

Blaenoriaethau ar gyfer y Pwyllgor Cydraddoldeb,
Llywodraeth Leol a Chymunedau
Priorities for the Equality,
Local Government and Communities Committee
Ymateb gan: The Children's Society
Response from: The Children's Society

Priorities for the Equality, Local Government and Communities Committee Consultation response from The Children's Society

The Children's Society is a leading charity committed to improving the lives of thousands of children and young people every year. We work across England and Wales for the most disadvantaged children. Our direct work with vulnerable groups including children in poverty, disabled children, children in or leaving care, refugee, and migrant and trafficked children, means that we can place the voices of children at the centre of our research and policy work.

This consultation response focuses on those areas of investigation that the Committee is interested in – namely in-work poverty, poverty and welfare reform, post-legislative scrutiny of the new homelessness duties – that align to the work of The Children's Society. We have also proposed one other issue that we recommend the Committee consider through its longer-term programme – the impact of council tax debt on vulnerable families and care leavers.

1. In-work poverty

- 1.1. Latest available data shows that 3.9 million children in the uk are in families that are living in poverty, a rise of over 200,000 since last year. Of these families, two-thirds (67%) have at least one adult in work.
- 1.2. Last year the UK Government announced that most key children's benefits and tax credits will be frozen for four years – this includes the child additions within Tax Credits and Universal Credit. The Children's Society calculate that more than 7 million children will be affected by this, with around 5 million (approximately two thirds) living in working families. Forecasts predict that costs of living will have risen by around 12% by the end of the decade¹ and this decision will have a significant impact on the number of families living in in-work poverty.
- 1.3. The Children's Society is pleased to see free breakfast for all children in primary schools in Wales. As raised in a joint submission to Child Poverty Strategy in Wales (submitted by The Children's Society and The Church in Wales²) this initiative will assist in raising the standards of learning and attainment and provide children with a health start to the school day.
- 1.4. However, we have concerns that many children in poverty - and particularly those living in working families - are still missing out on Free School Meals. We estimate

¹ <http://www.childrenssociety.org.uk/sites/default/files/backbench-business-debate-universal-credit-and-families.pdf>

² <http://www.childrenssociety.org.uk/sites/default/files/revised-child-poverty-strategy-for-wales.pdf>

that school meals cost approximately £370 per year, per child³ and for many low-income families losing free school meals significantly reduces the incentive to work and can mean a move into work is not a move out of poverty. We would recommend the Committee examine the impact of free school meals on supporting families into work and out of poverty.

2. Poverty and welfare reform

- 2.1. Currently, very few families with children are receiving Universal Credit, but over the next few years, many more families will be transferred onto the new system. Once fully introduced, the introduction of Universal Credit will affect an estimated 129,000 children across Wales and will be a significant change to the way in which financial support is provided. The Children's Society welcome the opportunity that Universal Credit brings to provide better incentives for low income families to move into sustainable work, however we are concerned that a number of policy decisions will undermine its effectiveness and have a significant impact on children in Wales.
- 2.2. The first of these is the recent reductions in work allowances under Universal Credit which, from April 2016, cost families with children on the new system up to £2,630 per year. "Work allowances" set the amount of money that a claimant can earn before additional income affects their entitlement to benefit. A reduction to these allowances was planned for both Tax Credits and Universal Credit from April 2016. The Government decided not to make these changes to the Tax Credits system, but these did go ahead with Universal Credit.
- 2.3. ***The Committee consider how the Welsh Government can play a role in ensuring low income families in work are lifted out of poverty.***
- 2.4. ***In particular, the committee should explore whether further provision of free school meals could be made for children living in poverty in Wales - and particularly those living in working families.***
- 2.5. ***The committee should also consider what more could be done to understand the likely impact of the reduction in work allowances in Universal Credit on families in Wales - and what can be done to support families through the transfer onto the new system.***

3. Post-legislative scrutiny of the new homelessness duties

- 3.1. The Children's Society welcome the progressive steps the Welsh Government have taken to introduce a preventative homelessness duty, particularly the requirement to intervene early – within 56 days of threatened homelessness – to prevent people's situations escalating out of hand.
- 3.2. We particularly welcome that the Housing Act lists 16 and 17 year olds and care leavers in the priority need group. However, we recommend that care leavers' inclusion in the priority group should extend until the age of 25 to ensure they are able to be supported into stable accommodation.
- 3.3. In addition, we remain concerned that intentionality tests apply for people who are included in the priority need group. It is welcome that the Welsh Government have outlined its intention to remove the designation of 'intentional homelessness' by 2019, however in the meantime we would recommend that the Welsh Government follow Cardiff Council's model of excluding 16 and 17 year olds from the

³ https://www.childrenssociety.org.uk/sites/default/files/tcs/fair_and_square_campaign_report.pdf

intentionality tests, as “it is felt [they] cannot be deemed responsible for any loss of previous accommodation”⁴.

