



**The
Children's
Society**

The cost of being care free:

**The impact of poor financial education
and removal of support on care leavers**

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10,830

young people **left**
the care of their
local authority
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Methodology

This report is based on information from several data sources:

- 1.** Freedom of Information (FOI) requests to all upper tier local authorities to gather evidence on the different types of financial support that they offer to care leavers in their area, the number of care leavers falling into debt, falling behind on their council tax and being evicted from their accommodation. We received 129 responses to our request from a total of 152 requests sent (a response rate of 85%).
- 2.** A Freedom of Information request to the Department for Work and Pensions on sanctions of care leavers.
- 3.** Focus groups with care leavers and practitioners on the experience care leavers received prior to leaving care, and their outcomes after leaving care.

Executive Summary

Last year 10,830 young people (aged 16 or over*) left the care of their local authority and began the difficult transition out of care and into adulthood.¹ While they will have received some level of support from their personal advisor, our research found that the support they did receive was not always enough to help them confidently manage their finances.

This report explores the financial support and advice that care leavers receive prior to leaving care and the outcomes they face if they haven't had sufficient support.

Key findings:

- Young people leaving care, alone and with no family to support them, are falling into debt and financial difficulty due to insufficient financial education from local authorities.
- Almost half of local authorities in England fail to offer care leavers financial education support and debt advice, leaving vulnerable young people unprepared for the realities of adult life and at risk of falling into dangerous financial situations.
- Nearly 4,000 benefit sanctions have been applied to care leavers in the last two years, leaving them in desperate situations with no money and without a family to support them.
- Out of the few care leavers who appealed against their benefits being stopped in the last two years, 60% were successful and the sanction was overturned, revealing a worrying trend of vulnerable care leavers being unfairly treated.
- Many care leavers only receive any financial advice once the situation has reached crisis point. Such dangerous financial situations could be prevented through financial education and advice.
- The situation is even worse for young people who came to the UK alone as a child and were taken into care, who are subject to immigration control. On leaving care, many of these young people lose all support from their local authority leaving them at high risk of destitution and homelessness.

*A very small proportion of these young people will have been in the care of their local authority for less than 13 weeks. In that case they will not be eligible for leaving care support.

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Introduction

Forming positive financial habits as early as possible in life is crucial. Research² shows that these can be formed as early as seven years old. This is even more necessary for young people leaving care, who lack the same support network as children living with their families, to help them if they fall into debt or struggle with bills and finances. It is well known how quickly this group of vulnerable young people can run into financial difficulty.³

We have gathered testimony from young people which highlights a number of financial barriers that they face as they transition into independent living arrangements. As a result of insufficient or inconsistent support prior to leaving care, many do not know what bills they have to pay and how to manage their money. Consequently they can quickly find themselves in debt and reluctant to enter into further education or take on apprenticeships, which have a short-term cost (low wages or student loan), but have the potential to lead to better long-term outcomes.

There has been an exceptional rise in unaccompanied children arriving in the UK, with a 46% increase in the number of these children seeking asylum in the past year.⁴ These children often go into the care of the local authority as they have no parent to look after them. Once these children transition into adulthood and become care leavers their situation is sometimes made complex by confusion over their immigration status, meaning they lose out on the support that British and settled care leavers receive. These young people have additional vulnerabilities on the basis that they are outside their country of origin, have no one with parental responsibility looking out for them, no family present in this country and have limited support networks to rely on.

This report explores the financial support that young people receive when they leave care, and the risks they face if they have not received the full financial support they need. The report also explores the situation facing care leavers subject to immigration control, which is very different to that of their British and settled peers.

Definitions

Care leavers are people who have been in the care of the local authority for more than 13 weeks after their 14th birthday and for at least a day after their 16th birthday, and are therefore eligible for leaving care support.

Settled status means having no immigration restriction on the length of your stay in the UK. If a person has Indefinite Leave to Enter/Remain (ILE/R), in the UK, then they are classed as 'settled'. If a person has a time limit on the length of their stay in the UK, as shown by their current immigration permission (ie 'limited leave'), they are not 'settled'.

Subject to immigration control means a person needs permission to enter or remain in the UK. The benefits they can access depend on their type of leave and their circumstances.



Part 1: Preparations for leaving care and support for independent living

One of the crucial responsibilities that care leavers have is maintaining their finances and paying bills such as rent and council tax liability on time. Simultaneously, it is important that they learn about saving money, and about credit and debt. This presents a complex set of financial circumstances for which it is clear that they need proper support and guidance. This should also be augmented by comprehensive financial education prior to leaving care.

Despite Government guidance stating the importance of receiving financial support and advice, the available evidence suggests that this is not always made available to care leavers. Staff who are supporting care leavers are not always trained and confident enough to support them in financial capability matters.

1.1 Quality of financial advice local authorities provide

The information we gathered from our focus groups showed that the quality of support care leavers receive from personal advisers is inconsistent. Unless personal advisers have the skills, knowledge and capacity to act effectively and to support the care leavers with financial capability matters, they will not be able to provide the help that care leavers need. Ofsted has reported that a lack of personal support was a problem for care leavers at many of the local authorities it has inspected.

Our analysis of the responses from local authorities has shown a significant variation in support provided. There is no clear consistency in the support that is offered, and this is a real cause for concern. As demonstrated, nearly half of local authorities that responded to our FOI do not commission financial support for care leavers.

Care leavers should expect a certain level of support and guidance from their local authority, prior to leaving care.

The Children Act 1989 requires that a pathway plan must be prepared for all care leavers.

Each young person's pathway plan will set out the actions that must be taken by the responsible authority, the young person, their parents, their carers and the full range of agencies, so that each young person is provided with the services they need to achieve their aspirations and make a successful transition to adulthood.

Care leavers will be given a personal advisor who will meet regularly with the young person, monitor their pathway plan, and provide support and advice as they settle into a new life.

The Government's current Care Leavers Strategy goes even further, outlining how care leavers should be receiving financial support and guidance from their local authority and benefits agency, so that they are able to manage their income and reduce the risks of falling into debt.

Figure one: Percentage of local authorities that commission or provide additional financial support for care leavers (beyond the advice provided by personal advisers)

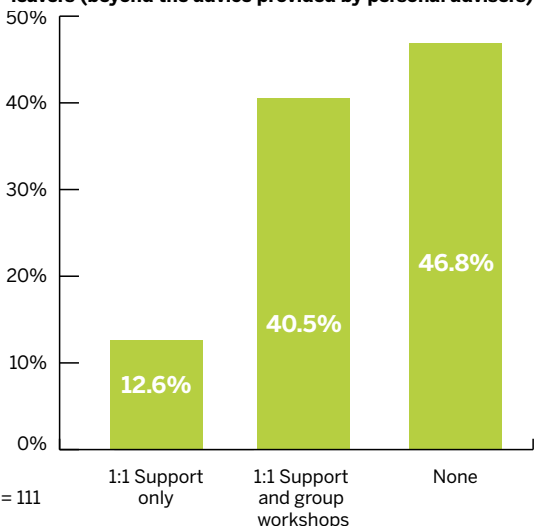
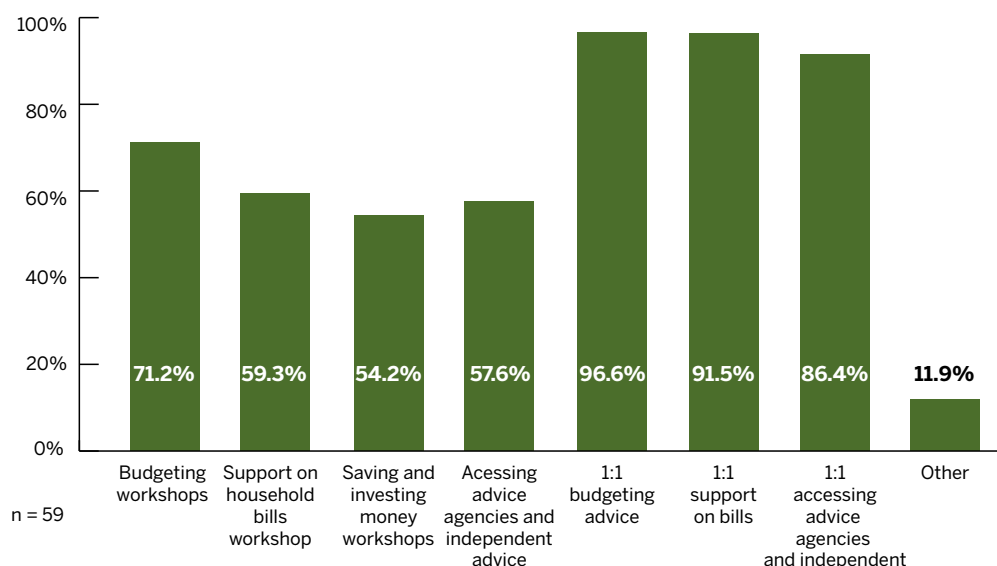


Figure two: For local authorities that do provide support, the types of support that local authorities provide



The lack of uniformity in the financial support offered by local authorities means that care leavers can't be sure that they will receive the support and guidance that they need during their transition into independent living.

