

Care leavers and rent arrears: a short report

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Summary

The Spark Foundation is a small charity which makes grants to care leavers and children in care. In recent years it has received a rising number of applications for help with rent arrears. The scale of the arrears is well beyond the resources that Spark has.

In 2020 Spark decided to analyse the applications for help with rent arrears which it received. It hoped that it would be able to identify the underlying causes of the rent arrears and make policy suggestions to deal with the root problem.

The care leavers in this study were all aged 18 – 23. What comes through is how the care leavers are having to navigate bureaucracy, especially of the welfare benefits system, and the problems which life throws at them with far less support than is on offer to young people who have not had the trauma of being taken into care.

The report ends with a series of questions which it hopes will stimulate debate about how best to improve this situation.

Introduction

Since 2003 The Spark Foundation (and its predecessor charity, The ISP Children's Foundation) has been making grants to care leavers under the age of 26 and children who are in care. In order to monitor its expenditure, Spark categorises what the grants are to be spent on.

Prior to 2015, applications for grants to help rent arrears were so infrequent that they did not warrant their own category in our monitoring data. However, suddenly far more applications for such help were being received. So in 2015 Spark changed its monitoring categorisation to include grants for a priority debt as a separate category. Since then grants for priority debts (primarily rent arrears) have varied from 4 to 17% of all grants made.

Rent arrears have serious implications:

- the possibility of eviction and homelessness
- mental stress, health and anxiety
- the impossibility of leaving that rental property for another more suitable one

With no family to fall back on and generally on low wages or welfare benefits, it is very difficult, if not impossible, for care leavers to clear substantial amounts of debt. In 2020 Spark decided to analyse all applications for help with rent arrears received that year to see if there were any lessons which could be learnt and applied to public policy. Spark recognised that this would be a small sample, but it would be a snapshot of a very serious issue facing young people who have already had a lot to cope with.

Findings

During 2020, Spark received 13 applications for rent arrears totalling £29,290 or an average debt of £2,253. Although this may seem a small number, it should be born in mind that both our website and application form are explicit that our maximum grant is normally only £600. So most people with substantial rent arrears are unlikely to apply.

The ages of the applicants ranged from 18 to 23. That 18 year olds could rack up rent arrears so quickly suggests that there is a serious failure in the system to adequately protect these vulnerable young people. The applications came from nine different local authorities. The local authorities were both urban and county shires and spread across England. To further put this into context, the rent arrears accounted for 23% of all the money Spark was asked for in 2020.

The table below shows the rent arrears with the reason for them. Spark's application form does not specifically ask the reason for the arrears so this is not known in one of the cases. The applicants' names and local authorities have been removed to ensure anonymity. Instead the applicants are identified just by a letter.

Applicant	Age	Rent arrears	Reason for the arrears, where known	Impact of the arrears, where known
A	18	£2,166	Rent was paid to young person who did not realise this and thought it was money for her to spend	Stress
B	18	£995		Stress
C	19	£1,980	Insufficient support while living in supported lodgings leading to £1,980 owed to them	Difficulty of moving out of supported housing while she has this debt
D	19	£1,569	In full time further education. Did not understand that his evening job would impact his benefits	Unable to move on from the YMCA
E	20	£961	Problems with paying rent while on Universal Credit and in a low paying job	Has received Notice Seeking Possession. Fear of losing home
F	20	£2,300	Losing his job & benefits issues	
G	20	£1,659	Unable to manage benefits system. Currently on Universal Credit	Cannot move on from mother and baby unit
H	22	£3,723	Low wage makes it difficult to pay the rent	Risk of homelessness
I	23	£4,434	Domestic abuse leading to her leaving the property for 18 months but Housing Benefit covering only 6 months of that period	Risk of homelessness
J	23	£1,950	Debt incurred with ex partner	Cannot secure a tenancy for self and toddler
K	23	£1,240	Problems with Universal Credit claim on release from prison	Beginning to self harm
L	23	£4,580	Unable to work part time during university course because of pressure of university work and then Covid 19. Delay in payment from Student Finance	
M	23	£1,733	His car was hit by a drunk driver and he couldn't work. Ongoing court case against the drunk driver	Stress and worry that he will get an eviction notice
Total arrears		£29,290		
Average arrears		£2,253		

Problems with Universal Credit/benefits is the most commonly cited reason for the arrears. Some of these problems may be due to the fact that Universal Credit is not paid until 5 weeks after the claim. Spark has no expertise in Universal Credit or other welfare benefits, but it understands that most applicants either borrow during this period or ask

for an advance. Either way they are likely to start off their claim in debt. This is even more probable for care leavers as they are unlikely to have anyone they can borrow from. Other problems with state organised schemes is illustrated by applicant L who cites delays in Student Finance.

