

Council Tax Exemption for Plymouth City Council Foster Carers**Date: 30/10/23****From: Emma Speakman Service Manager
and Karen Blake, Head of Service****1. Reason for Briefing**

This report sets out the proposal for implementing a Council Tax Exemption Scheme for Plymouth City Council internal Foster Parents and Connected Carers who are approved by Plymouth City Council (Foster for Plymouth) for the 2023/2024 financial year.

This briefing was originally prepared for DMT in August 2023 and has been amended for scrutiny. It is proposed that Council Tax Exemption is considered alongside a proposed new Support and Retention Offer to Our Foster Carers which is being consulted on and developed.

2. Context

Council Tax Benefit is means tested and generally has the same conditions to qualify as Housing Benefit (HB). Any fostering allowances are not eligible when making a claim for Council Tax Benefit and this includes any reward element that a foster carer is paid for their services. If a sole foster carer is caring for a disabled child, then they may also qualify for a Disability Reduction in their council tax bill of up to 50%.

Council Tax deduction or exemption schemes have already been implemented within a small number of Local Authorities in the UK with a reported positive impact on the morale and retention of current foster parents, an increased recruitment of new foster parents and an increase in the number of foster parents transferring from Independent Fostering Agencies (IFAs).

Upon analysis of the yearly cost of external placements for children and young people, it is evident that Local Authorities are able to save a significant cost by reducing Council Tax payments from in-house foster parents if the in-house cohort is increased and the IFA placements reduced.

3. Research

Liverpool City Council is an example of a Local Authority offering full council tax exemption to their in-house foster parents. They identified that they needed to recruit ten additional foster parents to offset the cost of introducing an exemption of council tax for foster parents. Having implemented their exemption scheme, Liverpool City Council saw 8 foster parents transfer from IFAs to their in-house Fostering Service within the first year of introducing the scheme, therefore almost hitting their target with IFA transfers alone. Liverpool City Council identified the key positive outcome from introducing this scheme was the positive boost to the morale of foster parents after receiving an indirect payment, reflecting the amazing work they do in protecting and supporting the City's most vulnerable children and young people. Liverpool Council looked to change their offer to make sure that foster parents only received an exemption once they had a placement, as they experienced carers who did not take a placement but received the exemption.

The following arrangements for council tax exemptions or discounts for in-house foster carers have been identified:

- Cheshire East Council – Full exemption
- Camden Council – Full exemption for those who live in Camden
- Waltham Forest Borough Council – 66% off council tax bill if foster carers live in Waltham Forest or a payment is given to cover cost if living outside of Waltham Forest
- Redbridge Council – discounted bills for foster carers
- Wokingham Borough Council - Full exemption

- Islington – Full exemption
- Liverpool – Full exemption

4. Proposal for Consideration

The proposal is to develop an offer which will help to attract and retain our own foster parents by exempting Plymouth City Council foster parents from paying council tax whilst looking after children who are resident in their households. Plymouth is proposing that to receive the full exemption foster parents will need to have consistently had placements for 26 weeks in the first and subsequent years following approval.

For respite only foster parents to receive 50% reduction they will need to have evidence they have had placements for a minimum of 91 days.

Plymouth City Council has invested significantly to support the recruitment and retention of foster parents in Plymouth through the development of a recruitment team and the recent review of payments to foster parents. The proposals within this report aim to build on this investment by improving our offer to our foster parents, giving Foster for Plymouth a unique selling point to families considering fostering and enabling some individuals who may have not felt able to foster or chosen another agency due to the financial payments in place. The aim is to make Foster for Plymouth the most attractive local option for foster parents and therefore increase our internal fostering capacity.

When children are placed in-house with Plymouth foster parents, our Fostering Team have a good knowledge of their carers' abilities and due to this, know that the children and young people will be provided with stability and good care resulting in good outcomes.

With a council tax exemption, we would be sending a message that as a Local Authority and as a city we value and celebrate the work that Plymouth foster parents do to make a vital difference to the lives of our most vulnerable children. If we can support more people to foster, this will ultimately benefit everyone in Plymouth by reducing costs for expensive out-of-borough care and enabling children to be placed in their home community.

