



The case for a national rent guarantor and deposit scheme for care leavers aged 18-24 in England

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1. Care leavers' experiences of finding accommodation

Summary

- Care leavers in England often struggle to find good quality accommodation and are at increased risk of homelessness – one in four homeless people have been in care at some point in their lives¹.
- Introducing a requirement on local authorities to **run a rent guarantor and rent deposit scheme** would help care leavers access a greater range of properties in the private rented sector.
- Barnardo's has calculated that setting up such a scheme across England would **require a one-off investment of £30m to establish a scheme along with a much more modest ongoing cost of £6.4m per year to run it.**

All young people need a safe and stable home to start their adult lives, and this is particularly true for young people leaving foster care or a children's home.



Housing is often described as “a vehicle for stability”² for care leavers which can lay the foundations for positive outcomes in other areas of their lives. This is partly because stable accommodation can be the cornerstone in helping care leavers access other services:



Some care leavers find it difficult to access mental health services, due to not having a stable place to live³.



Not having accommodation in the right area means care leavers can find themselves cut off from their support network⁴. This can be a particular problem for Black care leavers who can find themselves living in areas where they are in a small minority, enhancing feelings of loneliness, isolation, and fear⁵.



Being housed in the wrong area can make it difficult for care leavers to access education – with care leavers being placed far away from the institutions where they are studying, which impacts on their attendance⁶.

Despite the importance of housing securing good quality for care leavers evidence shows that many struggle to find suitable accommodation in the early years after leaving care. It is estimated that one in three become homeless in the first two years immediately after they leave care, and one in four homeless people have been in care at some point in their lives⁷.

Care-experienced young people have also highlighted that the accommodation they find is often of very poor quality. Barnardo's *No Place like Home*⁸ report in 2021 included examples of young people living in properties with mould and damp. One care leaver who moved into a flat with her baby described:

“There was mould everywhere, it grew on my curtains and on my clothes, it was everywhere, I got a dehumidifier and after an hour I had to empty it because there was so much water in there.”

(Care-experienced young person supported by Barnardo's)

2. Care leavers' experiences of the private rented sector

Care leavers live in a number of different types of accommodation; some continue to live with their foster parents⁹, some will move back to their parents' home or into supported accommodation and some live independently in either the private or social sector – over **one in three** care leavers aged 18-21 live in this type of accommodation¹⁰.

For care leavers who live independently, the private rental market has become increasingly important, given the shortage of social accommodation¹¹ and length of waiting lists¹². However, rent in the sector is typically higher – private renters spend the highest percentage of their income on housing of any tenure type - and rents in the sector have also increased significantly recently¹³. There is also growing evidence of a reduction in the number of properties available to rent – one investigation by the BBC found that the number of properties available to rent in the UK have fallen by a third in the 18 months before March 2023¹⁴. This increased competition enables landlords to pick and choose which tenants they take, making it especially challenging for vulnerable groups, such as care leavers, who can find themselves passed over in favour of young professionals or students.

Evidence from a survey of care leavers by the charity Centrepoin found that **13%** said they had been unable to access accommodation because the landlord was unwilling to accommodate them¹⁵. Care-experienced young people interviewed for Barnardo's recent report *No Bank of Mum and Dad*¹⁶ – which looked at the impact of the cost-of-living crisis on care leavers – also commented on how they often felt discriminated against:

“I have found the cost of accommodation challenging. It was mainly my background because I came from a broken unorganised background not a lot of places would take me and those that would had a long waiting list.”

(Care-experienced young person supported by Barnardo's)

Practical problems can also make it very difficult for care leavers seeking to access accommodation in this sector. **Most landlords demand rent upfront alongside a deposit which can be very difficult for care leavers to provide due to their low income and lack of familial financial support. Landlords can also require that there is someone who can act as a guarantor in the event of non-payment of rent which is again a significant challenge for young people who don't have family members who can perform this role.** These barriers make it difficult for care leavers seeking to access property in the private rented sector – 40% of care leavers in one survey reported that not having enough savings for a deposit has been a barrier to them accessing accommodation¹⁷.

Care leavers supported by Barnardo's say that barriers to entering the private rented market can severely limit their ability to access properties and mean they are often left living in poorer quality accommodation. This includes only being able to access accommodation in poorer and less desirable areas of a city – which are often cut off – and can make accessing jobs or education difficult. Care leavers also report feeling forced to take properties where they have felt unsafe, including moving into shared accommodation with much older adults and where other residents have a history of crime or drug use:

“The only place I could find that would take me without a guarantor was a shared property with unknown flatmates who I didn't know if I could trust –one night the police turned up looking for them which made me feel very unsafe and anxious”.

