amount which he is liable to pay as respects the dwelling and the day to such extent as it thinks fit.'*

### **Equality Impact Assessment**

22. As a public body the Council has a number of statutory duties under equalities legislation. These are often referred to as the Public Sector Equality Duties (PSED). The PSED require the Council, through its decision making process, to give due regard to the need

- to eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act;
- to advance equality of opportunity between people who share a protected characteristic and those who do not;
- to foster good relations between people who share a protected characteristic and those who do not.

23. This involves in particular having due regard, to the need to:
- (a) tackle prejudice; and
  - (b) promote understanding

24. The protected characteristics are age, disability, gender re assignment, pregnancy, maternity, race, religion or belief, sex and sexual orientation. The Equality Act explains that having due regard for advancing equality involves:

- Removing or minimising disadvantages suffered by people due to their protected characteristics
- Taking steps to meet the needs of people from protected groups where these are different from the needs of other people. Particular attention needs to be paid to the needs of disabled people in taking account of this requirement.
- Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low

25. Compliance with the duties may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under the Act.
26. A child or young person may come into care as a result of temporary or permanent problems facing their parents, as a result of abuse or neglect, or as a result of a range of difficulties, including not having a parent to care for them. National research indicates that this group of young people is significantly disadvantaged in a range of outcomes compared to their peers.
27. In accordance with our equality duty, this proposal will result in more favourable treatment being applied to care leavers living in the city in order to advance equality of opportunity, with the overall aim of removing financial barriers, resulting in increased opportunities for employment, education and or training as well as increase financial well-being and inclusion.

### **Recommendations**

28. The Resources and Governance Scrutiny Committee is asked to consider and comment upon the contents of the report and the steps being taken to support care leavers living in the city.
29. The Executive is asked to agree the following:

That the Council will:

- Provide a discount of up to 100% discount of the Council Tax that is due, to care leavers who live in the city aged 18, 19 and 20 years, up to the date of their 21st birthday.
- Create a local discount (s 13 A (1) ( c ) Local Government Finance Act 1992) policy to support this provision
- The discount will be awarded after all other discounts, exemptions (for example student discount) and Council Tax Support have been awarded.
- Where there is a shared liability for the Council Tax due the discount will only be paid to cover the share that the looked after person would be liable for.
- That any discounts should be awarded with immediate effect with the discretion to backdate to 1 April 2017. This discretion should be delegated to the Head of Revenues and Benefits on behalf of the City Treasurer

That the Council monitors the costs of the scheme during the first year of implementation and provides delegated responsibility to the City Treasurer to amend as required to support a Greater Manchester approach and policy.

A copy of the new policy document to support this scheme is attached as appendix one.

# **Manchester City Council**

## **Council Tax Discount for Care Leavers Policy**

**Guidelines for the Award of Council Tax Discounts of up to 100% of the Council Tax due for Care Leavers aged 18, 19 and 20 (up to the date of the 21<sup>st</sup> birthday)**

## **Council Tax Discount for Care Leavers Policy**

July 2017

### **1. Introduction and scope**

This Council has determined that it will provide up to 100% discount from the payment of Council Tax to care leavers (aged 18, 19 and 20 years) who live in Manchester.

The Council has the discretion to reduce Council tax liability for individuals or prescribed groups. This discretion is exercised in accordance with Section 13a (1) (C) of the Local Government Finance Act 1992.

The Council has determined that it will exercise its discretionary powers to support care leavers by offering a Council Tax discount of up to 100% for care leavers living in the city.

Providing this support would help care leavers manage the social and financial transition from local authority care to independent living.

### **2. Qualifying Criteria**

For the purposes of this report a care leaver is defined as a person who is currently resident in the city with a Council Tax liability and has been in the care of a local authority (looked after) for a period or cumulative periods equalling at least 13 weeks since the age of 14 and which ended on or after their 16<sup>th</sup> birthday

Local authorities must plan for looked after children so that they have the support they need as they make their transition to the responsibilities of adulthood. The local authority's responsibility to some care leavers extends until they reach the age of 21.

The Local Authority has further responsibilities to those young people who are in full time education until the age of 25. However, this group would not be responsible for Council Tax and are not included in this proposal.

### **3. Discount scheme**

The Council Tax discount will take effect from 1 August 2017. Care leavers who become responsible for Council Tax after this date will be granted the discount from the date of occupation.

The Council has discretion to backdate the discount to April 2017 and this discretion is delegated to the Head of Revenues and Benefits or their nominated representative. Each request will be considered on its own merits.

The discount will be awarded after all other discounts, exemptions (for example student discount) and Council Tax Support have been awarded.

Where there is a shared liability for the Council Tax due the discount will only be paid to cover the share that the looked after person would be liable for.

The level of discount applied will be 100% of Council Tax liability after any entitlement to any national reliefs, exemptions or other discounts including entitlement to Council Tax Reduction have been calculated and awarded.

If subsequent to an award, the care leaver's liability for Council Tax reduces during the period of the award, for example if the care leaver becomes entitled to a single person discount, the care leaver's discount will be amended to ensure the award does not exceed the care leaver's Council Tax liability.

Where awarded, the discount will remain in force until the care leaver reaches the age of 21 years or ceases to become responsible for Council Tax whichever date occurs first. In these circumstances the annual bill is apportioned.

When a discount has been given, a Council Tax bill will be issued showing the detail. If a discount request is refused, a letter will be issued outlining the reasons why it has been refused.

#### **4. Right of Appeal**

Under Section 16 of the Local Government Finance Act 1992, there is a right of appeal if a person applying for a discretionary reduction under Section 13a (1) (c) is not happy with the Council's decision. The appeal must be in writing to the Revenues and Benefits service. The Council will then reconsider the discount request, together with any additional information provided, against the policy criteria.

If the original decision is upheld and the applicant remains dissatisfied, or the Council does not make a decision within two months, there is a further right of appeal to the Valuation Tribunal. The Valuation Tribunal for England is an independent body which adjudicates on disputes between taxpayers and the Council. Appeals must be made directly to the Valuation Tribunal.

#### **5. Policy review**

The Council will review the Care Leavers policy on an annual basis but the Council reserves the right to review and revise the policy at any time as a result of information gained as a result of operating the policy.

The City Treasurer in conjunction with the Executive Member for Finance and Human Resources are authorised by the Council to agree any revisions to the policy.