

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Lead Member for Children's Services
Date:	6 December 2012
Title:	Financial Support for care leavers
Reference:	4282
Report From:	Director of Children's Services

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1. Executive Summary

- 1.1. The purpose of this paper is to seek Executive Lead Member approval for specific areas of financial support for care leavers. Such decisions will then be translated into internal procedure documents.
- 1.2. Statutory legislation and guidance describe a range of financial duties and responsibilities upon local authorities with regard to financial support for care leavers including such areas as meeting accommodation and Personal Allowance costs for those aged 16 -17 years old as care leavers pre 18 are generally unable to access mainstream benefits. There are other duties in relation to providing support to students in education and training.
- 1.3. Whilst Children's Services have a procedure relating to financial support for care leavers there are a number of financial responsibilities that are not defined in detail by statutory guidance and hence the requirement is for local policy decisions to be made. This report highlights the areas where Hampshire Children's Services Department may consider changes and enhancements to the current financial support provided to care leavers.
- 1.4. This paper seeks to :
 - Set out the areas of financial support where a local policy decision is required by the Executive Lead Member
 - Highlight the link between additional financial support and improvement to the outcomes for care leavers, which in turn positively impacts upon performance indicators.

2. Contextual information

- 2.1. On 5th September 2012 Children's Services were responsible for 880 young people aged 16 to 25 years with a care leaver status, 504 of these are aged 18 to 25.
- 2.2. A care leaver includes young people from age 16 who are still currently in the care of the local authority as well as those who are over 18 years old and who may have left care but are still very much supported by Children's Services. The legal responsibilities of a local authority include remaining in touch with a young person, allocation of a Personal Advisor to provide additional support, Pathway Planning to agree the goals for a young person and how these are to be achieved and financial support, especially associated with support in education or training programmes.
- 2.3. A review of financial support for care leavers, which included a consultation event with young people, has been undertaken in 2012 in light of a number of factors including:
 - Changes to Benefit rules now enabling young people to access funding post 19 if in education/training
 - Increased National Scholarship Fund and Widening Participation funding being made available to care leavers in higher education from individual university establishments
 - The general economic climate and increased high unemployment amongst 16 to 24 year olds
 - The introduction of HCC Internship Plus Scheme
 - Hampshire's Children in Care pledge.

2.4. Current practice

The following section highlights areas of financial support where Executive Lead Member approval is sought:

- 2.5. **Staying Put** – In line with Hampshire's Children in Care pledge Children's Services enable care leavers, aged 18 and over, to remain living with their former foster carer or supported lodgings if they are in education or training through the provision of a financial contribution to meet the support cost element. Young person can only claim housing allowance to meet their rent cost. In September 2012 there were 15 care leavers in a 'staying put' arrangement with a former foster carer and 11 in Stonham supported lodgings. Fee paid foster carers do not receive a skills fee once the young person is 18 years old. For those placements within Independent Fostering Agencies there is negotiation around funding post 18 as current contracts do not define arrangements.

Whilst there is a duty to support young people who are in education or training there is discretion for Children's Services to support such arrangements where the young person has very specific additional needs and requires greater time to make the transition to alternative accommodation.

For those in foster care or supported lodgings who turn 18 years old and enter employment or become unemployed their choices are to either find alternative accommodation that can be funded through Housing benefit or negotiate a private rent agreement with their former carer or lodgings which will enable them to remain there. Not all carers are able to enter into private arrangements due to the impact on their personal financial situation and so the young person would need to move on. This level of disruption at a crucial life transition point can result in a number of negative consequences for the young people. For those in employment this can be particularly difficult as their new accommodation and the distance to their workplace could result in the job no longer being viable.

- 2.6. It is therefore proposed that Children's Services agree to extend 'Staying Put' financial contributions to those young people aged 18 entering employment or who are not in education, employment or training (NEET). For those in employment this financial support would be between the young person's 18th and 19th birthday. For those who are NEET this financial support would only be for those who are **actively** seeking employment/education/training for a maximum period of six months but with a review every month. For those who are NEET this extra time would enable their former carer to provide on-going support whilst exploring their options. Without this support the young person would be more often required to move on and hence the probability of entering activity decreases as the young person could be caught in the poverty trap and feel no incentive to engage and improve their situation.
- 2.7. Taking an average of costs across foster care and supported lodgings Children's Services maximum contribution will be approximately £140 per week per individual. However, this will reduce where young person's income is higher and not all young people will access a full 12 month's additional support due to a range of factors. The total additional cost of this proposal, based on estimations of revised support for current care leavers, is £34,000.
- 2.8. **Travel Costs** – Children's Services has a duty to support care leavers, aged 16 to 25, with education and training and in Hampshire a young person's travel costs to college/training are funded. Hence the young person is **not** expected to use their 16 to 19 bursary payment to meet any costs, it remains an incentive payment. Financial support for travel costs associated with employment are not currently provided. Hence a young person could potentially be dis-incentivised to work due to high travel costs whilst on low income. For those who are unemployed travel costs may be required to attend interviews.
- 2.9. A new policy would see Children's Services agree to fund the travel costs for those aged 18 to 19 years old where associated with employment for a period of six months in order to support the young person in their transition to the world of work. For those entering full time employment for the first time post 19 there will discretion for Children's Services to provide a financial contribution towards travel costs. For those aged 18 to 19 and who are NEET Children's Services would agree, where required, to fund

