

NOTICE OF MEETING

CABINET MEMBER SIGNING

**Tuesday, 11th July, 2017, 10.30 am - Civic Centre, High Road,
Wood Green, London N22 8LE**

Members: Councillors Jason Arthur, Cabinet Member for Finance & Health

Quorum:1

1. FILMING AT MEETINGS

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2. URGENT BUSINESS

The Cabinet Member will advise of any items they have decided to take as urgent business.

3. DECLARATIONS OF INTEREST

A member with a disclosable pecuniary interest or a prejudicial interest in a matter who attends a meeting of the authority at which the matter is considered:

- (i) must disclose the interest at the start of the meeting or when the interest becomes apparent, and
- (ii) may not participate in any discussion or vote on the matter and must withdraw from the meeting room.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Register of Members' Interests or the subject of a pending notification must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal interests and prejudicial interests are defined at Paragraphs 5-7 and Appendix A of the Members' Code of Conduct

4. COUNCIL TAX REDUCTION SCHEME CONSULTATION - CARE LEAVERS' EXEMPT PROVISION (PAGES 1 - 12)

The report will seek Cabinet Member approval to start an eight-week consultation with council tax payers, residents, the GLA and the wider stakeholder and support groups for care leavers on their views on the proposal to exempt care leavers from payment of council tax under Haringey's CTRS.

5. NEW ITEMS OF URGENT BUSINESS

To consider any items admitted at item 2 above.

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Bernie Ryan
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Monday, 03 July 2017

Report for: Cabinet Member Signing – 11th July 2017

Item number: 4

Title: Council Tax Reduction Scheme Consultation – Care Leavers’ Exempt Provision

Report authorised by: Richard Grice, Interim Director of Transformation and Resources

Lead Officer: Oladapo Shonola, Lead Officer - Medium Term Financial Strategy

Ward(s) affected: All

**Report for Key/
Non Key Decision:** Non Key decision

1. Describe the issue under consideration

- 1.1. The Government transferred the responsibility for council tax benefit to local authorities in April 2013. Since then, Haringey has run the Government approved Council Tax Reduction Scheme (CTRS) which provides relief for pensioners, vulnerable people and certain individuals on low income and in receipt of state benefit. The scheme provides 100% relief for pensioners/vulnerable people and up to 80.2% for other groups.
- 1.2. The Council is required by law to review its CTRS annually with a view to either revise or replace the current scheme. There is a further obligation on the Council to consult if it decides to make changes to the current scheme.
- 1.3. It has been proposed that care leavers that reside in the borough are added to the group of vulnerable people that are given relief from payment of council tax. This could potentially provide up to 100% relief to such individuals from council tax liability.
- 1.4. Approval is being sought to start an eight-week consultation with council tax payers, residents, the GLA and the wider stakeholder and support groups for care leavers on their views on the proposal to exempt care leavers from payment of council tax under Haringey’s CTRS.
- 1.5. The start of the consultation will be 28th July 2017 and the closing date for the consultation will be 24th September 2017. It is intended to present the outcome of the consultation to Cabinet in October 2017 as part of the process of approving the 2018/19 CTRS.