(Care-experienced young person supported by Barnardo's)

The impact of not having a rent guarantor – Sarah’s story (name changed)

Sarah, who grew up in care, needed to find a flat for herself and two other care-experienced adults who she was flat sharing with. The group struggled to find a flat without a guarantor. This initially resulted in them living in very poor-quality accommodation which had problems with leaks, holes in the walls, and poor-quality rotting decking in the garden. The poor state of the property resulted in a leak in the bathroom spreading to the neighbour’s property and the group had to find new accommodation at short notice. The group again struggled due to the lack of a guarantor and although they found four flats which met their requirements, they were not able to secure any of them. As a result of this all three young people had to move into a one-bedroom flat, which wasn’t big enough, as the only way to avoid homelessness.

Failing to provide care leavers with help finding suitable accommodation puts this group of young people at risk of homelessness. Youth homelessness has significant costs for the state – a recently published report by Centrepoin estimated that the total annual cost of homeless young people in the UK amounts to more than £6.5 billion, an average of £27,347 for each homeless young person¹⁸. This includes both the direct costs to the Government in supporting homeless young people as well as costs caused by the fact that young people facing homelessness are less able to meaningfully contribute to national economic output.

Failing to provide care leavers with sufficient support also creates ongoing costs. **Research estimates that the costs to the state of poor outcomes for care leavers, such as providing ongoing mental health support, homelessness services, welfare support, and the consequences of engagement with the criminal justice system is around £1,816m¹⁹.** Investing in simple schemes enabling care-experienced young people to have access to good quality accommodation would therefore reduce the risk of homelessness and improve overall outcomes for this group – saving money in the longer term.



3. Improving care leavers access to accommodation – what is being done?

In 2021 the Government commissioned Josh MacAlister to undertake a review of the children’s social care system in England. The final report²⁰ identified that problems with finding suitable accommodation were significant for care leavers. It recommended that the Government should undertake a mission to “*reduce care leaver homelessness now, before ending it entirely*”. A number of recommendations were made, including enabling young people to stay living with their foster carers for longer, and making it easier for those who grew up in children’s homes to get support from their previous placement when they first leave care.

The Review also recognised that while all young people can struggle to access accommodation in the private sector, these problems were exacerbated for those who had grown up in care. This was due to a range of reasons including the absence of parents to act as a guarantor. It highlighted the experience of one care-experienced young adult interviewed as part of the Review:

“Young people leaving the system and moving forward, find not a lot of places accept young people. They need the first two or three months’ rent up front, or a guarantor. People in care don’t have that, we’re just chucked out to fend for ourselves. Services don’t work together. It all starts with moving from pillar to post as a child.”

In light of this evidence, the Review recommended introducing a stronger safety net to prevent care leaver homelessness, including providing a rent guarantor scheme.



The Government issued its response to the review in May 2023. Their implementation plan for reform – *Stable Homes Built on Love*²¹ – committed the Government to a range of action that would improve care leavers’ ability to access accommodation. These included making legislative changes to enable more care leavers to stay living with their foster carers, and actions to improve protection for care leavers who present as homeless.

However, the plan did little to address the problems care leavers face accessing property in the private sector. While the plan pledged to promote rent guarantor schemes and to “encourage” all local authorities to use the freedoms they already have to support care leavers in this area, it did not commit to requiring them to do so or to providing any funding to enable schemes to be established.

4. Introducing a national rent deposit and guarantor scheme for care leavers

Some local authorities, such as Kent County Council, already act as a guarantor as well as providing a deposit for care leavers looking to rent in the private sector. Initial evidence shows that in the early days of the scheme – which launched in 2018 – it had a 0% default rate on guaranteed tenancies.²² The scheme was able to achieve such a low default rate by working closely with care-experienced young people to ensure that they only take on rental properties that they can afford, and with landlords to ensure that the local authority is informed the moment that there are difficulties. This has enabled the local authority to intervene early to support a young person who may be struggling, preventing rent default which would result in the local authority incurring costs.

However, not all local authorities have such schemes and access can be a postcode lottery. It is also unlikely that in the current climate many more local authorities will be able to provide this type of support without the assistance of central government. Pressures on children's social care are at an all-time high. There are now more children than ever in the care system in England – numbers have increased by 23% over the last decade²³. Current funding gaps in children's services are also severe – evidence from the Association of Directors of Children's Services estimated that £778m was needed in one year just to close the current budget gap²⁴. This means that the system has become increasingly focused on delivering core services rather than providing early intervention or developing initiatives that increase the support available beyond the bare minimum. This is evident when we look at how council spending on children's services has changed over time – spending on early intervention services for children and young people has reduced by 45% in the last 12 years²⁵.