5. Invest to Save Considerations

Table 1: Council Tax Bands in Plymouth

Valuation Band	Council tax 2023/2024
Band A	£1,407.71
Band B	£1,642.33
Band C	£1,876.95
Band D	£2,111.56
Band E	£2,580.79
Band F	£3,050.03
Band G	£3,519.27
Band H	£4,223.12

The average cost of an in-house placement for one children in Plymouth is £23,488 per annum. The average cost of placing a child in an Independent Fostering Agency (IFA) placement per annum is £53,289 this is a variance of +£29,801 per annum.

Calculations have been completed on the current fostering households who meet the proposed eligibility criteria. The cost for a full year based on Plymouth's 2023/24 Council Tax rate would be £224,530. It is noted that there may be some households within this cohort who are already receiving some sort of discount, however the £224,530 should be the maximum impact on the cohort below.

If Foster for Plymouth were able to achieve our stretch target of an increase of 20 additional in-house fostering placements per year over the next 3 years (20 placements would not be 20 new households but on average new foster carers offer 1 or 2 placements, so we can estimate this would represent 10-15 new households per year). This would equate to an approximate additional cost of £21,116 - £31,673 per year. These figures are a maximum projection and are based on all households that meet the criteria being eligible for a 100% exemption.

If the stretch target was achieved, the additional costs incurred by implementing this scheme would be offset by reducing number of children and young people placed with Independent Fostering Agency purchases and associated costs through the use of in-house Foster Parents. This proposal will also have the added benefit of creating capacity for more of our Cared for Children to remain close to their families, their homes, their schools and communities thus retaining essential local links and support networks.

In April 2023, Plymouth City Council had 159 children and young people placed in IFA foster homes with an estimated spend of £54,991 per week. If this number of our cared for children were to remain in IFA foster homes, the approximate spend per year on IFA foster homes would be £8,743,569. The spend for the same number of children placed in-house based on average placement costs would be £22,654 per week, or £3,601,986 per annum. This equates to an annual variance of £5,141,583 year.

The table below identifies what additional capacity our recruitment team would need to achieve in order to offset the costs of exempting our current foster parents from paying council tax and a projection over three years approximate figures.

Table 2: Invest to Save Calculations Based on Cost Avoidance

Period	Maximum Households eligible	Maximum cost to the LA (cumulative)	Additional built in fostering capacity (cumulative)	Cost avoidance of not placing with IFA
Current Year	137	£224,530	-	-
Year 1	15 additional households eligible	£256,203	20 children	20 children £596,020
Year 2	15 additional households eligible	£287,876	40 children	40 children £1,192,040
Year 3	15 additional households eligible	£319,549	60 children	60 children £1,788,060

6. Proposed Eligibility Criteria

It is proposed that foster parents who are approved by Plymouth City Council can get relief amounting to full exemption from paying council tax, where eligible. This exemption is in addition to payments of Fostering Allowances and is reviewed annually.

As a Foster for Plymouth foster parent, you will be eligible for full council tax relief if:

- You are fully approved as a foster carer by us and meet the foster carer training, support and development standards
- You have provided foster care to a child for a total of 26 weeks (182 days) in the previous 12 months from 1st April to 31st March. This need not be 182 consecutive days or for the same child, and may include 'staying put' arrangements where the arrangement meant you were not able to accept the placement of another child due to bedroom capacity;
- You maintain your approval as a foster parent with Foster for Plymouth;
- You maintain your availability to foster;
- You either live within Plymouth, or live outside of Plymouth but were a foster carer approved by us as of the previous 1st April 2023;
- You are already claiming all relevant benefits and discounts to which you would usually be entitled;
- You claim this exemption only on the one property in which you live;
- You agree to receiving this council tax relief

These eligibility criteria also apply if we have recognised you as a 'connected person' – that is, a relative, friend or other person connected with a child who has been approved as a 'family and friends' foster carer at Fostering Panel (not Temporarily Approved Connected Persons under regulation 24).