2. Cabinet Member Introduction

- 2.1. The government decided to abolish the Council Tax Benefit and reduce its funding by 10% as a way to incentivise work. However, there is no evidence to date that suggests that this policy has resulted in an increase or decrease in employment.
- 2.2. It is also worth noting that the method of payment for central government grant funding allocation has also changed since the existing Council Tax Reduction Scheme (CTRS) was first set up to replace Council Tax Benefit. Several grants, including the Council Tax Benefit Grant, have been consolidated within the overall Revenue Support Grant paid to local authorities. This makes matching of funding to activity virtually impossible. However, it is clear that there have been significant reductions to Council Tax Benefit funding in line with other funding cuts to local authorities.
- 2.3. Haringey's current scheme fully protects pensioners and those receiving certain disability benefits. The Council has also put in place additional measures to support those who need our help. For example, where people have been affected by multiple welfare reforms, they will continue to receive individual assistance and support from the Council and our partner organisations. Where necessary, residents will also continue to be signposted to appropriate employment and skills training programmes to enhance their employment opportunities.
- 2.4. We know that some of our residents are struggling. Evidence from the Children's Society shows that care leavers in particular are at considerable risk of falling into debt. A key recommendation of their report was for care leavers to be exempted from paying Council tax up until the age of 21.
- 2.5. The Council agree that young people transitioning out of care can often face a myriad of challenges. They are often for the first time having to manage money which can prove extremely difficult without the assistance of family.
- 2.6. The Council's statutory role as a corporate parent to care leavers has been strengthened by legislation, with responsibilities now extending from age 21 to 25. We should seek the same outcomes for young people in care that every parent would want for their own children. The Council is committed to keeping care leavers safe, ensuring their experiences moving into independent living are positive, and improving their life chances.
- 2.7. It is with in mind that we seek the views of residents, council tax payers, the GLA and wider stakeholders to exempt care leavers from paying council tax up until the age of 25.

3. Recommendations

- 3.1. That the Cabinet Member Finance and Health agree that the Council consults on its Council Tax Reduction Scheme policy and the proposal that seeks to exempt care leavers up to the age of 25 from payment of council tax for a period of 8 weeks from 28th July 2017 to 24th September 2017.
- 3.2. The consultation seeks views on the following proposed changes to the current CTR scheme:
 - a. Providing relief to care leavers under the Council's CTRS policy in the form of discount on council tax bill;
 - b. The level of financial relief to provide to care leavers in relation to council tax liability.

4. Reason for Decision

- 4.1. Haringey Council now has responsibility for council tax benefit following the Government's decision to transfer responsibility to local authorities in April 2013. The new process governing the award of council tax benefit is set out in the CTRS which is approved annually by Full Council.
- 4.2. As part of the process for agreeing the current CTRS policy in 2013, the Council had previously considered and rejected the adoption of other proposals for the Scheme. This consultation does not seek to revisit these options as the underlying reasons for rejecting those proposals remain.
- 4.3. The Council's CTRS policy is largely based on the default scheme, which protects pensioners and certain disability benefit claimants. Whilst the Council is able to change the CTRS policy to include care leavers, it cannot do so without first conducting a consultation on proposed changes to the existing policy.
- 4.4. A report by the Children's Society shows that care leavers who are looked after by a local authority rather than their parents are amongst the most vulnerable groups in society.
- 4.5. The Children's Commissioner for England has written to the leader of the Council to make the case for exempting care leavers from payment of council tax as part of the Council's parenting responsibility and as a means of helping this group of young adults to get the best start in life. The Council takes its parenting responsibility to care leavers seriously and, where possible, works to ensure that they are not disadvantaged compared to their peers.

5. Other options considered

5.1. In accordance with paragraph 5 of Schedule 1A to the Local Government Finance Act 1992 (the 1992 Act), each financial year the Council is required to consider whether to revise or replace its scheme. One option for the Council is to continue with the scheme in place for the current financial year. Another option is to revise the scheme in some respects. The Council could choose to increase or decrease the amount of financial support available under the scheme. Options should be considered in the light of the knowledge gained during the implementation of the scheme over previous years.

5.2. The options for changing the scheme that have been considered to date are listed below. Some of these were proposed by respondents to the consultation undertaken prior to adopting the 2013/14 scheme.

- Increase the level of financial support so all customers pay less
- Decrease the level of financial support so all customers pay more
- Absorb the full shortfall into the Council budget by providing financial support up to the level previously funded by Central Government as part of Council Tax Benefit.
- Protect certain vulnerable groups in addition to those in receipt of certain disability benefits. These include but are not limited to:
 - Households with children
 - Households with a child under one
 - Households with a child under five
 - Households with more than three children
 - Households with a lone parent
- Protect band A-C properties
- Protect claimants who are working but on low incomes
- Protect claimants in receipt of Single Person's Discount
- Increase Council Tax

5.3. It was recommended that none of these options for change are taken forward for the following reasons:

- I. Any option which would require the Council to increase levels of support for Council Tax payments would need to be directly funded by the Council and given the competing demands on the Council's reducing budget, increasing support for Council Tax funding would require the Council to find reductions elsewhere, cut services, utilise reserves or increase Council Tax.
- II. Any option which would require the Council to increase levels of support for particular groups of people could have a disproportionate impact on some claimant groups over others.
- III. The majority of the options do not support the Central Government initiative of encouraging people back to work through cuts in Council Tax Benefit.