- 3.4. The Children’s Society research on the provision of homelessness services available for 16 and 17 year olds has shown that when children aged 16 and 17 year olds present as homeless to their council they do not always receive a joint assessment from both housing and children’s services, in line with statutory guidance⁵. We would recommend the Committee examine the support available to 16 and 17 year olds including how many do not receive a joint assessment and how many are returned home without receiving child in need status.

4. Proposal for the Committee to investigate the impact of council tax debt on vulnerable families and care leavers

- 4.1. Care leavers are a particularly vulnerable group when it comes to council tax. Often, when care leavers move into independent accommodation they begin to manage their own budget fully for the first time. [Our ‘Wolf at the Door’ report](#) into council tax debt showed that the pace of escalation of debt by local authorities could be frightening for care leavers - what can start out for many care leavers as falling slightly behind on bills can very quickly escalate to a court summons and enforcement action being taken. The Committee could look at how best the council tax system could be oriented to best support care leavers as they begin to move into independent living.

5. Background

- 5.1. One care leaver told us that they did not know what council tax was or that they needed to pay it when they moved into independent living arrangements; another explained how after getting into debt they had received letters from bailiffs, and had to work with their personal advisor to set up a repayment plan.
- 5.2. In many cases, care leavers were aware of bills, but not how to pay them. This was a situation that had been further exacerbated by a lack of proper financial education during their time at school, meaning that they did not feel they had a practical understanding of finances and bills that they could use in everyday life.
- 5.3. The Centre for Social Justice found that 57% of young people find it difficult managing their money and avoiding debt when leaving care. This is further reinforced by research from the Joseph Rowntree Foundation that outlines how ‘accumulation of debt, threats to their tenancies and their inability to avoid this through careful budgeting’ were issues of continuing concern for care leavers.
- 5.4. As a priority bill the enforcement measures available to councils to collect unpaid council tax are severe, which at its most extreme can result in a committal to prison.

6. The national picture

- 6.1. In the Government’s care leavers’ strategy, Keep on Caring, published in July 2016, they encouraged councils 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’. In relation to this, local authorities were encouraged to consider exempting care leavers from council tax using the powers already at their disposal.

⁴ <https://www.cardiff.gov.uk/ENG/resident/Housing/Homeless-or-at-risk/At-risk-of-being-homeless/Pages/At-risk-of-being-homeless.aspx>

⁵ <http://gov.wales/docs/dhss/publications/100915housingcircularen.pdf>

- 6.2. At a UK GOV level, The Children's Society are working to amend the Children and Social Work Bill that's currently going through Parliament to include an exemption for care leavers from council tax as part of a '*National offer for care leavers*' we believe should be added to the Bill. The momentum building among local authorities who are beginning to introduce the policy independently is contributing to an increased appetite for the policy nationally.
- 6.3. In August 2016, through their report into homeless, the Communities and Local Government Select Committee recommended to Government that care leavers be made exempt from council tax up to at least the age of 21.

7. Benefits to councils

- 7.1. The DfE and Ofsted regularly raise issues of concern relating to care leavers that council tax exemption could help to address.
- 7.2. Ofsted inspection reports consistently highlight the inadequacy of pathway planning for care leavers - while care leavers themselves consistently reported they were insufficiently prepared for the realities of living independently, particularly in relation to budgeting. Similarly, not enough is being done to raise awareness among care leavers of their entitlements to financial support.
- 7.3. In the year ending March 2015, local authorities were 'in touch' with, and provided data to the DfE on, 88% of care leavers. In many of the cases where no information was provided, this was because the care leaver had either refused contact, or had told the local authority that they no longer required support. An exemption from council tax would encourage more care leavers to remain in touch with the local authority that cared for them.

8. Examples of good practice

- 8.1. A range of local authorities across England have introduced measures to exempt care leavers from council tax.
- 8.2. In April 2016, Conservative-led Cheshire East has introduced an exemption for council tax for care leavers until the age of 25, including those living outside the local area on leaving care, costing a total of £17,000 per annum⁶. The council considered evidence from *The Wolf at the Door* report published by The Children's Society⁷ to support their business case. Cheshire East Council have anticipated that this exemption will result in a decrease in emergency payments made to care leavers in crisis, as well as further reducing the dependency of these young people on other services.
- 8.3. In June 2016, Labour-led Birmingham agreed to an exemption from council tax for care leavers until the age of 25 as part of their efforts to tackle child poverty in the city. Birmingham, the largest local authority in Western Europe, will introduce the policy from April 2017.
- 8.4. Beginning in 2015, the Conservative-led North Somerset council has taken the decision that its care leavers should not have to pay Council Tax until they reach age 22.

⁶ Cheshire East Cabinet Paper: <http://moderngov.cheshireeast.gov.uk/ecminutes/mgConvert2PDF.aspx?ID=46193> The council costed this at £17k per annum, with £11k for those placed in Cheshire East and £6k for those placed out of borough.

⁷ *Ibid.*

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