Improving financial support for care leavers

Key facts and figures
- 57 per cent of care leavers have difficulty managing their money and avoiding debt when leaving care.¹
- Care leavers are three times more likely to receive a benefit sanction than the general population.²
- A 23 year old care leaver may lose up to £31 per week from their housing benefit as a result of the existing rules on the Shared Accommodation Rate.³
- A first year care leaver apprentice can currently earn as little as £3.40 per hour despite having the full financial responsibility associated with independent living.⁴
- Local authorities, as corporate parent, have a duty of care to care leavers but in many cases undertake enforcement activity against care leavers to collect small amounts of owed council tax.⁵
- Less than half of local authorities provide adequate financial education to care leavers.²

The latest cross-departmental care leavers’ strategy sets ‘achieving financial stability’ as one of the key outcomes necessary to embed corporate parenting. The Children’s Society welcome the opportunity the Children and Social Work Bill provides to extend the financial support available to care leavers in order to help them have the strongest start in independence.

Each year almost 11,000 young people aged 16 and over leave the care of local authorities to begin the difficult transition into independent living; over 60 per cent of these children and young people will have entered the care system because of abuse or neglect. Upon leaving care this group are exposed to high levels of financial responsibility beyond what is common for their age group which can leave them unable to engage with opportunities such as further or higher education and apprenticeships.

Around half of 20-24 year olds live at home with their families.⁶ The prevailing assumption in the welfare system is that young and workless or low-paid people will be living at home with some support from their families. This does not apply to care leavers who are largely unsupported at a younger age and hold a greater level of financial responsibility than their peers.

A ‘National Offer’ for care leavers
The Children’s Society aspire for all care leavers to reach their full potential in life through having the strongest possible start to adulthood coupled with high quality education, training and employment opportunities. As it stands, the Bill requires local authorities to develop and publish a local offer for care leavers outlining the services on offer in their area. This is very welcome, but providing greater financial support is in the power of central government, and therefore we believe that there must be a duty on central government to produce its own offer which will lay a strong foundation for care leavers.

Reducing the severity of benefit sanctions applied to care leavers
Between October 2013 and September 2015, 4,000 benefit sanctions were applied to care leavers. Research undertaken by The Children’s Society has found that care leavers are less likely to challenge a benefit sanction, perhaps due to the absence of a parent or adult who can give advice, yet when they did

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¹ Survival of the fittest, Centre for Social Justice, 2014
² The cost of being care free, The Children’s Society, 2016
⁴ Gov.uk: National Minimum Wage and National Living Wage rates
⁵ The Children’s Society: Wolf at the Door, 2015
⁶ ONS: Large increase in 20 to 34-year-olds living with parents since 1996
almost two thirds (62%) of sanctions were overturned. A sanction can be applied for a minimum of four weeks under the existing regime, but this can extend up to 13 weeks or 3 years for a major infraction.

‘A lot of time you get your benefit sanctioned because you didn’t send the right letter off, or you didn’t go to the right meeting. It’s quite daft’ – Care leaver

‘I was sanctioned 2–3 weeks before Christmas...Don’t know why...it caused a lot of issues...I wasn’t able to sustain myself.’ – Care leaver

Currently, care leavers are being sanctioned for being late or missing appointments. These are, of course, behaviours which must be discouraged in order to boost employability and promote the right attitude towards work, but a sanctioning regime must recognise that sometimes a care leaver’s life will be more complex than that of another young person, in part due to the absence of a stable and supportive adult, and therefore the sanctioning regime should be reflective of this.

A National Offer should not remove care leavers from the sanction regime. Care leavers should still be required to engage in work related activity in order to continue to receive their payments. It is proposed that care leavers receive the same level of sanctioning under Universal Credit as 16 & 17 year olds until the age of 25. Under this, the maximum sanction for care leavers would be four weeks. Once they reach the age of 25 they would transition into the mainstream sanction regime.