The fact that applicant A did not understand that she had to pay her rent out of the benefits she received, suggests a failure on the part of her carers or social worker. Unfortunately, she is not alone. This is fairly regularly stated as the reason for the arrears on our application form. These young people, like applicant A, were not adequately prepared for life after care.

Supported lodgings do not appear to be the answer as, incredibly, applicant C incurred rent arrears of £1,980 while in them. It is possible these arrears arose as the rent for supported lodgings does not always come within the remit of Universal Credit and should be paid by Housing Benefit which is administered by the local authority. Spark understands there is sometimes a time delay while each denies responsibility and considerable persistence can be required on the part of the applicant.

This underlines another issue. Most parents do not expect their children to have achieved full independence at the age of 18. Rather, there is a period of time in which the son or daughter begins to take on more responsibility for themselves. But the parents are in the background offering help, advice and practical support. By contrast, it seems that care leavers are very much expected to have the persistence necessary to navigate bureaucracy on their own.

The housing benefit of people under the age of 35 is restricted to an amount which pays only for a bedroom in a shared house rather than for a self-contained one bedroom flat. There are exemptions, eg the applicant:

- is under the age of 25 and is a care leaver
- rents their property from a local authority or a private registered provider of social housing
- is living with a partner
- has a dependent child

Until 31st May 2021, the care leaver exemption applied only to those under 22 and may have played a part in the level of rent arrears of the five applicants who were aged 23.

Three of the applicants mention fear of losing their home and becoming homeless. This is a very real fear as it is estimated that 33% of care leavers become homeless at some point between 6 – 24 months after leaving care. [M Stein Research Review Young People leaving care, Children & Family Social Work 2006 p 273-9.]

Conclusion

Doubtless the claim will be made that many care leavers do not engage with the services available to them. However, that is not the picture which emerges from this small study. Rather is it of young people trying to manage singlehandedly but finding it difficult to navigate their way through a complex system and deal with the knocks which life throws at them. Moreover, after years of being in care, it is likely that they are trying very hard to manage on their own and get away from the 'being in care' label.

The impact on the young people is considerable. This level of stress, self-harming, likelihood of homelessness, etc. are not things which should be happening within a few years of leaving care. It leaves the young people vulnerable to loan sharks, crime and embeds a pattern of exclusion and homelessness. They will hinder the young people from being able to move on from their past and into a world where they are not labelled.

Questions

1. Is Local or National Government open to commissioning wider research into the scale of the problem and what can be done to address it?
2. Could local **targets** be agreed for reducing the number of Care Leavers falling into debt?
3. How can Local Authority Care Leaving Teams, Fostering Agencies and Debt Advice charities better **prepare** care leavers for the sort of financial challenges they may meet when trying to live independently?
4. What scope is there for an '**accompanying**' or mentoring scheme that might better support care leavers in transition to independent living?
5. How can care agencies/public bodies work together to encourage care leavers to **contact financial advisory services** as soon as they fall into difficulty?
6. Is any organisation willing to offer small, short term, **interest free loans** which tide a Care leaver over a break in their income stream? (as most parents do from time to time!).....so that they do not fall prey to loan sharks
7. What **other ideas** do people in the industry have for tackling this issue?

More about the Spark Foundation

We are a small charity serving England & Wales. We give grants of up to £600 to young people in care or who have left care and are under the age of 26. Last year we awarded

160 grants out of 240 applications. To find out more about our work please see our website [The Spark Foundation](#).

We are always in need of donations so we can expand our grant giving. Please make a secure donation via our [donations page](#).

If you want to discuss anything from this report, please contact our chair, Danny Chesterman, at chair@sparkfoundation.org.uk.

We are grateful to Irene Hall our treasurer who was the main author of this report. She can be contacted at treasurer@sparkfoundation.org.uk.