Therefore without a national requirement to provide rent deposit and guarantor schemes for care leavers (with associated funding attached), access will remain inconsistent with many local authorities not having the funding available to take action in this area.

Barnardo's is calling for a package of funding to introduce a national rent deposit and guarantor scheme. We have calculated this would require a one-off investment of £30m to establish the scheme, along with a much more modest ongoing cost of around £6.4m per year²⁶.

Our proposals draw significantly on learning from the Kent scheme, and make the following assumptions:

- All local authorities in England would be required to provide access to combined rent deposit and guarantor scheme for care leavers to help them access accommodation in the private sector. Experience from Kent suggests that many landlords do require both before they are prepared to rent to these young people.
- Deposits would be provided and paid into a government-backed tenancy deposit scheme, such as that provided for other private sector tenants²⁷. It is assumed that this is paid back to the local authority and is therefore returned into the scheme at the end of the tenancy unless the care leaver defaults.
- Local authorities would act as a rent guarantor for care leavers who are approved on the scheme usually for a period of one year after which the care leaver should be assumed to be a reliable tenant. There may need to be some flexibility with this rule based on the individual circumstances of the young person e.g. previous experience of a failed tenancy or a young person who has particularly complex support needs.
- Access to this scheme would be dependent on the individual circumstances of care-experienced young people and decided by local authorities. Local authorities would therefore be allowed to restrict access to the scheme to those young people who can demonstrate they have a realistic prospect of being able to meet the rent repayments.
- We believe ring-fenced funding should be initially provided by the Government; however schemes should be administered on a local level to allow for local authorities to provide the necessary wrap-around support to both care leavers and landlords.

The funding proposed would enable the following:

- Initial funding for a national rent deposit scheme which assumes 36%²⁸ of current care leavers in England aged 18-24 will access a rent deposit based on average national rent. **The total initial cost of this would be £23.5m.**
- While there will be an initial injection of funding required, we anticipate that the vast majority of deposits will be repaid. However, **we estimate that ongoing annual funding of £380,000 would be required.** This reflects both the expected increased number of care leavers in England and a default rate on deposits which we estimate at around 12% (based on average rates of default on rents in England).

- **In addition, in order to provide local authorities with funding to cover defaults in rent, we recommend around £6m is provided to enable all local authorities to run a rent guarantor scheme.** This is based on the scheme providing support to 36% of care-experienced young people in any one year, with an assumption of a 12% default rate and the local authority having to take on the average rent for two months in the event of default. Unlike the deposits scheme this would represent an ongoing annual cost. We are mindful, however, that Kent's scheme achieved an initial 0% default rate, so if the design of the scheme reflects the close partnership Kent has achieved with care leavers and landlords the actual default rates are likely to fall well below the national average.

Endnotes

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11. Social housebuilding in England is at its lowest rate in decades. Since 1991, there has been an average annual net loss of 24,000 social homes – <https://www.hamag.co.uk/The-housing-deficit-in-2023#:~:text=We%20don%27t%20have%20enough%20housing&text=Coupled%20with%20that%2C%20in%20England,than%207%2C000%20social%20homes%20built>
12. More than one in ten households are on council waiting lists for more than five years – see <https://www.local.gov.uk/sites/default/files/documents/2021-09-14%20Arch%2C%20LGA%2C%20NFA%20final%20report.pdf>
13. Rents increased by 4.4% in the year to January 2023, the largest increase since the ONS began producing this time series [Data from the ONS shows that private rental prices in the UK increased by 4.4% in the year to January 2023](https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/indexofprivatehousingrentalprices/january2023) <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/indexofprivatehousingrentalprices/january2023>
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26. Note all figures are present value figures, discounted in line with Green Book policy appraisal guidance.
27. For more information see; <https://www.gov.uk/tenancy-deposit-protection>
28. 36% of care leavers currently live in independent accommodation which also includes social accommodation. We have used a generous estimate but in all likelihood this percentage will be lower for those who are in private sector accommodation.

About Barnardo's

Barnardo's is the UK's largest national children's charity. In 2022-23, we reached **370,000 children, young people, parents and carers** through our **800 services and partnerships across the UK**. Our goal is to achieve better outcomes for more children. To achieve this, we work with partners to build **stronger families, safer childhoods and positive futures**.

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