For foster parents who are approved for respite only, eligibility for partial or full exemption will be based on the number of days of respite that you provide within the financial year:

- If you provide a minimum of 91 days of respite in the previous 12 months from 1st April to 31st March (this need not be 91 consecutive days or for the same child) you will receive 25% reduction in your council tax relief or up to 50% reduction if you already receive a 25% reduction.
- If you provide over 182 days respite in any given financial year, full exemption will be considered as above.

Newly-approved foster carers can benefit from council tax relief when they meet all the eligibility criteria. This means you would have had to provide placements to children for at least 182 days in a 12-month period from 1 April and 31 March.

Foster parents transferring to Foster for Plymouth from an IFA or other fostering agency will need to meet the same eligibility criteria. If you transfer with a Plymouth cared for child already placed with you, then the days the child has been placed with you will count towards the 182 days for eligibility for that financial year.

Eligibility is not back-dated.

7. Proposed Process

If a foster parent is eligible for council tax reduction or exemption and pays their Council Tax to Plymouth City Council, exemption relief from paying council tax will be automatic. You will need to agree to the Fostering Team sharing your information with the Council Tax Team.

If a foster parent lives outside of Plymouth but is eligible for council tax relief as set out in the proposed eligibility criteria. The foster parent will provide their supervising social worker with a copy of your council

tax bill. The foster parent will still be responsible for making their council tax payments to the relevant local authority, but Foster for Plymouth will reimburse in quarterly payments to cover the cost.

If a foster parent lives outside of Plymouth and are approved by Foster for Plymouth after 1st April in any given year, they will not usually be eligible until the 182 days eligibility criteria has been met. This may be reviewed on a case-by-case basis for transferring foster parents where the foster parent has already been caring for Plymouth children on a long-term basis and the council tax relief will contribute to stable care arrangements.

Approved foster parents moving in to Plymouth and not previously receiving council tax relief will become eligible when the other eligibility criteria are met.

Approved foster parents moving out of Plymouth will still receive council tax relief if all eligibility criteria remain met.

Approved foster parents who believe they are eligible but have been charged council tax, should write to the Fostering Team Manager evidencing how eligibility has been met.

Eligibility will end if:

- You resign as a foster parent for Foster for Plymouth;
- You decide to take break from fostering, but not resign, for more than 30 days. In this case liability for council tax will resume from the 30th day;
- You receive a qualifying determination for de-registration from our Agency Decision Maker, although you may get a refund if you make a successful appeal against the decision;
- You are a foster carer approved by another fostering agency but not by Plymouth City Council

If a foster parent ceases to be eligible they will pay council tax from the day eligibility ended. The Fostering team will notify foster parents when this applies.

If a foster parent lives outside of Plymouth and stops being eligible, they may have to pay back any overpayment of council tax relief you have received.

8. Analysis of Benefits and Risks

8.1 Benefits of implementing Council Tax exemption to Foster for Plymouth (in-house) Foster Parents

- Transfer of foster carers from IFAs who do not offer an exemption on Council Tax;
- Transferring of external agency foster carers will mean experienced foster carers may transfer. Narrowing the IFA payment fee gap;
- Unique selling point, which IFAs do not match or compete with;
- Positive publicity;
- Foster carers will feel valued by the local authority and their morale will be boosted and word of mouth recruitment will increase;
- Retention of foster parents will improve;
- Reduction in number of children placed at distance and through other agencies meaning that children maintain links with family network and community;
- Cost avoidance if this contributes to an increase of in house carers;
- Some fostering households will already have an exemption or reduction in their Council Tax payment and therefore the maximum cost to the Local Authority before saving will be less than the maximum figure stated.

8.2 Risks of implementing Council Tax exemption to Foster for Plymouth (in-house) Foster Parents

- Model based on cost avoidance, therefore will be an invest to save outlay initially;
- Complaints/ disruption from future in house foster carers who live outside of Plymouth and feel they are not being treated fairly
- Possible complaints/disruption from external agency foster carers living in the local authority who also have children placed by Plymouth. This is a lesser risk as there will be an opportunity for these carers to join Plymouth;
- Possible complaints from the general public

Recommendation

The committee recommends to Cabinet that a Council Tax Exemption for foster carers is considered following the conclusion of the consultation on proposed new Support and Retention Offer to Our Foster Carers.