As Figure One shows, not all local authorities commission one-to-one support for care leavers, and there is a lack of consistency applied to the various different types of support made available, such as budgeting and saving and investing.

Too often the support that care leavers receive amounts to crisis management: stepping in to help when they are already in a difficult situation, rather than helping them make positive financial decisions that would help to make sure that they do not face such perilous financial situations later on.

*'Leaving care advisers are only with you when you're in the s**t.'*

The care leavers we spoke to stressed that they would really have really valued more financial education and support prior to leaving care. They told us that, due to insufficient preparation on behalf of the local authority, they had to figure out what bills needed paying and what their responsibilities were when they turned 18.

'We were thrown into the deep end...got bad advice...'

In many cases, care leavers were aware of bills, just 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.

1.2 Financial support for young people leaving care

Local authorities need to provide 16 and 17 year old care leavers living in a supported or semi-independent setting a weekly allowance at least equivalent to benefit rates.⁵ This allowance is paid regardless of any other income the young person has, such as a further education grant, training allowance or wages from employment.

If young people live in supported accommodation where their utilities are provided, deductions are often made to cover these costs, with additional allowances to cover celebrations such as birthdays and Christmas. An allowance may also be payable to help towards the cost of setting up home, to cover items like a television license and contents insurance. Where young people are attending college, training or work (or interviews for these), bus fares or travel costs can be provided too. Public transport fares can also be paid to help young people maintain or build family links.

British and settled care leavers are eligible for a range of benefits once they reach 18 and are expected to be financially responsible for themselves. This may include such things as Housing Benefit, Council Tax Support, Employment and Support Allowance, Jobseeker's Allowance, Income Support and Universal Credit. Employment and Support Allowance and Jobseeker's Allowance are subject to labour market conditionality: if care leavers fail to meet the requirements, it can result in them being sanctioned and these benefits removed. This is explored further in part two.

The introduction of Universal Credit presents potential budgeting problems, due to the fact that it is paid monthly. Local authorities will need to work closely with care leavers so they are able to effectively manage their budget and make the money they receive last for the month.

'I prefer weekly, if it was monthly, I get this big lump sum of money, but I don't know what to do with it.'

A key part of the in-work support provided to Universal Credit claimants is through 'work allowances'. These set the amount of earnings that a claimant could keep before additional earnings started to affect their maximum Universal Credit entitlement. For each £1 of earnings above the level of the claimant's work allowance, their Universal Credit entitlement is reduced by 65p. Until April 2016 these work allowances were set at £111 per month for single claimants without children or a serious health condition. This meant that care leavers without children (as well as others) would keep the first £111 of their earnings, as well as their full Universal Credit entitlement – giving them crucial support as they move into work. However, the Government decided that from April 2016, work allowances for this group would be withdrawn altogether. This change costs working care leavers claiming Universal Credit up to £72 per month (or £865 per year).

Care leavers are likely to be eligible for 'Alternative Payment Arrangements' where the housing component of Universal Credit is paid directly to the landlord, or for Universal Credit to be paid more frequently than monthly payments.⁶ However, it will be for the care leaver (or their leaving care adviser) to request this. Care leavers should always be given the opportunity for Alternative Payment Arrangements to be set up.

The Department for Work and Pensions will also make sure care leavers who need help managing their money and paying bills on time in Universal Credit will have access to personal budgeting support. While this is a welcome form of support, it needs to supplement an effective financial education in school, and from the local authority on their transition out of care, to ensure that it does not represent another form of financial crisis management.

Care leavers continuing in education won't be eligible for benefits, but will receive some financial support to help them with their studies.⁷ As well as receiving a student loan, care leavers can receive additional money – but the amount will depend on their local authority and the higher education institute they go to. Local authorities should also provide accommodation during holidays for care leavers.

Some care leavers will also receive a leaving care grant to help them set up home for the first time. However, the amount available (if any) differs from one local authority to another, representing another inconsistency in the support that care leavers face.

'I didn't get nothing. I didn't get no start up pack or nothing.'

1.3 Accommodation options

There are a range of different accommodation options available to care leavers who are receiving support from their local authority – from supported accommodation options such as shared houses, to fully independent living arrangements. When a British or settled care leaver is ready, they may have the opportunity to be referred to council housing and, up to the age of 21, are considered to be a 'priority need' group for homelessness relief, which offers them additional protection if their tenancy collapses.

The Government have recently changed the law to offer children in foster care the option of remaining in their placements until they are 21 (where all parties agree) under 'staying put' arrangements. Alternatively, they may be moved to semi-independent accommodation, supported accommodation or lodgings.

Duty of local authorities for children subject to immigration control in the care system

Section 20 of the Children Act 1989 requires a local authority to accommodate any child where there is no one with parental responsibility for them (because they are lost or have been abandoned) or because the person who has been caring for them is prevented from providing them with care. It requires local authorities to perform these duties for all children up to 18 years old, regardless of their immigration status, nationality or documentation.

Unaccompanied children tend to be taken into care in the UK and stay there until they transition into adulthood. Although many of their needs will be the same as any other child in the care system, they may have different needs arising from their experiences of bereavement, endemic violence, torture and persecution. Many have spent their formative years in the UK and it is the only 'home' they've come to know. Few identify with or speak the language of their country of origin and have no family or social connections there.

Unaccompanied children who apply for asylum are sometimes granted limited leave, referred to as 'UASC-leave', for a period of 30 months or until the child is 17½ years old, whichever is shorter. This type of leave is granted to children who are found not to be in need of international protection (they have been refused refugee and humanitarian protection) but who cannot be returned to their country of origin because there are no adequate reception arrangements⁸ in place there. Other unaccompanied children may be undocumented because they have never claimed asylum or made any kind of immigration claim. Often the child – and therefore the local authority – is unaware that they do not have a defined immigration status.

A local authority must be flexible in their response to the needs of an unaccompanied child, basing their actions on a case by case assessment of the child's welfare. But the differing timescales and objectives of the care and immigration systems can hamper planning for a child's future transition out of care. For example, the creation of a pathway plan or the review of a care plan takes three months, but a decision on a child's immigration status can happen very quickly and have huge consequences for steps set out in their care or pathway plan. Even the Department for Education's guidance states that 'planning may have to be based around short-term achievable goals whilst entitlement to remain in the UK is being determined.'⁹ The guidance states, 'this should be refined over time as the young person's immigration status is resolved and that planning cannot pre-empt the outcome of any immigration decision.'

When a child approaches adulthood, their immigration status starts to present a barrier because of their need to access education and work. When these children start to transition out of care and into adulthood their lives can become extremely difficult.

The Department for Education's Care Leaver's Strategy¹⁰ makes no mention of care leavers subject to immigration control, the restrictions placed on their care due to their immigration status or the interdepartmental roles of the Department for Education and Home Office in liaising on this topic. Similarly, a recent report by the Education Select Committee¹¹ omitted evidence from the voluntary sector about this vulnerable group of young people. This is further compounded by the exclusion of the Home Office from the list of Government departments that are involved in setting the strategy, despite their crucial role in the support needed for this group of care leavers.

1.4 Lack of support for care leavers subject to immigration control

Our focus group participants stressed that an effective pathway plan, prepared by a good personal advisor, can make a crucial preparing them financially prior to leaving care. Our research¹² into long-term solutions for unaccompanied children highlighted the difficulties faced in making effective pathway plans, including how the temporary immigration status of these children hinders this process and means decisions are not made in their best interests. One social worker told us:

‘We can’t make a permanent plan for children because the overriding factor is immigration status. So we can try our best with making a plan but at the end of the day it is interrupted by the immigration system...really it’s about explaining what people’s entitlements are and what will happen – it’s not about actually planning for them, because we can’t.’

This inability to plan has created uncertainty for the care leavers we talked to. They highlighted that the attention of social workers started to deteriorate as they approached adulthood, and professionals working with these young people start to become disengaged:

‘Once you’re 17 and a few months from your 18th birthday they say “oh I am busy” and they keep changing your appointments.’



There are almost

3,800

**unaccompanied children
receiving leaving care
services in England**





Karl's story

Karl came into the care of the local authority because his family weren't able to keep him safe due to his absconding and offending behaviour. Over time, Karl had been able to build strong relationships with the staff team and gradually work through his feelings about being in care and his understanding of who he is. Karl began to realise the importance of attending education and had not been in trouble with the police for two years.