travel costs associated with finding a meaningful activity for a period of three months. In some instances the Benefits Agency may be able to provide some funding.

- 2.10. Predicting future spend is a challenge due to so many variables, not just the number of young people who would require support but distance and location being major factors. Currently £24,000 is forecast as spend on travel costs for care leavers aged 16 to 19. A realistic cost would be £50 per week per young person for six months and as such total additional expenditure following this decision is estimated at £15,000.
- 2.11. **Young people's contribution policy** To date Hampshire has not had an overarching policy regarding young people's contributions to their care. The only exception being those aged between 16 and 17 in foster care who are in employment whereby a formula calculates a contribution from the young person to their 'board and lodging'. However, in reality this has rarely arisen. This has become an issue with the introduction of the Hampshire Internship Plus Scheme whereby care leavers are earning a salary but make no contribution towards their living costs. Hence they have a significant level of disposable income for their age but more importantly are less prepared for the changes that will take place once aged 18 when they will be expected to 'pay their way' just as anyone else in the wider population.

A young person aged between 16 and 17 on the Internship Plus Scheme will earn £133 per week with their travel costs also being met. For a young person aged 18 on the scheme their income is £188 per week with Children's Services financially supporting travel costs and any shortfall in Housing Benefits

- 2.12. The introduction of a contributions policy would support young people to be more prepared for independence and would be applicable to all care leavers aged 16 to 19 who were earning a wage from being employed or in paid training programme wanting to 'Stay Put'. The calculation would be as follows:
- 2.13. A threshold be set for those age 16 and 17 at £63.75 per week (made up of lower rate Personal Allowance of £33.75 and £30 bursary) and a threshold for those age 18 + set at £86.25 per week (equivalent to Benefit rate of £56.25 + £30 bursary) for those in activity. If the young person is NEET then they will receive minimum level of £33.75 and £56.25 respectively.
- 2.14. The young person's contribution will be 50% of any excess income over the agreed threshold (as above):
- £30 per week be the agreed food contribution for those aged 18+ living in supported lodgings or with former foster carer to be paid by the young person

Examples of proposed model :

16/17 year old in foster care

Income will be lower rate Personal Allowance + bursary = £63.25 per week .
Young person makes no contribution as equivalent to new threshold.
Children's Services meets all placement costs.

17 year old on Internship Plus

Income will be salary of £134.68 per week

£134.68 - £63.25 = £71.43

Young person's contribution is 50% of £71.43 = £35.71 per week

£134.68 - £35.71 = £98.97 retained by young person

18 year old on Internship Plus remaining with former foster carer

Income will be £184.26 per week

£184.26 - £86.75 (threshold amount) = £97.51

50% of £97.51 = £48.75

£184.26 - £48.75 = £135.51 per week retained by young person

- 2.15 The level set is such that young people are always incentivised to be in activity and a number of sources of income are disregarded, such as 16 to 19 bursary, DLA, inheritance, Criminal Injuries awards and part-time earnings, if alongside college. The actual level of Personal Allowance changes each April in line with government Benefit level. However, as of April 2013 it is less clear how the Personal Allowance rate will be calculated given the planned introduction of welfare reforms and universal credit and therefore a further review may be necessary when the full details of these reforms are announced. However, the concept of an agreed living level, as outlined in the example above, will remain. Legislation prescribes that the allowance provided by Children's Services to care leavers is never less than the Benefit rate.
- 2.16 **Financial support for students in higher/post graduate education**
Hampshire Children's Services has an established history of supporting care leavers in higher forms of education. Over recent years there has been continued growth in the number of these students and currently stands at 33. A review of university funding has been undertaken in light of a number of changes to the funding care leavers can access. Full details of the updated model for undergraduates are in Appendix 1.
- 2.17 **Funding for post graduate** courses has been more individualised due to the diversity of fees charged and sources of funding for students. This year one student required £5,000 for course fees whilst another required £11,000. Mainstream Student Finance grants and loans are not accessible and hence the student requires funding for course fees as well as living expenses.
Children's Services has defined criteria for financially supporting post graduate students with their course fees and living expenses.
- 2.18 In order to define the funding available to post graduate students from 2013 there are a number of options:

1. Children's Services meet costs associated with course fees and living expenses. To maintain consistency with undergraduates, living expenses will be at £100 per week. However, fees will be widely variable dependent upon subject and individual university. It is an expectation that any funding opportunities available to the student are maximised.
2. Children's Services set a fixed amount or percentage level as a contribution requiring the student to meet any outstanding amount
3. Children's Services agree to pay course fees with the student meeting their own living expenses

2.19 It is recommended Option 1 be adopted as the other options could mean that students are still unable to start post graduate studies as they would be unable to meet both course fees and living expenses.

2.20 The cost associated with this would be living expenses of £100 for 40 academic weeks totalling £4,000 and course fees, with an average being £7,000. This could potentially be £11,000 per student however, this cost may reduce as some students are able to access career loans or university bursaries of fees may be lower. To date there has been an average two students a year. Based on the assumption of an ongoing two students per year, with some support met by the universities, the estimated additional costs from adopting option one are £15,000.

2.21 **Setting up home funding** to support a young person setting up home they are able to access funding for essential household items. This is **not** a lump sum and is needs led. The young person can access this funding over a number of years as they move through accommodation onto independence. Current procedures set this funding at a maximum of £1,000 per young person. Nationally this year the Children in Care councils encouraged local authorities to raise this to a maximum of £2,000.

2.22 In 2011/12 spend for setting up home payments was £43,000. If the Minister's recommendation was adopted this could see costs increase to a maximum of £86,000. For this decision the estimated total additional costs are, therefore, £43,000. However, it is important to recognise that the full amount is rarely accessed in one financial year and so the true figure is likely to be less.

3. Finance

3.1 The countywide budget for care leavers in 2012/13 has been set at £1.22 million. Whilst this report is seeking to enhance the financial support provided to some care leavers, in defined scenarios over agreed periods of time, the expectation is that no additional new funding will be required. This is as a result of estimated savings that could be achieved due to a change in Benefit rules in April 2012. Prior to this date local authorities were

responsible for funding the accommodation and living expenses of care leavers aged 19 and over who were returning to education as Benefits were not accessible. In 2011/12 Hampshire's spend against this age group was approximately £125,000. Whilst some young people will continue to be funded post 19, such as unaccompanied asylum seekers who have No Recourse to Public Funds, significant savings are anticipated.

The table below shows the estimated total financial impact of the range of decisions contained within this paper.

Para ref	Recommendation	Net financial impact £000
2.7	Extend 'Staying Put' including contribution policy	34
2.10	Support with travel costs in employment	15
2.20	Support with higher/post-grad education - option 1	20
2.22	Setting up home funding	43
3.1	Net saving from benefit changes	<u>(125)</u>
	Total net financial impact	(13)

3.2 While many of these estimates could vary, the above table shows that the expected changes would be affordable within the savings generated to Benefits and no additional funding is sought.

4. Performance

4.1 There are two specific performance indicators related to care leavers :

- NI147 related to care leavers at age 19 being in suitable accommodation
- NI148 related to care leavers age 19 being in suitable activity

4.2 Hampshire's statutory returns in March 2012 for these indicators were 75.2% and 47.3% respectively. Whilst these indicators do present a challenge in light of the current economic climate and significant issues are faced by all young people trying to access accommodation. Within Children's Services sustained efforts are made to support care leavers to engage in meaningful activity.

4.3 On 31 October 2012 the Children's Minister published a Charter for Care Leavers and new performance indicators that will extend the reporting of NI 147 and 148 beyond the snapshot at age 19 to include care leavers at age 20 and 21 years old.

4.4 If Children's Services were to adopt a policy of providing financial support to care leavers between 18 and 19 years old it is anticipated this will have a

positive impact on both the current and future indicators as it enables the young person to be supported by their carer for a longer period of time.

- 4.5 Wider benefits to the community, and public purse, will be achieved as fewer care leavers will be dependent on state benefits, less reliance on social housing and fewer being involved in the criminal justice system.

