

Analysis of Formerly UASC Care Leaver Placement Costs and Asylum Status in the East Midlands

June 2024



This report provides a snapshot of the placement costs and asylum statuses for care leavers who were formerly unaccompanied children seeking asylum in the East Midlands at the start of 2024.

The contents of the report may support considerations by Lead Members for Children's Services and Directors of Children's Services (DCSs) in relation to cost savings and efficiency, peer support, and opportunities for further regional joint approaches.

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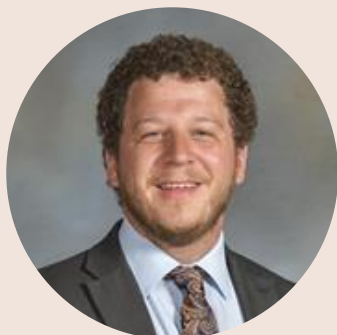
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FOREWORD



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Councils in the East Midlands have a strong track record of caring for unaccompanied asylum-seeking children (UASC) and young people, and as corporate parents are committed to providing the highest standards of support.

However, Lead Members and Directors for Children's Services are concerned that the growing cohort of care leavers who were formerly UASC is putting increasing and unsustainable pressure on placement sufficiency and council finances, primarily due to delays in asylum decision-making and pressures on local housing.

This report establishes the reality of placement costs incurred by local authorities for former UASC care leavers, and the significant impact on council finances, particularly when young people's asylum claims are undecided. It also identifies that the lack of sufficient move-on accommodation is placing further pressures on council budgets.

These pressures, combined with staffing costs, confirm that despite some welcome uplift in Government funding several years' ago, central government continues to pass on a financial burden to local government and there remains a substantial and growing gap between funding and the costs incurred by local authorities, with an annual multi-million-pound shortfall identified.

Indeed, Government funding covers just 59% of local authority placements and staffing costs for Care Leavers who were formerly UASC, equating to an annual shortfall to the region of £7.5m. This is an increase from the findings of our report in 2020, which demonstrated an annual shortfall of £5.2m.

One-third of formerly UASC care leavers are awaiting an asylum decision, at an average placement cost of £560 per week, compared to those young people granted leave to remain, at an average placement cost of £195 per week. Delays in asylum decisions are costing local government in the region £4.2m per year in placement costs alone.

Councils are very concerned about the potential impact of the Illegal Migration Act 2023, both on the young people whose asylum claims are deemed inadmissible, and on council finances when the proportion of young people who have no recourse to public funds is expected to increase dramatically.

East Midlands Lead Members for Children's Services and Directors of Children's Services are considering the contents of this report for potential cost savings and efficiencies, peer support, and opportunities for further regional joint approaches. It is also hoped that this report provides evidence to support a national review of funding for former UASC care leavers, and lead to a more sustainable financial package for councils meeting their responsibilities to this vulnerable cohort of young people leaving their care system.

FOREWORD



Colin Foster,
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On behalf of the Directors of Children's Services in the East Midlands we fully welcome, support, and endorse this report and its findings. This report is our second report on former UASC care leavers and builds on that of the 2020 report.

Since that time the number of LAC UASC has increased from 299 to 695 and the number of those becoming Care Leavers has increased from 496 to 939, an increase of 89%. The cost therefore to Local Government has also increased and the gap between the funding provided by Central Government departments is even more insufficient to meet need and demand.

In the East Midlands this represents an additional financial burden of £2.34m, a 45% increase since 2020.

All Directors of Children's Services in the region, and across the whole country, understand and take their statutory duties towards Unaccompanied Asylum Seeking Children (UASC) very seriously. We recognise that many of these young people have lost those closest to them and have been forced to flee from atrocities in their home countries. Many of them have made dangerous journeys through several countries to arrive in the UK; during the course of these journeys, they have been at risk of abuse and exploitation.

As corporate parents we work tirelessly to support and help UASC achieve the best outcomes possible both as young people in the care system and increasingly as eligible care leavers.

This second report is important and has significant policy and financial implications at a national level. What's clearly evident from this second report is that the profile of UASC is continuing to change in the East Midlands in that there are now ever larger cohorts of UASC in our care leaver population compared to those still in the care system; and this position is likely to be borne out nationally.