However despite this progress in many areas of his life, there were still major concerns about his ability to manage his finances and his vulnerability to making the wrong decisions about money – both in the home and when he came to move on to his own accommodation.

Karl had previously argued that he knew everything he needed to about finance and living independently. As the time for him to move came closer, he was increasingly anxious. Living in a children's home environment meant that Karl had limited understanding of the cost of things and the way most families make decisions about spending.

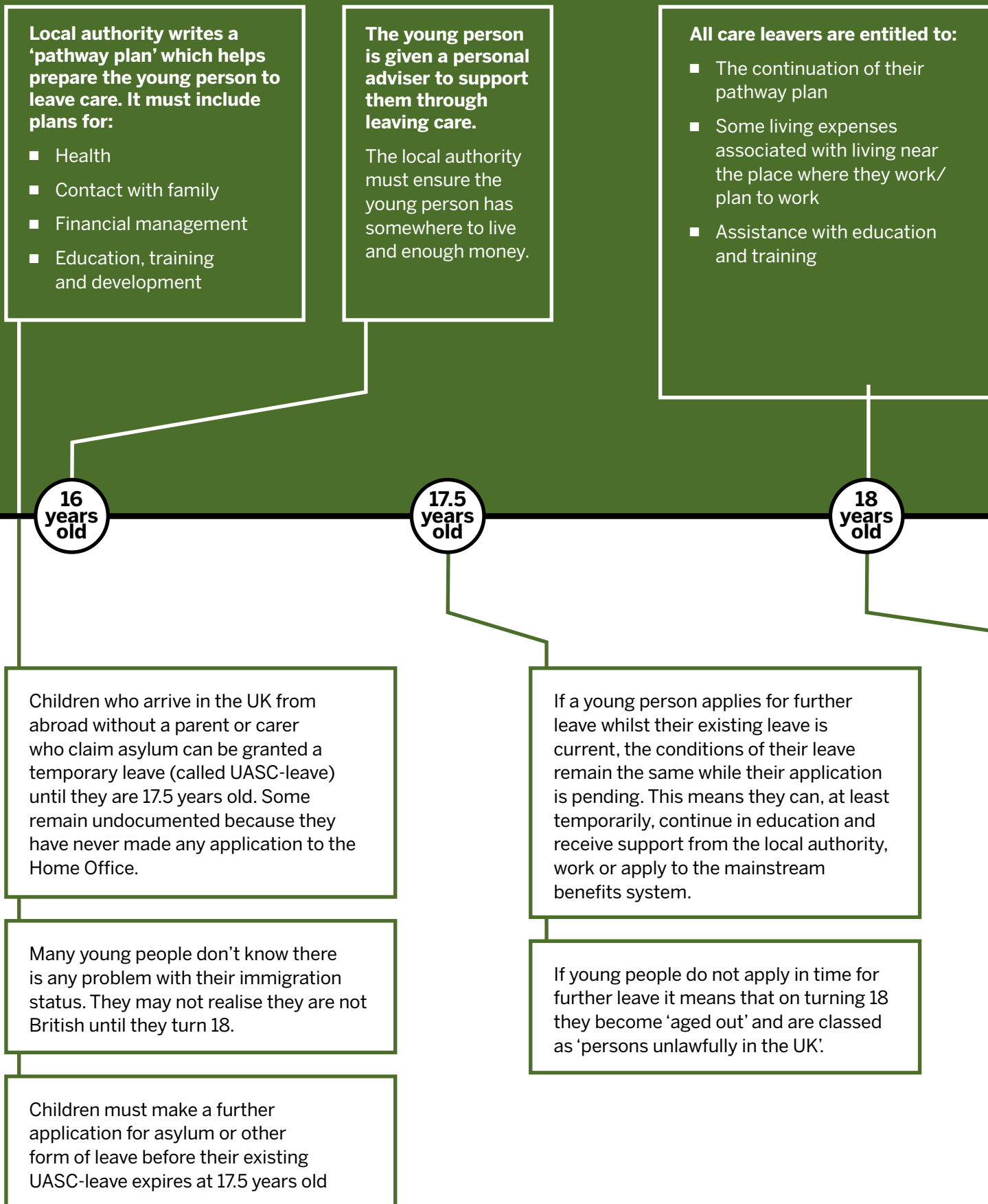
Karl's link worker, trained by the Personal Finance Education Group (now Young Enterprise), began setting him targets in terms of how much of his allowances he could spend independently and in relation to managing things like weekly travel money for college. Following this financial education work with his link worker, there was a significant improvement in Karl's ability to manage his money and his ability to cope when things didn't go to plan.

Karl took part in some courses aimed at young people leaving care, but it was found that one-to-one conversations with staff he was familiar with, who had been trained in financial education, tended to have the most impact. Learning about money and finance from them was crucial for Karl's progression towards independent living.

He began to realise the true value of money, and how to prioritise his spending according to his needs in the first instance and then his wants.

Journey of a care leaver

British and settled care leavers



In addition:

If a care leaver continues in higher education they can receive student loans, and a higher education bursary. The local authority retains responsibility for providing accommodation during holidays. A care leaver aged 18 or 19 in further education is entitled to the 16-19 bursary fund of £1,200, and older students may be able to apply for other bursaries.

If a care leaver is in work (including apprenticeships), they can claim Housing Benefit and Council Tax Support.

If a care leaver is not in work, then they can claim Jobseeker's Allowance, Housing Benefit and Council Tax Support. There is additional support available for care leavers who are disabled or are parents.

If the young person is not in further education, support stops.

Local authority support ends for all care leavers.

21 years old

25 years old

Support is removed from care leavers who do not have leave to enter or remain when they turn 18 and who do not have asylum or immigration claims pending.

Many young care leavers become destitute and homeless

Children who have never made an application to the Home Office can find out when they apply to university that they can't attend because of their immigration status.

Julie's story

Julie is 18 years old and left care just over four months ago. She is a single mother, and she had never lived on her own before leaving care. She has a part time job at a nursery, but has already struggled with debt, resorting to pawning items such as her iPad so that she can make ends meet.

'I've pawned my iPad for loans and hadn't a clue how much I'd have to pay back.'

She faced rent, bills, council tax and managing debt for the first time when she moved into independent living arrangements, and was unaware of many of the financial responsibilities she would face. She has spent time, energy and money on trying to deal with problems once they arise, spending an average of £20 every two weeks – a significant amount of her budget – on phone calls to her landlord and energy supplier. She also struggled to understand financial documents such as her wage slip, and didn't have a strong grasp on her finances.

Her local authority worked with MyBnk,¹³ a financial education charity, to support Julie and her peers. She attended group workshops which provided a mixture of theoretical and practical learning, including going over mock tenancy agreements, utility bills, and explaining things that can cost them money that they don't have experience of, such as security deposits and late fees. The MyBnk trainers also examined money habits in general, and gave practical advice on what to do once you've moved into a property for the first time.

Julie now has much improved financial management skills, and feels better able to make positive long-term financial decisions, as well as deal with day-to-day expenses and responsibilities.

'Bills make more sense now. MyBnk also helped me understand my minimum wage rights and even went through my last payslip and tax-free allowance – I'm going to talk to my boss tomorrow!'

Part 2: Sanctions and removal of support for care leavers

Care leavers told us about their problems with having financial support removed. Removal of support affects this group of young people particularly acutely because they do not have family members to support them for the period they are not receiving an income.

2.1 The number of care leavers being sanctioned

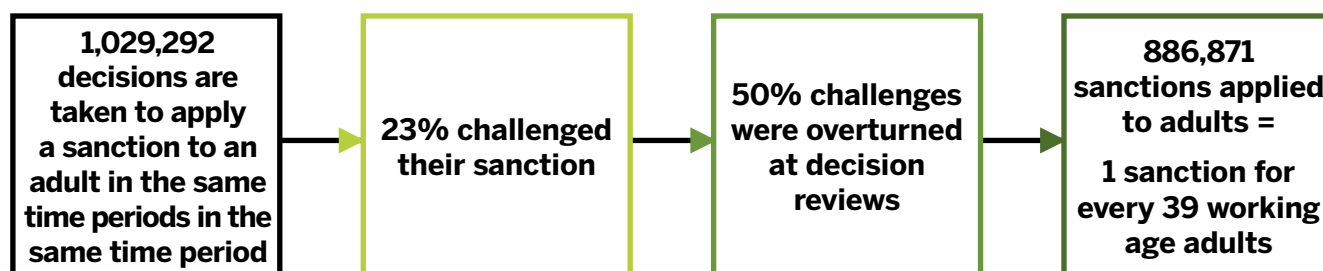
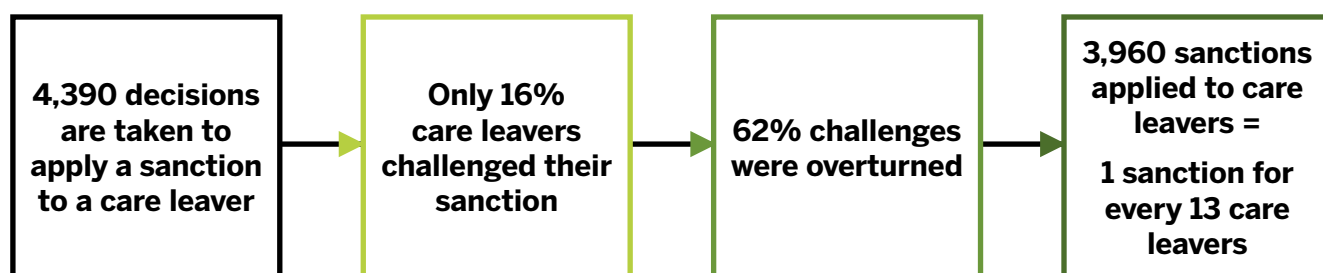
Many care leavers are unaware of the procedures and rules to claim benefits, which can leave them susceptible to sanctions on their benefits and support being removed.