- IV. The Council, given its commitment to keep council tax low and not to increase council tax for the duration of the current administration, has not considered increasing Council Tax regardless of government cuts to Council Tax Benefit.
- 5.4. As these options have been subject to consultation previously, it is not proposed to re-present them for this consultation as the underlying reasoning for their rejection remains.
- 5.5. The Council could also choose to do nothing and leave the CTRS unchanged.

6. Background information

- 6.1. The Government in 2013/14 transferred the responsibility for Council Tax Benefit to local authorities. The transfer came with a 10% funding cut and local authorities were required to design a scheme that protected pensioners and still find the savings necessary to offset the 10% funding cut.
- 6.2. Furthermore, as part of the funding announcement for the Council in 2014/15, the Government also announced that Council Tax Benefit grant would be rolled into the Settlement Funding Assessment (SFA), the Council's formula grant allocation. As the SFA has reduced over the years, so has the underlying central government funding of Council Tax Benefit. The reduction is masked by the fact that Council Tax funding now forms part of overall local authority funding, making it difficult to directly match funding cuts to reduced financial resources to fund council tax benefit.
- 6.3. The Council in 2013/14 decided, for reasons set out earlier in this report, to design a CTRS that is cost neutral, so that other council tax payers are not required to pay more or that service provision is curtailed as a result of reduced Council Tax Benefit funding from central government. The Scheme has remained unchanged from that which was approved in 2013/14.

The Case for Exempting Care Leavers from Paying Council Tax

- 6.4. The situation for care leavers in relation to Council Tax debt has been highlighted most notably by the Children's Society in their report 'The Wolf at the Door', which identified care leavers as being especially susceptible because they are exposed to a range of disadvantages related to having to live by themselves so early in life. The charity recommended that care leavers should be exempted from paying council tax until they are 21 years old.

- 6.5. The Children's Commissioner for England also highlighted the need for local authorities to exempt care leavers from paying council tax. The Commissioner wrote to the Leader of the Council urging Haringey to join 19 other local authorities (including 3 London Boroughs – Greenwich, Hammersmith & Fulham and Islington) that have already implemented this policy.
- 6.6. Specifically, the Commissioner encouraged Haringey to support the Government's Care Leavers' Strategy *Keep on Caring* by using their corporate parenting responsibility to give children leaving care the best start in adult life. The communication also noted that "The Children and Families Act ... encourages Councils to do all they can to support care leavers", and that this legislation "...has been further enhanced by Section 2 of the Children and Social Work Act which places a statutory duty on Councils to make a clear offer to care leavers."
- 6.7. It is clear that care leavers who are looked after by a local authority rather than their parents are amongst the most vulnerable groups in our community.
- 6.8. In some respects, Haringey's looked after children have comparatively good outcomes. Haringey's looked after children have excellent educational outcomes compared to the rest of London and the rest of the country. In 2016 Haringey's looked after children achieved the second best results in the country at GCSE (measured as 5 A*-C grades including English and Maths), and the top results in the country using the Attainment 8 measure (tracking average results across eight key subjects).
- 6.9. The good work that the Council does with its care leavers at this stage of their development can be easily undone by them being trapped in debt due to not having much prior experience of money management before transitioning to independent living. As well as problems with managing their finances and a greater risk of being unemployed, care leavers are faced with other challenges too.
- 6.10. Recent studies have shown that 50% of young people are still living with their parents after their 22nd birthday. However, young people leave care at 18 years and some end up moving into independent living before they are ready to do so. As a consequence, care leavers are more likely than their peers to have poor social outcomes in later life, including a higher tendency to be homeless, some of which can be linked to their difficulties in managing their finances. They are also more likely to come in contact with the criminal justice system, and self-harm later in adulthood. Female care leavers are more likely to become teenage parents.
- 6.11. The proposed change to exempt care leavers from paying Council Tax, supported by the Children's Society and the Children's Commissioner for

England, is in line with and complements a review of our wider support to this vulnerable group taking place in response to the change in the law on Local Authority corporate parenting responsibility for care leavers. This includes extending local authority responsibilities to care leavers from 21 to 25 years of age. Therefore, the policy of exempting care leavers from Council Tax payment would extend to the 25th birthday of our care leavers.