We also know that despite the increasingly creative and bespoke work done by our care leaving services to meet the needs of an increasingly diverse group of young people, there is a growing financial gap with insufficient funding for councils to meet their statutory responsibilities to former UASC.

We will ensure that the evidence contained in the report will be used by the Association of Directors of Children's Services in its continued discussion with the Department for Education and the Home Office for a sustainable funding solution for children's services.

1. HEADLINES

Since the start of the NTS in 2016, the number of UASC in the care of East Midlands authorities has increased by 156% to 695 in December 2023, with the number of formerly UASC care leavers increasing by 250% to 939.

Following mandation of the NTS (February 2022), the proportion of UASC placed out of LA area has increased from 48% to 60%, with high numbers particularly in the cities of Leicester and Nottingham. The proportion of formerly UASC care leavers living out of LA area has risen from 46% to 59%.

Two key issues are identified in relation to accommodation for formerly UASC care leavers: the significant proportion without leave to remain; and the pressures on social housing.

Home Office funding covers 76% of LA placement costs for formerly UASC care leavers, representing a shortfall to the region of £3.5m per annum.

Two-thirds of formerly UASC care leavers have been granted leave to remain, at an average placement cost of £195 per week.

Delays in asylum decisions are costing local government in the East Midlands £4.2m per year.

The vast majority, around 79%, of UASC who arrived prior to the Illegal Migration Act 2023 will be granted leave to remain. This figure is expected to fall dramatically for those who have arrived subsequently.

One-third of formerly UASC care leavers are awaiting an asylum decision, at an average placement cost of £560 per week. As the Illegal Migration Act 2023 takes effect, the number of care leavers with undetermined asylum status is expected to increase markedly

There is a gap between Home Office funding and local authority costs. Home Office funding covers 76% of LA placement costs for formerly UASC care leavers, representing a shortfall to the region of £3.5m per annum. The number of care leavers awaiting an asylum decision (and hence NRPF) is a significant contribution to this shortfall. When staffing costs are added to placement costs, Home Office funding covers just 59% of local authority Leaving Care costs for former UASC, equating to an annual shortfall of £7.5m to the East Midlands.

2. POLICY BACKGROUND

In response to the European Migration Crisis of 2015, the National Transfer Scheme (NTS) was introduced as part of measures in the Immigration Act 2016. At that stage, the NTS was a voluntary agreement made between local authorities to ensure a more equitable distribution of unaccompanied asylum-seeking children (UASC) across local authorities.

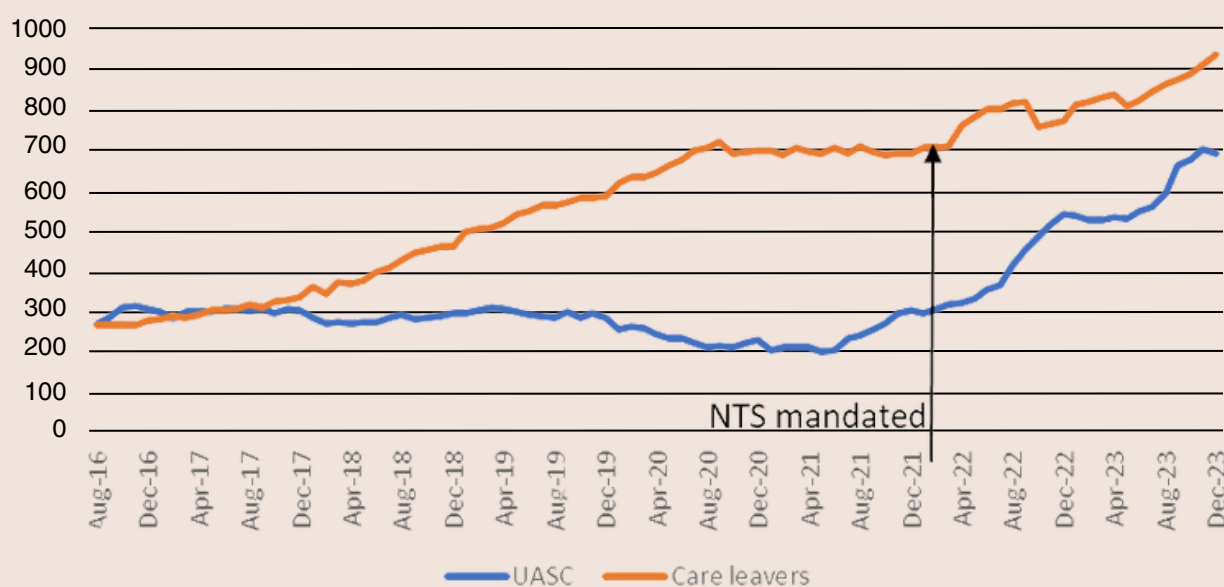
From July 2021, the NTS operated as a national rota, remaining voluntary at that stage. However, despite substantial reforms to the scheme, the voluntary model wasn't able to keep up sufficiently with the intake into the asylum system.