Following the 2013 Care Leavers Strategy,¹⁴ the Department for Work and Pensions has introduced a marker to identify care leavers on Jobcentre Plus systems where young people declare themselves as

such. This means they can measure the number of self-identified care leavers receiving sanctions.

DWP's response to our FOI shows that nearly 4,000 sanctions have been applied to care leavers between October 2013 and September 2015. This accounts to one sanction for every 13 care leavers. Our findings show that care leavers are three times more likely to have had a benefit sanction than compared to the general working age population (of one sanction for every 39 people).

However, the true number of care leavers facing a sanction is likely to be far higher than this. The DWP currently collects information on self-reported care leavers, which means that if a care leaver does not identify their status they are not included in the figures in the table above. This means that the DWP are currently unaware of the full scale of sanctions applied to care leavers.



== Care leavers are **three times** more likely to have had a benefit sanction applied than the general population

2.2 Reasons for benefit sanctions

Jobseeker’s Allowance, Universal Credit, Employment and Support Allowance and Income Support are all benefits that can be sanctioned, and support is stopped whilst the sanction is applied.

The length of time a sanction lasts is dependent on the reason for the sanction and the number of times that it has happened.¹⁵

Table 1: Severity of sanction for Jobseeker’s Allowance

Level	Reason	First Time	Second Time	Third Time
Low	<ul style="list-style-type: none"> ■ Are late to, or miss an interview with the job centre adviser. ■ Do not follow the request of a work coach adviser (eg take part in a work programme, training scheme or update a CV). ■ Lose a place on an employment scheme. 	4 weeks	4 weeks	13 weeks
Intermediate	<ul style="list-style-type: none"> ■ Are not available for, or, are not seeking work. 	4 weeks	4 weeks	13 weeks
High	<ul style="list-style-type: none"> ■ Dismissed for misconduct. ■ Left a job without a good reason. ■ Don’t apply for suitable jobs. ■ Don’t take a job that is offered. 	13 weeks	26 weeks	156 weeks


A common theme from the young people we spoke to was confusion over why they had been sanctioned:

‘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.’

One care leaver told us that they were threatened with a sanction after missing an appointment to attend a job interview:

‘I had a job interview, and they threatened to sanction me. How are you going to do that when I’ve done the right thing?’

It is evident that when sanctions are applied more clarity needs to be given to explain why it has happened. Job centre advisers need to work with personal advisers to ensure that the care leaver is not unfairly sanctioned.



Our evidence shows at least

3,960

sanctions have been applied to care leavers since October 2013

2.3 Housing Benefit

Despite Housing Benefit not being a sanctionable benefit, it is often stopped when sanctions are applied. This is because Jobseeker's Allowance can be a passport to receiving Housing Benefit, so when Jobseeker's Allowance is removed, the Housing Benefit is incorrectly removed too. Personal advisers need to work with care leavers to ensure that if they are sanctioned, Housing Benefit is not incorrectly stopped as well.

2.4 Challenging sanctions

People can challenge their benefit sanctions if they think they were wrong to have been sanctioned or given the wrong level of sanction. Figures from the Department for Work and Pensions¹⁶ found that 58% of people (142,000) who have challenged their sanction between October 2013 and September 2015 have seen it overturned. The number of successful challenges for self-reported care leavers is far higher, with 62% of decisions being overturned. However, we know from our work that successes such as this can still take weeks to sort out, leaving these vulnerable young people without essential income and struggling to make ends meet.

With such a high number of sanctions being incorrectly applied, it is crucial that care leavers are supported through the appeals process if they are sanctioned. However, only 16.6% of care leavers challenged their sanction, compared to 24% of the general population. Personal advisors and job centres need to provide much more support to care leavers to ensure that they are not unfairly sanctioned.

Following concerns regarding the sanction system, the Department for Work and Pensions announced the trialling of a 'yellow card' system where claimants will be given a 14 day warning before a sanction is applied, giving them the chance to provide evidence of a good reason why the sanction should not be applied. This is a welcome change of policy and we would suggest it could be trialled amongst certain groups of claimants, for example care leavers, to reduce the number of sanctions applied to this group of vulnerable young people.

According to the Government's Care Leavers Strategy,¹⁷ the care leaver's marker has encouraged local authority teams supporting care leavers to forge closer links with local JobCentre Plus; this is an important step in the coordination of support available to these young people.

2.5 Removal of support for care leavers subject to immigration control

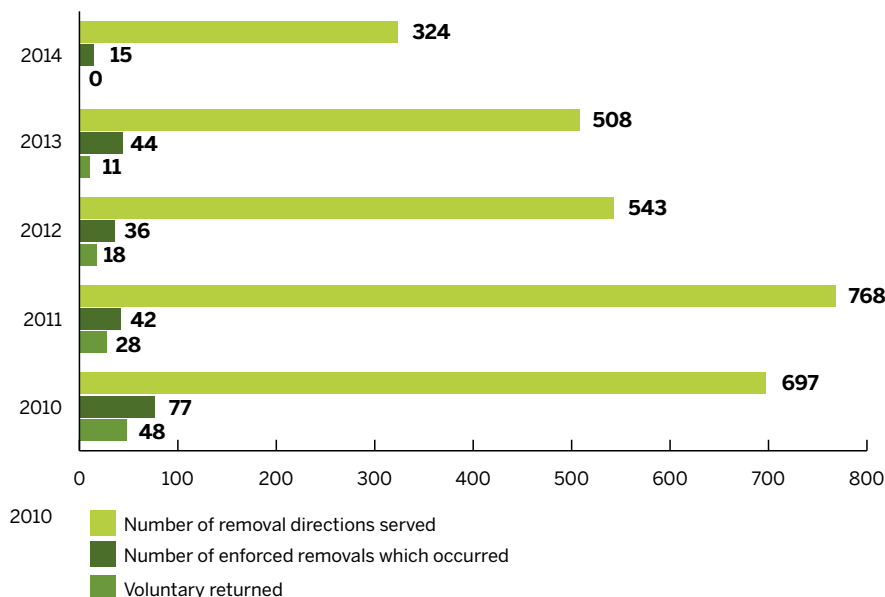
Immigration law¹⁸ establishes certain categories of people who are excluded from statutory support on the basis of their immigration status – giving local authorities the power to withdraw care leaving care support from children who came to the UK as unaccompanied children. This means that a group of vulnerable young people are caught in a legal limbo, falling through the gap between immigration regulations designed with adults in mind, and legislation to protect and support care leavers. In practice, there is wide variation in the way different local authorities currently interpret their statutory duties towards these young people. Some will continue to provide minimal support rather than a complete withdrawal; others will not withdraw support immediately but will apply their own cut-off point, such as turning 21 or leaving education.

'When you are under 18 they help you a lot with everything, but when you're 18 they don't even want to listen to you or help you.'

The Immigration Act 2016, will further restrict access to support for care leavers subject to immigration control. Although there are exceptions, it generally prevents local authorities from providing a range of leaving care support and services under the Children Act 1989 to young people who do not have leave to remain, and do not have an asylum claim or first immigration application pending when they reach the age of 18.

Instead, some care leavers will be supported as part of the adult asylum system and dispersed away from their support networks. These provisions effectively override children and leaving care legislation and policy, and prioritise immigration control over young people's welfare considerations. It will in effect create a clear two-tier system of support for care leavers based on their immigration status. The corporate parent duties of local authorities will be severely limited.