Financial Implications

- 6.12. There are financial implications to awarding any discounts in addition to those already available. The granting of relief to any group reduces income from Council Tax, but the total cost of the relief proposed cannot be determined precisely, as some of this can be offset against the cost of pursuing such debt by the Council and the Council's role as a corporate parent.
- 6.13. Based on the latest figures for care leavers resident in the Borough, it is estimated that exempting care leavers from council tax payment will cost a maximum of £233,851 (£204,937 after discounts), if all care leavers resident in the borough are solely liable for council tax at their place of residence, do not currently claim single person discount, and that 100% of those entitled as care leavers actually make a claim.
- 6.14. A detailed analysis of the information on care leavers shows that there are 350 care leavers under the Council's care, with 178 living out of the borough. However, of the 172 that reside in the borough, only 44 are liable to pay Council Tax.
- 6.15. After adjusting for single person discount and other discounts currently available to care leavers in the borough under the existing CTRS, and assuming that all eligible care leavers apply for the discount available under the CTRS, the likely cost of implementing this policy is estimated at £36,427.
- 6.16. Although not likely, it is possible that care leavers that are not currently liable for Council Tax take action that results in them being liable for council tax at their place of residence, and by doing so increase the cost of this exemption.

6.17. An analysis of care leavers in the borough as it relates to council tax liability is set out in the below table.

Table 1 - Care Leavers Council Tax (CT) Analysis

Description	No of Care Leavers	Council Tax Amount (£)
Total Number of Care leavers	350	N/A
Care leavers not resident in Haringey	178	
Care leavers resident in Haringey	172	233,851
Care leavers not liable for CT	128	183,075
Care leavers liable for CT	44	50,776
Care Leavers CT Liability Adjusted for Existing Discounts		
Original Total CT Liability	44	50,776
Single Person Discount	30	8,245
CTRS Discount	9	6,104
Care Leavers CT Liability		36,427

6.18. The care leaver Council Tax liability figure of £36,427 is based on all eligible care leavers (currently 44) submitting a claim. The number of care leavers have fluctuated over the years and will continue to do so, but the overall change in these numbers is not significant. There is also the possibility that the circumstances for some care leavers could change in a way that results in increased claims above the current estimated Council Tax revenue loss.

6.19. Based on current information, 128 care leavers that reside in the borough are currently not liable for Council Tax. If 25% of this group of care leavers somehow become liable for Council Tax, it is estimated that this would result in council tax revenue loss of £78,555. The below table shows potential council tax revenue losses at 25%, 50%, 75% and 100%.

Table 2 – Care Leavers CT Liability Sensitivity Analysis

	25% Change (£)	50% Change (£)	75% Change (£)	100% Change (£)
Care Leavers (NOT) Liable for CT	45,769	91,538	137,306	183,075
Single Person Discount	1,620	3,239	4,859	6,478
CTRS Discount	2,022	4,044	6,065	8,087
Net Liability after discounts applied	42,128	84,255	126,383	168,510
Care Leavers CT Liability	36,427	36,427	36,427	36,427
Total CT revenue Loss	78,555	120,682	162,810	204,937

6.20. It should be noted that if this proposal is approved for inclusion in the CTRS, the Council can only provide the discount on Haringey's element of

the council tax liability and care leavers would still be liable to pay the GLA element of the bill.