5. Recommendation(s)

- 5.1 It is recommended to the Executive Lead Member that the following changes are made to the financial support provided to care leavers by Hampshire Children's Services. If agreed, these changes would be implemented as of the new financial year on 1 April 2013:
- 5.2 Extend 'Staying Put' to support care leavers aged between 18 to 19 in employment or actively seeking activity
- 5.3 Travel costs for care leavers aged between 18 to 19 in employment or actively seeking activity be supported by Children's Services for a defined period of time as outlined in this report
- 5.4 Children's Services implement a young people's contribution policy as outlined in this report
- 5.5 The updated university financial support proposal, Appendix 1, be agreed and implemented for all students from September 2013
- 5.6 Children's Services increase the Setting Up Home allowance to a maximum of £2,000 per young person based on the individual needs of the young person.

APPENDIX 1

Proposed updated university model

CHILDREN'S SERVICES SUPPORT FOR CARE LEAVERS IN HIGHER EDUCATION

Hampshire Children's Services is fully committed to supporting young people to achieve in higher education and recognise that providing a level of financial support is sometimes required. This document sets out the model that will be used to financially assess a student's need for Children's Services funding.

The **underpinning principles** of the model are as follows :

- Young people will be supported to maximise all funding sources available to them including student finance grants and loans, university bursaries within the National Scholarship Fund and Widening Participation Fund, fees waivers and sponsorship
- Inheritance, Criminal Injuries Awards, DLA and part -time earnings will **NOT** be included in any financial calculations
- Children's Services will continue to provide the Statutory Higher Education Bursary to all former relevant care leavers. This is a statutory sum of £2,000 over the life of the course and will be excluded from any financial calculation. This will be paid via instalments at the end of each term, semester or as a lump sum at the end of each academic year
- Young people will be supported to budget their income in a way that meets their living expenses and requirements whilst at the same time helping young people to recognise that some choices will impact upon their lifestyle and budget.

New Model

In order to calculate any potential funding contribution from Children's Services the student will need to evidence the income they will receive through grants, loans and bursaries. Expenditure will be calculated to take account of weekly accommodation costs, travel and a living allowance of £100 per week. For those students remaining with their former foster carers instead of living in halls/student accommodation the weekly living allowance will be equivalent of the Personal Allowance rate. This reflects the differences in expenditure between the accommodation types.

Where it is evidenced that there is a shortfall between income and expenditure Children's Services will provide a 'top up' to the student on a weekly basis over 52 weeks of the year, or until the end of the academic year if a final year student. In situations where a student's income exceeds their expenditure no 'top up' will be required.

For those young people returning to stay with their former foster carers during vacations Children's Services will pay the amount of £82p/w for rent(pro rata for weekends) to the carer in recognition that the young person has already used their funding to pay for term time accommodation. The student will make a payment to their former carer of £30 per week if food is to be provided.

Tuition fees are separate to any calculation as they are repaid to Student Finance in line with a national agreement whereby a student will start repaying their fees loan where their income reaches £21,000 per year.

An application should be made by the Personal Advisor to the HOIRST and/or Evelyn Mace Trust for financial support in relation to books, equipment, computers. This will be excluded from the financial calculation.

Transition to new model

Students who commenced their course before September 2012 and received funding from Children's Services will receive the same amount for 2012/13 academic year. However, they have been notified of the updated calculation and that any future funding may be assessed against this model.

CORPORATE OR LEGAL INFORMATION:

Links to the Corporate Strategy

Hampshire safer and more secure for all:	yes
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes/no
Corporate Improvement plan link number (if appropriate):	

Other Significant Links

Direct links to specific legislation or Government Directives		
<u>Children (Leaving Care) Act 2000</u>		<u>Implemented October 2001</u>
The Children Act 1989 Guidance and Regulations Volume 3 : Planning Transition to Adulthood for Care Leavers		Implemented 1 st April 2010

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

1.1. The proposals in this report evidence the strength of commitment within Children's Services to fully support care leavers to meet their full potential and access all possible opportunities. These policy decisions will enable Hampshire, as a corporate parent, to help this vulnerable group of young people overcome the barriers and challenges that exist above those faced by their peers in the community.

2. Impact on Crime and Disorder:

2.1. There is potential, through enhanced support outlined within this report, to work with young people to be engaged in meaningful activity by removing financial barriers. Young people with a care history are statistically over represented within the criminal justice system and therefore there is the potential to positively impact upon crime and disorder through supporting these young people to be involved in alternative activities with on-going Children's Services support.

3. Climate Change:

- 3.1. How does what is being proposed impact on our carbon footprint / energy consumption? N/A
- 3.2. How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts? N/A