Figure three: Number of former unaccompanied children seeking asylum aged between 18 and 25 years old removed or returned from the UK compared with the number of removal direction issued to the same cohort of young people (2010-2014)



On the basis of their immigration status, this Act means some young people are no longer able to stay in their foster placements, counteracting the ‘Staying Put’ provision¹⁹ recently introduced by the Government where care leavers can stay in foster placements until 21. Although support for this group of young people is currently very poor (as already highlighted), this legislation will generally prevent local authorities from providing any access for these care leavers to a personal adviser, therapeutic support, a pathway plan, support in obtaining legal advice and representation, support with training and education or any of the other services that other care leavers are entitled to. There will be some exceptions, but it is unclear how decisions will be made. Care leavers often need their personal advisor or advocate to help them identify and even instruct their immigration lawyer, and the local authority to pay for their representation or evidence (including subject access requests and doctor’s letters).

These policies are framed around the thinking by the Government that returning a former unaccompanied child to their country of origin is the most desirable outcome. In recent Immigration Bill debates, the Immigration Minister said: ‘when someone becomes an adult who is appeal rights exhausted, it is appropriate for the state to seek the removal of that adult from the UK.’²⁰ However, statistics show that in practice many former unaccompanied young people are not being returned or removed²¹.

It is well documented²² that this is because many former unaccompanied children tend to go missing once all their rights to appeal for extension of leave to remain are exhausted. They go missing because they have a genuine fear of return, or they feel they are now too far removed from their roots for return to be realistic to them. In 2014 only 15 young people either returned voluntarily or were forcibly removed, far lower than the number served with removal directions, as illustrated in the following graph.

There is a lack of research about what happens to former separated children who are forcibly removed. This makes assessing the situations of these young people, and assessing the degree to which this approach might represent an appropriate and lasting outcome for them, very problematic. A recent study²³ has assessed the impacts of removal on these young people with a focus on Afghanistan. Without exception the young people monitored reported experiencing a range of interconnected difficulties on return. In particular young people had first-hand experiences of security incidents since returning: some were caught up in bomb blasts or suicide attacks, some were threatened or targeted as a result of issues connected to their original asylum claims, and others were targeted simply because of their status as a returnee. There were numerous problems among the majority of young people in continuing their education, as well as accessing employment and healthcare.

Omid's story

Omid came to the UK as a child asylum seeker and was taken into care. After years of applications and rejections, his local authority turned their back on him when he turned 18 and became a care-leaver, making him homeless for a year. After sleeping on buses and in parks he came to The Children's Society for guidance and help.

Omid came to the UK as an unaccompanied child at age 15 from Afghanistan. His father was killed by the Taliban and he feared staying in the country and had no contact with his mother. Omid was placed in the care of social services with the local authority. He was placed in foster care for about six months before being moved to semi-independent accommodation. Omid's asylum claim was refused and he was granted temporary leave to remain until 2010. His application to extend this leave was refused and he eventually became appeal rights exhausted. In 2014, Omid was threatened with removal back to Afghanistan but he managed to submit a new asylum application using fresh evidence which was also later rejected. Omid was destitute for over a year during this deliberation. When the local authority would not support him, he lived on another care leaver's sofa, but this became a very difficult situation for Omid as the other care leaver had mental health issues. On occasions Omid was forced to sleep on the bus or in a park.

When Omid came to The Children's Society, we supported him to get back onto a further education course as well as submit a fresh asylum claim. Following a considerable amount of work from our advocates, the local authority completed a Human Rights Assessment – a long and drawn out process. The Children's Society's advocate managed to get Omid accommodation for care leavers and money for food. He is still receiving this while he remains in education and has a claim pending with the Home Office.



Part 3: Outcomes for care leavers

Due to the impact of insufficient financial education, lack of training to personal advisers on how to support young people on financial capability matters and of having support removed from them, care leavers struggle with debt, insufficient levels of savings, unsafe accommodation and difficulties knowing what education and training opportunities they should pursue.

3.1. Managing debt

Falling into debt is all too common for care leavers. The Centre for Social Justice²⁴ 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.²⁵ Unfortunately, we were unable to find out how many care leavers are in debt, because very few local authorities monitor this.

The care leavers we spoke to for this research outlined how the speed at which they can find themselves in debt can frequently be a stressful and upsetting experience. This situation is exacerbated by the fact that too often these young people lack the capacity to extricate themselves from difficult financial situations.

'I think I've got about £4,000 overdraft...I just push it to the back of my head.'

The care leavers that were consulted for this work complained about the lack of a proactive approach taken by local authorities, stating that they felt that support was only made available when they had a problem, and that they weren't adequately equipped with the knowledge necessary to stop their problems from escalating.

'They're setting you up to fail.'

This problem presented itself in a number of different guises: one care leaver told us that they didn't 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.

Despite local authorities having a duty to look after care leavers, we've found that they can often be one of the worst creditors for care leavers to owe money to. Our 'Wolf at the Door' report²⁶ into council tax debt showed that the pace of escalation of debt by local authorities could be frightening.

'I was late making a payment and they sent me a reminder letter and they said if they had to send me anymore reminder letters then I have to go to court and they stopped my instalments. I got really worried and really panicky because I didn't understand, I didn't want to go to court.'

Different local authorities have explored different ways of mitigating the impact of debt on this cohort of young people – for example Cheshire East Council decided to exempt care leavers from council tax until they turn 25.²⁷ This decision came after a review of the support provided to care leavers in the borough as they transition into adult life and independent living arrangements. They expect that this proposal will 'result in a decrease in emergency payments made to care leavers in crisis such as well as further reducing the dependency of these young people on other services'.

We welcome this example, and those of Milton Keynes Council and North Somerset Council who have adopted similar schemes which allow for care leavers to establish themselves on a solid financial footing as they transition into adulthood and ensure that there is a lower chance that they experience problem debt and the emotional strain that this brings with it.

Care leavers subject to immigration control often face additional debts because of their attempts to resolve their immigration status. Since cuts to legal aid were introduced in April 2013, children and care leavers who have a non-asylum immigration claim now have to pay for their own costs from a solicitor for advice and any representation needed. According to our research²⁸ on the impact of these cuts on unaccompanied children and young people, this has left many being forced to resolve their immigration issues on their own, or they are avoiding the issues altogether. Most worryingly, some young people told us they have had to raise thousands of pounds to pay for legal advice themselves. We heard how children are being exploited or put at risk of serious harm – including being sexually exploited and groomed by criminal networks – because they are desperate to resolve their immigration issues.

Freedom of Information responses from 107 local authorities revealed that only one local authority had a specific policy in place to decide on legal support for children's immigration cases. The vast majority have no special arrangements and many appear to be leaving it up to individual social workers to make legal decisions about which child is supported and how. A further source of debt for these care leavers is the application fee required for any claim. The application fees for limited or indefinite leave to remain range from around £500 to £1,000 per application.²⁹ Our practitioners frequently find that care leavers subject to immigration control struggle to secure funds for the application process to resolve their immigration status. This finding was also highlighted by the young people we spoke to for this report, who told us that either they had to borrow money from friends in order to pay their solicitor to prepare and submit their immigration claim – as well as pay the Home Office for the application fees. This meant that they were then in debt and paying people back, or that they put off making any kind of application at all – resulting in their immigration status remaining unresolved and leaving them at risk of remaining or becoming destitute.

'My social worker, I have to keep calling her and send her a message and she said I had to pay for my application fees myself when I was undertaking an immigration claim. I think "how come they treat me different because I don't have a passport"...I can't work so how am I meant to pay?'

3.2 Savings and investment

Being able to manage money effectively on a small budget was a skill the care leavers we spoke to for this report considered very important. However, it is clear that they would also benefit from more guidance around savings and investments so that they could make financial decisions for a longer-term benefit.

The care leavers we spoke to explained how managing their money did not simply extend to making ends meet when they had low incomes, but also how to use money wisely when they received a larger amount.

A recurring theme from their testimony was that they did not know how best to invest or save their money, due to a lack of advice provided either through formal education or from their personal advisor. Consequently, they did not feel they had been able to make the most of the opportunity that this money conferred to them, be it in the form of an inheritance, or from their foster carer having saved up money so they had a lump sum to help when they moved into independent living arrangements.

'I wasn't advised to budget... I just spent it on fun.'

Many care leavers can also find it difficult to access mainstream financial products. This is principally for two main reasons: some care leavers have insufficient financial education to make well informed decisions, and providers of such services aren't clear enough about how their products and services operate.

Research by the housing charity Shelter³⁰ has shown that some young care leavers have experienced difficulties opening a bank account due to a lack of identification documents. There is also evidence that others are reluctant to use bank accounts to their full potential due to the need to maintain control over their finances. This is predominantly driven by a fear of going into debt as a result of unauthorised overdraft charges, and a lack of trust and understanding of how Direct Debits work.

The young people that we consulted with told us of the difficulty they had in obtaining help and guidance around longer-term financial planning. They stressed how financial advice would be really beneficial, as it would allow them to make more measured decisions about their money. For some, their personal advisor couldn't give them the support they needed, instead responding to problems when they arose.

