



Briefing: Why the government should extend the exemption of care leavers from the Shared Accommodation Rate until the age of 25

Overview

“The government is passionate about improving the lives and life chances of care leavers. Young people leaving care constitute one of the most vulnerable groups in our society, and both government and wider society have a moral obligation to give them the support they need as they make the transition to adulthood and independent living.”

HM Government, 2016

Keep On Caring: Supporting Young People from Care to Independence

The government is committed to supporting care leavers, yet almost a quarter of single homeless people have been in care.ⁱ More could be done to prevent care leavers from becoming homeless by addressing a gap in the support available through the benefits system.

Care leavers are currently granted an exemption that means they can claim a higher rate of housing benefit for private rented housing until they are 22. Once they are 22 they are restricted to the much lower Shared Accommodation Rate (SAR), intended to pay only for a room in a shared house.

Restricting care leavers to the SAR increases the risk that they become homeless because in many areas there is very little or no accommodation available to rent at that rate of housing support. Care leavers also often have personal issues that can make it difficult to live in a shared house.

The government has recognised that the current age limit on the exemption may make it more difficult for care leavers to make the transition to independent living. There is a commitment in the Government's 2016 Care Leavers strategy, Keep on Caring, for DWP and DFE to work together to explore extending the exemption from the SAR to care leavers up to 25. A recommendation to extend the existing exemption, to cover care leavers aged 22 to 24 from the SAR, was also proposed by the cross party APPG on Ending Homelessness.

“I supported a young person, who is quite chaotic, into private rented accommodation. She was then evicted so she couldn't get social housing. Her housing allowance dropped down when she turned 22 so she lost the flat at 22”

– Social workerⁱⁱ

The current exemption

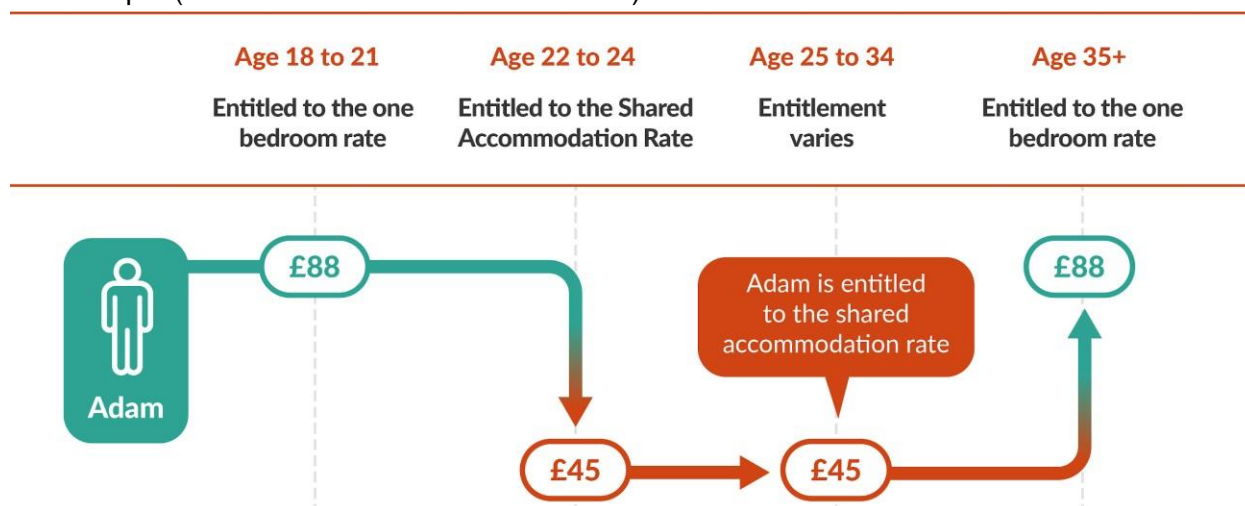
Being able to cover housing costs through the benefit system is a lifeline for young people leaving care. While their peers may be able to rely on the financial support of parents as they transition to independence, care leavers often face this journey alone.

For care leavers living in the private rented sector, the maximum amount of financial support available to cover their rent is set at the Local Housing Allowance (LHA). The LHA rate is set at different levels depending on the size of accommodation that a household requires.

A care leaver is entitled to the one-bed rate of LHA if they are aged 18 to 21 unless they have a partner, child or disability, but on their 22nd birthday the amount of financial support they are entitled to falls to the much lower Shared Accommodation Rate.

Based on LHA rates for 2018, the average one-bed rate in England is £492.34 per month (£113.31 per week) and the shared accommodation rate is £296.55 per month (£68.25 per week).ⁱⁱⁱ When a care leaver reaches their 22nd birthday, they lose their entitlement to a substantial amount of support for housing costs.

An example (based on LHA rates in Sunderland):



Adam is a single care leaver, with no children and no disabilities. He is living in a one-bedroom flat in the private rented sector with a rent of £88 per week and receives LHA to cover this. On his 22nd birthday, the total amount of LHA that Adam is entitled to drops to the SAR. This means that if Adam stays in his one-bedroom flat, he will need to find an extra £43 per week from other income to cover the shortfall.