Consultation

- 6.21. This report seeks permission to consult on the potential to add care leavers to the group of beneficiaries under the Council's CTRS.
- 6.22. There is a legal obligation on the Council to consult with the GLA and others that will be impacted and may therefore likely have an interest in the operation of the CTRS.
- 6.23. It is proposed that the consultation will run from 28th July 2017 to 24th September 2017. The consultation will be open to all residents, Council Tax payers, the GLA and organisations that support care leavers in the borough.
- 6.24. The consultation will be communicated through a local press release to residents, Council Tax payers and the general public. The consultation documents will be published online on the Council's website. Hard copies will be sent to care leavers in the borough and their support networks. Other social media platforms such as twitter will also be used to publicise the consultation.
- 6.25. The result of the consultation will be reported back to Cabinet and will be included in the 2018/19 CTRS.
- 6.26. The implementation timetable is summarised in the below table.

Table 3 – Implementation Timetable

Consultation Activity	Number of Weeks
Produce consultation material	3-4
Organise publicity for consultation	2-3
Distribute questionnaires	1
Register consultation e-form	1 day
Consultation Period	8
Analysis of both quantitative and qualitative research	2-3
Draft consultation report	1
Draft reviewed by other approval bodies such as SLT and CAB	2
Submit final consultation report to Cabinet	October
Submit revised CTRS to Full Council for approval	November
Total number of weeks to complete consultation process and produce revised CTRS	18

7. Contribution to Strategic Outcomes

- 7.1. The proposal to exempt care leavers from payment of Council Tax contributes to priorities in the corporate plan. In particular, it contributes to

Priority 1 – Enable every child and young person to have the best start in life.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

8.1. This is a report of the Chief Finance Officer, so finance comments are reflected throughout the report.

Legal

8.2. Section 13(A)(1)(c) of 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 a case in which liability is to be reduced. The proposal to exempt young people leaving care who live in the borough supports the Council's corporate parenting role, and is a lawful and reasonable proposal.

8.3. The Council is under a statutory duty to review its CTRS annually and consult with any major precepting authority and interested parties. Consultation should occur when proposals are at a formative stage; should give sufficient reasons for any proposal to permit intelligent consideration; allow adequate time for consideration and response.

8.4. There must be clear evidence that the Council has considered the consultation responses, or a summary of them, before taking its decision. The report outlines that consultation responses are to be considered by Cabinet in October 2017.

8.5. Each financial year the Council must consider whether to revise its CTRS or to replace it with another scheme. The Council must decide no later than 31 January 2018, on any revisions or replacement of the scheme to be able to take effect in 2018-19. (Schedule 1A Local Government Finance Act 1992.

8.6. The Council need to have due regard to comply with its equality duty (section 149 Equality act 2010). The proposal and outcome of the consultation will need to be subject to a full equality impact assessment (EIA) and for an EIA to accompany the final scheme, scheduled for consideration by the Cabinet and by the Council.

Equalities

8.7. The Council has a public sector equality duty under the Equality Act 2010 to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act

- Advance equality of opportunity for those with „protected characteristics“ and those without them
- Foster good relations between those with „protected characteristics“ and those without them.

The protected characteristics are: age, disability, gender reassignment pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

- 8.8 This decision is seeking permission to consult on the exemption of care leavers from Council Tax. Care leavers are some of the most vulnerable young people in the borough. BAME communities and disabled young people are likely to be disproportionately represented amongst care leavers and experience inequalities in employment, education and health outcomes.
- 8.9 In order for the Council to fulfil its corporate parenting function, the Council is intending to exempt Care Leavers from Council Tax. This will provide them with additional support and help reduce inequalities and vulnerabilities experienced by care leavers.
- 8.10 In undertaking consultation, reasonable adjustments will need to be made to ensure that disabled people are able to participate in the consultation process, as well as translation and interpretation services. In engaging with Care Leavers, consideration will be needed to ensure that the consultation is accessible and they are able to participate.
- 8.11 A full EqIA will be undertaken when the consultation has finished and the Council takes the final decision.

9. **Use of Appendices**

None.

10. **Local Government (Access to Information) Act 1985**

- 10.1. For access to the background papers or any further information please contact Oladapo Shonola, Lead Officer – Medium Term Financial Strategy.

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