'I know they're [the personal advisor] here to help us, but they don't help.'

However, others offered insights into how their personal advisor helped them to budget their money, stating that without this support they felt they would spend their money on things that they didn't need, resulting in them going into their overdraft.

Access to bank accounts for care leavers subject to immigration control is limited and has increasingly become more restricted over recent years. The Immigration Act 2014 contains a provision that prohibits banks and building societies from opening current accounts for people who are known not to have leave to remain in or to enter the UK.³¹ All the young people we spoke to highlighted that they had difficulties in opening accounts because of their immigration status and that this had affected their ability to access, manage and save their money.

Many of the young people we spoke to said that without an advocate – either an adult who they know or someone from The Children's Society – many banks were unwilling to open accounts even when a young person had the correct documentation to prove their entitlement:

'The social worker or key worker has to go with you to help you open one, but if you are alone the bank won't accept you.'

To overcome the hurdles presented by restrictions in the mainstream banks, young people have had to use alternative methods. This includes only being able to use cash which is given to them weekly from the council's leaving care team, being issued a cash card which is administered by the social worker or using an online 'cash passport' card.³² All these systems have limitations which include high withdrawal fees, limits on how much money can be kept in the account and restricted timeframes on when money can be added and withdrawn.

'I have a cash card but if you leave your money there, the bank charges you 50p everyday your money is there so they lose £3.50 a week if they don't use it and only the social worker can put the money into the account so you don't have control over what's in it and you can't save anything.'

3.3 Moving into safe accommodation

For young people leaving care, moving into accommodation can offer a freedom that they've never had before. However, this also coincides with the responsibility to manage and budget money for the first time.

'If you're in semi-independent living, that's when you learn to budget.'

There are some benefits available for care leavers to help them move into independent living. Once a care leaver turns 18, the local authority stops paying for their accommodation, and instead they can claim Housing Benefit. Unlike their peers, who can only claim the Housing Benefit rate for a room in a shared house, even if they were living independently, care leavers are exempt from the shared accommodation rate until the age of 22.³³ When this exemption

expires they can find that the place they have called home for the past three years becomes unaffordable and they have to seek alternative arrangements.

The care leavers we consulted for this research painted a mixed picture in terms of the benefits and drawbacks of different forms of accommodation, and the support they had received in terms of practical steps to make their arrangements sustainable and safe. Some argued that living in shared accommodation made things easier for them financially, for example through mechanisms such as pooled bills.

However, this had an equal and opposite reaction from others, who reported they only found out after a year that the first 12 months of their TV license is paid by the council, and that they had to find out for themselves what bills they had to pay.

It is often the case that there is a lack of choice in the kinds of supported accommodation available locally. This can result in young people leaving care having to move into accommodation in the private rented sector. This can mean they are exposed to more uncertain and inflexible tenancy arrangements.

Supported accommodation has challenges too. Rent and service charges often place a significant financial strain on the care leavers and other young people who live there. Of the accommodation providers we surveyed for our report *On Your Own Now*,³⁴ 82% reported that three quarters or more of the 16 and 17 year olds they cared for were in receipt of state benefits, and levels of debt and rent arrears are high.

These high levels of risk and financial instability create a deeply worrying set of circumstances. The Children's Society research estimates that 12% of the 16 and 17 year olds living in this kind of accommodation are either evicted or subject to an unplanned move every year. In the last year, 660 care leavers aged 18–20 were accepted for a statutory homelessness duty. Local authorities report that 1,840 care leavers aged 19–21 are living in unsuitable accommodation, and they do not know where a further 3,160 care leavers are living. All this evidence underlines the need for something to be done about improving accommodation for care leavers.

The care leavers consulted for this work also cited a lack of clarity about the escalation process for eviction from their accommodation, and the difficulties that this can cause them, both financially and emotionally.

'Whatever comes, you just have to deal with it.'

This uncertainty around tenancy occurs whether their placement is temporary or permanent. The young people we spoke to stressed that they needed help in searching for and moving into more permanent accommodation, as they are often left in temporary accommodation for long periods of time. This added to their frustrations at the feeling of being penalised for living by yourself as a care leaver.

One solution that this group suggested was the staggering of bills and responsibilities over time. This would allow them to better understand their responsibilities, while also learning more about managing their money, allowing them to make better financial decisions as they take on greater responsibility.

One example of this in practice is the case of North Somerset Council.³⁵ Their practitioners received information that care leavers who had taken up apprenticeships were struggling to pay council tax due to their low wages. As they saw their role as corporate parent to these young people was not providing sufficient support, they adopted a policy of phasing in their liability over three years.

Care leavers subject to immigration control often have no recourse to public funds* and are therefore not entitled to Housing Benefit or council housing, so this process isn't even started. Our practitioners find that most social workers will say explicitly in review meetings that they can't support a young person with this transition in accommodation until they resolve their immigration situation. These young people are therefore forced to stay in semi-independent accommodation as the uncertainty of the immigration situation remains.

'When you have status you have better accommodation. The big problem is the immigration, it's about the status.'

*This means that they are excluded from claiming 'public funds' including among many others housing benefit, housing and homelessness assistance, council tax benefit, income-based jobseeker's allowance etc

Furthermore, in relation to foster care, the Immigration Act 2016 means that on the basis of their immigration status young people (if they don't have a pending asylum claim or first claim) will generally no longer be able to stay in their foster placements, though there may be some exceptions. This provision counteracts the 'staying put' provisions which apply to British or settled care leavers and could have serious implications for their long-term welfare. Our research³⁶ has shown that unaccompanied children often develop strong connections with their foster carers and this has a positive impact on their long-term future and stability:

'My family treat me like I am their own son; they treat me with love and respect. They are like a real mum and dad. I can talk to them and I can share my ideas and future goals with them.'

The inability to stay in foster care could also have an impact on the financial status of these young people as they transition into adulthood. Care leavers we interviewed highlighted that every month their foster carers save money for them so that when they leave their care, some young people get a pot of money to help them with their move into independence. Therefore, those young people staying in foster care longer potentially have a greater financial advantage when leaving care. This means the provisions preventing care leavers subject to immigration control from staying in their foster placements could have multiple impacts on them, both in terms of their welfare and their finances.

3.4 Education

The number of care leavers accessing higher education is relatively small and the Government has recognised the need to encourage more students from disadvantaged backgrounds into university, especially care leavers.³⁷ One of the express fundamental aims of the Higher Education Funding Council for England (HEFCE) is 'that all those with the potential to benefit from higher education have equal opportunity to participate and succeed'.³⁸ However; many young people find it difficult or impossible to continue in education after leaving care.

Despite care leavers receiving additional support, in the years they continue in education (up until the age of 25), many of the young people leaving care we spoke to told us that they struggled to continue in their education or further learning because of the reluctance of taking on 'bad debts'.

One care leaver also stressed how advice that they were given while they were in care means that they will do anything not to fall into debt. This means they are reluctant to take out student loans, despite the fact that a university education could help their life chances.

There appears to be a clear argument that the Government should better communicate the different forms of support available to help care leavers return to education. This is a situation that can be made more difficult by the lack of a financial safety net that children who have stayed at home often enjoy, such as short-term financial support and a place to stay outside of term time. This means that where care leavers do go on to further education, this vulnerable group can end up taking on large amounts of debt with nobody to support them.

Our practitioners have told us that this group of young people have problems getting into education when their immigration status is uncertain, or if their immigration claim isn't submitted, and then this situation stops their support from the local authority. These incompatible policies can put care leavers in very difficult situations and make them worry about how they are going to receive support. These scenarios are exacerbated by incorrect advice from their social workers and college officials:

'I went to college and they originally said I had to pay £300 for the college fees, but I couldn't pay so showed them my letter from the leaving care services and now I only have to pay only £30, but if I didn't have an advocate I would have been completely put off going to college.'

The cost of being care free:

The impact of poor financial education and removal of support on care leavers

The care leavers we spoke to also highlighted the interference of an uncertain immigration status and the role of the Home Office in their life during crucial points in their education:

‘When I had my exams and I had my immigration stuff going on, they were telling me they were going to remove me from the country on the same day I had my exam. I couldn’t concentrate on my exam. I got scared when they say “immigration police” it makes me want to run away from home. I don’t have a mum or dad so what did they want me to do?’

When these young people leave college or sixth form, many want to continue into higher education, but changes to regulations³⁹ mean that many who are subject to immigration control must pay the same as international students and are not be able to access student loans for a higher education course in England.⁴⁰ Under the Student Support Regulations in force in England, young people who have not been recognised as refugees only qualify for such a loan if they have had leave to remain for a period of three years and/or if they have lived over half their life in the UK. Young people who are seeking asylum have no entitlement under the regulations at all. This means that many unaccompanied children leaving care are now completely excluded from the higher education system at a crucial point in their lives. One young person we spoke to said:

‘They want us to study but they are not able to help us. They should be helping us and encouraging us, not discouraging us.’