Making sure that work always pays for care leavers
We should all aspire for care leavers to engage in high-quality employment and training opportunities and therefore we are of the view that care leavers must be supported into work, but they must also be able to afford to take up often low-paying training opportunities. Currently, young people under the age of 25 cannot claim Working Tax Credit or they receive lower levels of standard allowance under Universal Credit unless they have a child or a disability – the rationale being that when on a low income young people tend to delay the transition into independence from their parents, which is not an option for care leavers. A low income working care leaver would typically receive around £16 per week (or £830 per year) less under Universal Credit than an equivalent adult over the age of 25, without taking into consideration the latter’s eligibility for the National Living Wage.

A care leaver in their first year of an apprenticeship could be earning £3.40 per hour before being put onto the appropriate minimum wage in their second year onwards. A National Offer should seek to extend Working Tax Credit or the higher levels of standard allowance under Universal Credit to care leavers under the age of 25 in recognition of their additional financial responsibilities and to ensure that they can afford to take up apprenticeships and other work opportunities.

Amending Housing Benefit regulations
Up until their 22nd birthday, care leavers receive the Single Bedroom rate, providing them with sufficient support to rent a single bedroom property rather than a room in shared accommodation but after this they lose this exemption. The government have recognised that the transition to the Shared Accommodation rate at 22 is an issue in the latest cross-departmental care leavers’ strategy where they say:

7 The Shared Accommodation Rate of Local Housing Allowance is designed to cover the rent of a room in a shared property and is rated at about £50 per week outside of London, although these rates are set locally.
DWP and DfE will work together to explore if there is any benefit to care leavers from extending the exemption to the ‘shared accommodation rate’ to age 25, recognising that many young people in the general population are able to enjoy the stability of living in the parental home until that age.” - *Keep on Caring*, p.47

At current rates, almost one in three children in the care system can expect to have 2 or more placement moves within a year. For many, the move to independence is their first chance at stability. At present, a care leaver who transitions onto the Shared Accommodation rate may lose approximately £31 per week meaning they may have to move from their stable home, or be at risk of debt to cover their rent. The higher rate should be extended up to the age of 25.

**Exempting care leavers from council tax up to the age of 25**

Council tax arrears are a particular issue for care leavers due to recent changes to council tax benefit meaning that in most areas of the country, even those on very low levels of income are liable for some level of council tax contribution; and local authorities are deploying rapid escalation of enforcement methods (such as the use of court orders and bailiffs) to reclaim arrears, in direct conflict with their corporate parenting responsibilities. Exempting care leavers from council tax is recommended in the cross-departmental care leavers’ strategy.

Our interviews with young people in this situation have told us that managing and understanding council tax bills for the first time is frequently a challenge, and that they are not aware of their entitlements around help with the costs. This would help to ease care leavers transition into independent living and ensure that they do not face aggressive enforcement action for small amounts of arrears. Five local authorities have already exempted care leavers from council tax; this should be rolled-out nationally to ensure that entitlement to this important measure is not based on geography.

**Questions to the Minister**

- What progress are the government making in helping care leavers to achieve financial stability?
- Whether government departments will be seeking to extend financial support to care leavers as part of their commitments under the care leaver covenant?
- What steps are being taken to make sure that care leavers can engage in employment and training opportunities such as apprenticeships?
- What assessment has the Minister made of the number of sanctions applied to care leavers, and what steps will he take to address this?
- If the government are unwilling to universally exempt care leavers from council tax, what steps are they taking to ensure that more local authorities exempt care leavers from council tax?

For more information, including costings of these proposals, please contact Matt Hussey on matthew.hussey@childrenssociety.org.uk or 0207 841 4485

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8 *Children looked after in England including adoption: 2015 to 2016*
9 *‘Keep on Caring’ Supporting Young People from Care to Independence*
10 *The Wolf at the Door, The Children’s Society, 2015*
11 The following authorities have exempted care leavers from council tax until the age of 25: Birmingham City Council, North Somerset (until 22), Wolverhampton, Cheshire East. Milton Keynes (until 22).