The case for change

Moving into shared accommodation can be extremely difficult for care leavers

Being exempt from the SAR until the age of 22 allows care leavers to claim the higher one-bedroom rate, normally only available to older adults. It provides care leavers with more options as they exit care and begin to live independently. It also allows them to have complete control over their household – not having to split bills or rely on flatmates to make payments.

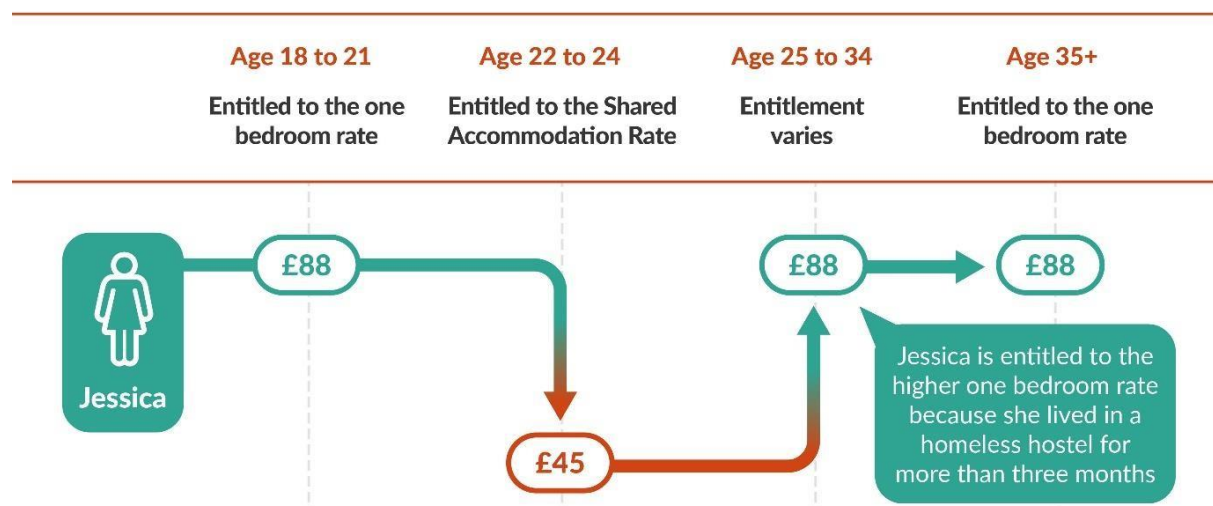
When they turn 22, however, the sudden reduction in support can lead to financial difficulty and debt, rent arrears, homelessness or having to move from their first stable home. If they do not downsize to a shared room they are likely to struggle financially. If they are forced to move, this can prove extremely disruptive, particularly if they are in education or employment.

Many care leavers are vulnerable and have complex needs as a result of the trauma they experienced in their early lives. Care leavers' difficult childhoods too often lead to problems as young adults. It is estimated that half of young men under 21 who came into contact with the justice system have care experience; one fifth of female care leavers become teenage parents; and care leavers are between four and five times more likely to self-harm in adulthood.^{iv}

These personal issues mean that care leavers can struggle to live in a shared environment. Having their own space, rather than having to share their home with people who may be strangers, can be vital for their development, safety and wellbeing.

There is currently little logic to SAR exemptions for care leavers who have stayed in a homeless hostel

An exemption from the SAR for people aged 25-34 was introduced in 2011 for people who had spent three months or more in a homelessness hostel. This means that care leavers who have lived in hostels for three months are exempt from the SAR until they are 22 and from when they are 25, but not from the ages of 22-24.



Around a third of the young people living in both Depaul and Centrepoin's homeless hostels are care leavers. The current system makes little sense to these young people and can mean it is much harder for young people in hostels aged under 25 to move on out of hostels and into an appropriate place of their own.

The SAR exemption should be brought in line with other care leaver entitlements

For the majority of young people, the care and support they receive from their family does not cease on their 21st birthday. The Government has recognised this and has put in place additional support for care leavers until they are 25, such as extending Personal Advisor support and the care leavers' apprenticeship bursary. We have also seen many local authorities exempt care leavers from council tax payments until they are 25. If a care leaver cannot access secure, appropriate accommodation, however, the benefit of these additional entitlements is likely to be undermined.

Furthermore, the introduction of Staying Put, whereby young people can remain in foster care past their 18th birthday, means that some young people will not leave care until they are 21. These young people will not benefit from the current SAR exemption, as they will leave care as that exemption runs out.

Shared accommodation may not always be available for care leavers

Shared accommodation is not always available for young people leaving care. A Centrepont survey of over 1,000 UK landlords revealed that almost nine in 10 landlords (89%) reported not letting any shared accommodation at all. Landlords offering shared properties were more common in London, where one in five (22%) let shared accommodation, but outside the capital this dropped to fewer than 10%.^v

Shared accommodation that is available is often let to other groups of young people, such as students and young professionals, who can pay higher rents, rather than those who receive LHA. In a survey of 1,071 private landlords, 63% said they would prefer not to rent accommodation to tenants in receipt of LHA or HB and 42% refused to rent to those in receipt of LHA or HB.^{vi}

The SAR does not cover the cost of renting

A Centrepont survey of care leavers found that two in five (39%) said their housing benefit was not enough to cover their rent.^{vii} Even if a shared house environment is appropriate and available for a young person, the SAR is not sufficient to cover the cost of shared accommodation in 123 out of 182 Broad Rental Market Areas (81% of the country).^{viii} The shortfall is not just an issue in London or even just big cities, but affects young people across the country.