The Immigration Act 2016 further restricts the higher education opportunities available to this group of care leavers. The Act prohibits local authorities from providing funding to facilitate access to higher education to any care leaver aged over 18 who has limited leave to remain* or a pending asylum application. These changes will effectively cut off access to higher education as an option for a significant proportion of young people, many of whom will be on a route to settlement in the UK and are building their lives here. The young people that The Children’s Society supports sometimes secure fee waivers and/or scholarships from private donors including trusts and foundations. Local authorities support them to take up these scholarships by providing their accommodation and maintenance costs. However, because the Act aims to limit support to care leavers subject to immigration control, it prevents local authorities from providing the necessary support for these young people to take up private scholarships, further restricting their access to university, even when a local authority is not paying the fees.

The importance of access to legal aid to resolve a young person’s immigration status is also critical if they want to access higher education when leaving care. Our research⁴¹ has highlighted that the most visible impact of changes to legal aid is on older children between the ages of 16 and 18 – the key transition point when many realise that they need to resolve their immigration status to access higher education. A recent case by the local government ombudsman into Greenwich Council⁴² highlighted the potential implications for undocumented children when they become care leavers if their legal aid fees aren’t paid. This case found a failure by the council to adequately support a care leaver subject to immigration control with a leave to remain application before she turned 18. This finding was reached because there was confusion by the local authority as to whether she was entitled to legal aid and conflicting advice given by them as to whether the council would pay for a solicitor. As a result the care leaver turned 18 and lost her university place. The ombudsman has ruled that the council must award the care leaver £5,000 in compensation.

* Humanitarian protection, discretionary leave or limited leave under the immigration rules

3.5 Work and volunteering

The current cross-departmental Care Leavers Strategy recognises the value of supporting care leavers into apprenticeships through the 'From Care 2 Work Programme'.⁴³

However, the low salary of apprenticeships is often off-putting for many of the care leavers we spoke to. The current payment rates for people under age 19 or in the first year of an apprenticeship is £3.30 per hour, compared to the national minimum wage of £3.87 per hour for children under 18 and £5.30 per hour for people aged 18–20.

'£210 a month...that's how you're gonna get more young people on the streets living poorly.'

The feedback from our focus groups was that with this low level of financial support – and the need to manage household finances and live independently without the support of a parent or carer – some care leavers did not follow up on apprenticeships.

'When you're an apprentice, you're basically a slave to someone else.'

Care leavers we spoke to told us of the frustrating paradox they faced when trying to gain employment. They stated they felt the local authority could do more to support them in moving into employment, explaining how they felt they often had to seek out opportunities on their own. They also felt that this translated into a lack of knowledge about the different types of opportunities available to them, such as continuing in education, getting an apprenticeship or moving into full time employment.

Balancing this employment-based support with comprehensive financial advice is of the utmost importance. A recurring theme in the conversations we have had with care leavers was that they didn't feel they had the requisite financial skills to benefit them when it came to managing their money as they moved into employment or training.

Many of the young people we spoke to who did want to go into work expressed their frustration at their employment opportunities and how this interacted with their eligibility for key benefits. Care leavers who are doing apprenticeships can receive Housing Benefit and Council Tax Support, but cannot receive benefits which could subsidise their low salary, such as Jobseeker's Allowance or Working Tax Credits. A common complaint was that they felt they were no better off in an apprenticeship than they would be if they didn't work and claimed benefits, which proved to be something of a disincentive.

They struggled to find a viable way to be in training or low paid employment and keep a roof over their head, suggesting that it would be really helpful if care leavers were eligible for additional support.

Working Tax Credit can be one important source of income to top up earnings from employment for low income working households. However, under 25s without children or a disability are not eligible for working tax credit. This makes it much harder to make work pay. Extending Working Tax Credit to care leavers under the age of 25 could help to incentivise them to take on these kinds of training and employment opportunities.

Many care leavers subject to immigration control are prevented from working legally because of their immigration status, leaving them either dependent on local authority support, undertaking work illegally, or being forced into destitution. The Government's own research has recognised that delayed entry to the labour market, loss of skills and confidence, and difficulty getting qualifications recognised can cause problems even when status is granted, leading to high levels of unemployment and under-employment.⁴⁴ A parliamentary inquiry into asylum support was told that the long-term effect of not being able to work 'has an impact in terms of self-esteem and self-confidence'⁴⁵ and other evidence added that it can contribute to poorer mental health.⁴⁶ This was emphasised by the young people we spoke to for this research:

The cost of being care free:

The impact of poor financial education and removal of support on care leavers

'They don't want us to steal, they want us to be healthy but we can't work – I would like to work to occupy my mind but not working means I overthink and get anxious.'

Care leavers subject to immigration control told us that even though they do not have the right to work, which ideally they would like, they would still be keen to undertake unpaid work. However, they told us that they didn't get clear advice when they were in the care system, both before and after turning 18, about what unpaid work they could do to help build up their experience and learn new skills. Unpaid work cannot be undertaken by asylum seekers or failed asylum seekers unless they have been granted permission to work under Paragraph 360 of the Immigration Rules.⁴⁷ However, these young people could 'volunteer', as long as that volunteering does not amount to unpaid work or job substitution. There is often confusion around these different roles and consequently our practitioners frequently find young people can be wrongly advised that they cannot undertake unpaid work. This has a lasting impact on their lives because it means they cannot build up experience and skills, meaning that if they were later to secure leave to remain, their employment options are more limited.

'Even if we had the right to work, we have no experience because we can't do voluntary work or work experience. I found it hard to do volunteering because I don't have papers. Sometimes you can do it but we didn't get advice on building our work experience.'

Mahesh's story

Mahesh is now 21 and is studying at university. He was born in Asia and lived there until he was 12, when he was brought to the UK and kept in domestic servitude before he escaped. He was eventually taken into care in the UK, but his immigration status affected his access to university and a lack of free legal advice meant he accrued a big debt.

When Mahesh was young his father was killed in a car accident. Mahesh's mother paid for a passport and visa for Mahesh to come to the UK and live with a family friend.

Mahesh was excited to come to the UK and trusted what was happening, but after a few weeks the family friend started to beat Mahesh on a daily basis with a leather belt over petty issues. Mahesh was not allowed to go to school and was trapped in the house while his guardians went to work.

One day, when Mahesh was alone, he left the house and got on the next bus. Mahesh saw two police officers and decided he would ask them for help. He got off the bus and ran up to them and shouted 'Please help me, please help me.' The police took him to the local police station and interviewed him. Mahesh was met by a social worker and taken to a foster care home where he stayed happily for four years. When Mahesh turned 17, he was told by his social worker that he must move out into semi-independent accommodation.

At this time, he was unable to work or go to university due to his uncertain immigration status. He only had £45 a week to live on and tried desperately to find a job, but his paperwork meant no one would hire him. Mahesh's case worker and social worker were concerned he was deeply depressed, so it was recommended he contact The Children's Society and he got a free local counselling service. The Children's Society also helped him gain access to a university scholarship programme.

Mahesh's immigration case went on for six years and was a difficult process. Mahesh applied for status under Article 8, which is no longer covered by legal aid, and as Mahesh could not work legally he had no way to pay, so a friend had to step in and pay his solicitor fees. In 2014 Mahesh was eventually granted status. He is currently repaying his friend back all the money.

Now that his immigration status is resolved, Mahesh was able to start university in September 2014, but as he has limited leave to remain he is ineligible for a student loan. Therefore if Mahesh had not obtained the scholarship, university would most likely have been inaccessible for him for at least another 10 years until he is eligible for indefinite leave to remain.

Young people leaving care, with no family to support them, are falling into debt and financial difficulty due to insufficient guidance and support from local authorities and because of harsh benefit sanctions.

Conclusion

For those who grow up with their family, making the move into independent living is normally accompanied by ongoing support – help with managing new bills and payments, and often a financial safety net to fall back on if things go wrong.

Care leavers make the move into independent living without a family to fall back on. This makes it crucial that the financial support and money management skills they receive, both during and upon leaving care, are able to provide the safety net that they need.

At the moment, the future life chances of a care leaver are dependent on which local authority they were in the care of and the abilities and capacity of their personal adviser. For many of the care leavers we spoke to, the service they received prior to leaving care was insufficient to make their transition into adult life a smooth one. At the same time, financial education, advice and support for care leavers right across the country is both complex and inadequate.

As a result of this combination of inadequate financial support and patchy assistance with money management, many care leavers are struggling to manage their finances and are falling into debt. For some care leavers, it was only at this point that their personal adviser stepped in to help. While it is welcome that the personal adviser can assist at crisis point, it would have been better for all parties had they received better financial support at an earlier stage. It is so important that personal advisers are trained and confident in financial capability support.

All the evidence available indicates that a more systematic response to problems with financial education and debt advice for care leavers is needed. Knowledge of what bills should be prioritised, the importance of regular saving and good budgeting skills are recurring themes in terms of what would be most beneficial to this group. At the same time, they also need to be financially supported to help them with these choices, in the same way that many of their peers would get this support from their parents.

For care leavers subject to immigration control, this situation is even more acute. Many have their support partially or completely removed by their local authority as a result of their immigration status, leaving them homeless and destitute, and unable to work or access education. The Immigration Act makes this situation even worse for hundreds of care leavers, who could face being dispersed outside of their local area, away from their foster family, friends and any support network they have in this country. This would leave them with extremely limited support and at risk of going missing. While there may be some exceptions, these young people generally won't get a personal adviser or be able to stay with their foster carers, but will instead be treated as adults and without recognition of their vulnerabilities as former looked-after and unaccompanied children.

The following changes would help to ensure that all young people leaving care are financially confident and supported through any difficulties they face.

Recommendations

A new covenant for care leavers should ensure:

- Financial education and support for young people to deal with financial planning are explicitly part of the pathway plan to enable young people to develop essential knowledge and skills for independent living.
- Personal advisers are given training in how to support the young people they advise on financial capability matters.
- Care leavers are exempt from paying council tax until the age of 25 in order to avoid them getting into debt after leaving care.
- That the care leavers covenant applies for all care leavers regardless of their immigration status and that care leavers with immigration issues are supported to resolve any outstanding problems quickly and effectively.

Further support should be given to encourage care leavers into work and education.

- The Department for Business, Innovation and Skills should set a target for the number of care leavers in apprenticeships.
- There should be a rise in the minimum rate of pay for apprenticeships in their first year – at least to the minimum wage rate for under 18s.
- Care leavers should be entitled to receive Working Tax Credit before the age of 25 to encourage them to make a sustainable move into work.
- The Government should reverse its decision to cut work allowance rates under Universal Credit for claimants without children or serious health conditions. This would provide crucial additional in work support for young people leaving care.

Provisions should be put in place to ensure that care leavers do not have their benefits sanctioned.

- Care leavers should be exempt from labour market conditionality so that they do not face sanctions after moving on from care. This should apply until care leavers are aged 25. If the Government does not wish to do this, then at minimum the following measures should be introduced:
 - Self-identified care leavers should fall within the Department for Work and Pensions' 'early warning system' trial for benefit sanctions. As part of the 'early warning system', decision makers – upon sanctioning a care leaver – should be required to contact the care leaver's personal adviser.
 - The number of self-identified care leavers receiving sanctions should be regularly reported by the Department for Work and Pensions.
 - Personal Advisers should receive training on how to support care leavers to appeal benefit sanctions

Local authorities should ensure that care leavers are provided with good quality housing and the resources to live there.

- Care leavers should be exempt from the shared accommodation rate of Housing Benefit until the age of 25. This would extend current protections that only last until they are 22. Care leavers should always be given the option to have Housing Benefit paid directly to their landlord when they set up their claim under Universal Credit, and they should be given information on how to transfer or change payment arrangements when they move to new accommodation.
- Within their 'sufficiency strategies for the accommodation of looked after children' local authorities must identify the number of care leavers who will need accommodation and demonstrate local availability of accommodation that meets need, is affordable and gives care leavers genuine choice over where they live.

- Care leavers should be given information about what support their accommodation provider should be providing for them, and they should be able to hold them to account through a complaints system should they fail in their duty. Care leavers should be able to access advocacy services to help them do this if they wish.

Better support must be given to young people leaving care who are subject to immigration control, to make sure they get the support they need to meet all their welfare needs and are not left destitute.

- All care leavers, regardless of their immigration status, should have access to the full range of leaving care services – including access to training and education, a personal advisor and legal advice and representation if they require it.
- The Department for Education’s Care Leaver’s Strategy should address the situation of care leavers subject to immigration control and make sure the role of the Home Office Visa and Immigration Unit in these young people’s lives is fully incorporated. This should acknowledge the problems faced by these young people because of the difficulties of their immigration status. This would facilitate a more integrated approach on policy related to care leavers, to include those subject to immigration control.
- The Department for Education, in its lead role for looked-after children and care leavers, should monitor and report on the impact of changes to local authority support for care leavers subject to immigration control as a result of provisions being implemented through the Immigration Act 2016.
- Local authorities should report to the Department for Education about the number of care leavers subject to immigration control who have support withdrawn as a result of provisions in the Immigration Act 2016, and who are then directed into the adult asylum system under Section 10B.
- The Department for Education should disaggregate care leaver outcome statistics to include data on children subject to immigration control.

- Student support provisions should be amended so that care leavers who have been lawfully and ordinarily in the UK for three years and have limited leave to remain can access student finance and be charged home fees instead of international fees.
- All care leavers should be entitled to access to a bank account, regardless of their immigration status.

Creditors should record care leavers as vulnerable customers, and provide them with the appropriate support.

Financial institutions should ensure that care leavers can access all mainstream financial products

MyBnk

This report was produced in association with MyBnk and Young Enterprise

MyBnk is the UK's leading trainer, designer and deliverer of financial and enterprise education programmes for young people.

Their experts bring a range of award winning workshops covering topics such as saving, tax, debt, budgeting and university finance, to 11–25 year olds in schools and youth organisations, including young offender institutes.

Programmes are created by their in-house team, industry experts and young people. Education Officers are rigorously trained and observed, sit exams every six months and are assessed by young people and teachers after every session.

In 2015, The Money Advice Service's Evidence Hub gave MyBnk's flagship programme, Money Twist, the highest effectiveness rating of any UK youth money skills project. That same year, their survival money management programme, Money Works, won the Leaving Care Award from leading youth sector publication, Children and Young People Now.



Young Enterprise, incorporating pfeg (Personal Finance Education Group), is the UK's leading charity that empowers young people to harness their personal and business skills – supporting teachers, government, consumer bodies and financial industry representatives to assist schools in delivering personal finance education to the highest possible standards – enabling children and young people to understand money and make informed choices to support their long term economic well-being. Through their hands-on employability and financial education programmes, resources and teacher training, they want to eradicate youth unemployment, help young people realise their potential beyond education and empower a generation to learn, to work and to live.

Appendix

Table 2: Number of sanctions for people with a care leaver marker who have faced a sanction on their jobseekers allowance and employment support allowance*

Type	Outcome	Oct 13 to Mar 14	Apr 14 to Mar 15	Apr 15 to Sept 15
Original	Decision to apply a sanction	820	1,950	900
	Decision not to apply a sanction	250	410	190
	Total	1,070	2,360	1,090
 				
Decision Review	Decision to apply a sanction	90	50	10
	Decision not to apply a sanction	120	180	110
	Total	200	220	110
 				
Mandatory Reconsideration	Decision to apply a sanction	10	110	30
	Decision not to apply a sanction	10	40	10
	Total	10	150	40

*Figures have been rounded to the nearest ten

Table 3: Sanctions to Jobseekers Allowance in England between October 2013–September 2015

Jobseekers Allowance sanctions in England between October 2013–September 2015	All claimants	18–24 year olds	Self identified care leavers
Original Number of sanctions applied	1,029,292	385,245	4,390
Number of sanctions challenged at decision review	243,506	67,371	730
% of challenges taken to decision review	23.66%	17.49%	16.62%
Number of successful challenges at decision review	12,2003	32,577	400
% challenges successful at decision review	50.10%	48.35%	58.90%
Number of challenges at mandatory reconsideration	66,824	17,664	210
Number of successful challenges at mandatory reconsideration	17,535	4,449	55
% of success at mandatory reconsideration	26.24%	25.19%	26.19%
Number who challenged at appeal	10,721	2,389	10
% who were successful at appeal	2,874	464	0
% who were successful at appeal	26.81%	19.42%	0.00%
Total number of sanctions applied	886,871	347,761	3,960
Per size of population	39.46	14.15	13.30

On 16 March 2016, The Children’s Society helped run the Care Leavers Festival for practitioners, care leavers, young people who are in care and other professionals in the North-West.

Attendees at the festival told us their thoughts on what councils could do to ensure care leavers didn’t fall into debt. Many of their recommendations feature in this report.

Their recommendations were:

- To feel listened to by everyone who is supporting us
- For our friendships to be valued
- Give us accurate information about our rights
- Council tax exemption for care leavers up to 25 years
- Give us help to get into work
- Respect our life choices
- Improved multi-agency working with care leavers
- To be able to remain in care homes until we're 21, if we ask to
- Encouraged and supported to pursue interests and form our own identities
- Better mental health provision for care leavers.

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