Depaul UK looked at the 40 areas across England where official statistics showed the highest number of young people sleeping rough. In these areas 225 people under 26 slept rough on a single night, but there were only 56 rooms available to people on benefits within the shared accommodation rate.^{ix}

Examples of SAR rates against average rent for a room in a shared house¹:

	SAR per month	Ave monthly rent for a room in a shared house	Shortfall	Proportion SAR increase needed to cover cost
Thanet	£283.18	£382	£99	35%
Camden	£450.95	£876	£425	94%
Kirklees	£238.99	£324	£85	36%
Manchester	£292	£429	£137	47%
Bradford	£253.15	£354	£101	40%
Barnsley	£252.33	£316	£64	25%
Newham	£352.96	£624	£271	77%

¹ Table shows 2019-20 LHA SAR rates against Valuation Office Agency data on shared room rents 2018-2019: <https://www.gov.uk/government/statistics/private-rental-market-summary-statistics-april-2018-to-march-2019>

Enabling care leavers to access the one-bed rate of LHA would make it much more likely they are able to access suitable accommodation and have a much better chance of being able to create a home of their own.

As well as exempting care leavers from the SAR, all levels of LHA should be adjusted to cover the cost of renting. Working age benefits have been frozen since 2016, the Crisis report referenced above shows the extent to which LHA has fallen behind increasing rent costs. In 92% of areas in Great Britain, just one-fifth or less of the private rented sector is affordable within the rates to either single people, couples, or small families. The link between LHA and local rents should be restored in order to ensure that the rates reflect local rents. This would help to reduce the number of households of all types who become homeless.

The SAR does not apply to social housing, but this is becoming increasingly difficult for care leavers to access

The availability of social housing varies greatly between local authority areas. Although local authorities are not legally required to prioritise care leavers for the social housing stock that is available, guidance suggests that reasonable preference should encompass a 'wide range of needs, including, but not limited to, the need to - provide a secure base from which a care leaver... can build a stable life'. There are, however, around 1.5 million fewer social homes today than there were in 1980.^x

On getting a social housing tenancy: *'Even with care leavers now it's tighter. When we're in meetings with social services, their tone is just different. Fewer people are going to panel, a lot of people are going to panel and then they're not getting it... even here it's starting to bite, but it's only the beginning'* - Centrepont service manager, London

Costing an extension of the exemption

We estimate the number of care leavers aged 22-24 that are affected by the SAR being applied to their LHA is relatively small. The cost of extending the exemption could be around £5 to £6 million.

No. care leavers in independent living and eligible for the SAR	No. in private rental accommodation	Estimated number receiving housing benefit	Average difference per annum between SAR and 1 bed rate	Estimated total cost of SAR exemption extension (rounded)
4,950	3,300	2,475	£2,350.00	£5,816,250
Assuming that the cohort of care leavers 19-21 living independently (9,900) would be of similar size to the cohort of care leavers aged 22-24 living independently and half of those aged 22-24 are living without a partner, children or disabilities, which means the SAR is applied to their LHA. DfE children looked- after statistics	based on estimated 2/3 of those in independent living in PRS	based on 3/4 of those renting in PRS in receipt of Housing Benefit (the other 1/4 earnings are too high)	based on LHA for 2018 Valuation Office Agency: LHA 2019-20 tables	Estimated care leavers receiving HB in PRS average multiplied by the difference between the SAR and 1 bed rate

The impact of extending the exemption could, however, be considerable for a group of very vulnerable young people. It would prevent care leavers with serious personal issues from having to share their home with strangers and make it more likely that they can find housing they can afford. It would mean that more care leavers have a stable, appropriate home, better enabling them to reach their potential.

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- ⁱ Mackie,P and Thomas,I (2014) Nations apart? Experiences of single homeless people across Great Britain. Published by Crisis
- ⁱⁱ Centrepont (2017) From care to where?
- ⁱⁱⁱ Valuation Office Agency (2018) Local Housing Allowance (LHA) rates applicable from April 2018 to March 2019
- ^{iv} National Audit Office (2015) Care leavers' transition to adulthood
- ^v Centrepont (2018) Ready to move on: barriers to homeless young people accessing longer-term accommodation
- ^{vi} Shelter (2016) Survey of Private Landlords
- ^{vii} Centrepont (2017) From care to where?
- ^{viii} Crisis (2019) Cover the cost: how gaps in Local Housing Allowance are impacting homelessness
- ^{ix} Depaul (2018) Life on the Streets: Young people's experiences of sleeping rough
- ^x Shelter (2019) A vision for social housing