Therefore, under existing powers in the 2016 Act, the government made participation in the NTS mandatory for all local authorities with Children's Services across the UK from February 2022.

As a consequence, primarily due to the NTS, but also with significant contributions from young people dispersed as adults through the Asylum Dispersal programme then subsequently assessed by local authorities as unaccompanied children, and 'spontaneous arrivals', the number of unaccompanied young people in care and care leavers in the region has increased substantially over the past 8 years, and particularly since the NTS became mandatory.

3. Increasing numbers of UASC in care and care leavers in the East Midlands

At the start of the NTS in 2016, there were 271 UASC in the care of East Midlands authorities, and 268 in Leaving Care Services. The number of UASC in care had fallen to 236 when the national rota was launched in July 2021, while the number of former UASC leaving care had increased to 694. Following mandation of the NTS in February 2022, the numbers of both groups have increased sharply and at the end of December 2023, the number of UASC in care stood at 695, an increase of 156% from 2016, with Care Leavers who were formerly UASC at 939, an increase of 250% from 2016.



The situation is similar nationally. The latest DfE data[1] (March 2023) showed that there were 7,290 UASC in care in England, up 29% on the previous year, the highest number on record, and UASC now make up 9% of all children in care, up from 7% the year before, the highest proportion on record. And similarly for care leavers who were formerly UASC, there were 21,950 former UASC leaving care aged 18-21, an 8% increase on 2022 and the highest level recorded. Formerly UASC care leavers aged 18 now make up 30% of all care leavers in that age group.

Increasing numbers of formerly UASC care leavers placed out of LA area

With the increased pressure on services from the NTS since the Scheme became mandatory in February 2022, the number of UASC in care placed out of local authority area has increased, with a corresponding rise in the number of care leavers who were formerly UASC living out of local authority area, see table below.

LAC UASC and Care Leavers living out of area (East Midlands total)				
	No. of UASC (aged under 18) living out of LA area	Proportion of UASC cohort living out of LA area	No. of former UASC care leavers (aged 18+) living out of LA area	Proportion of former UASC care leaver cohort living out of LA area
February 2022	147	48%	325	46%
December 2023	419	60%	557	59%

When unaccompanied children seeking asylum turn 18, many living out of area have become settled and are reluctant to move to their parent local authority area in order to be placed on the local housing register. Often, these young people are unable to gain priority access to the housing register in the area where they are living. This adds further pressure to commissioned placements.

Although data is not collected by the region on the actual placement locations of care leavers who were formerly UASC, data on placement locations are available for unaccompanied children seeking asylum, most of whom will become care leavers in the next 1-2 years. The placement locations for the cohort of UASC in the care of East Midlands authorities are given in the table below.

This is the combination of UASC placed in their parent LA area and those placed in that LA area by other East Midlands' LAs. Data on the number of UASC placed in the East Midlands by LAs from outside of the region is unavailable.

The number of UASC (under-18s) in the care of East Midlands LAs living in each LA area (Dec 2023)

LA/CT area	Total number of UASC living in each LA/CT area	Of which, number of UASC living in the LA/CT area where they are in care	Number of UASC placed in each area by other East Midlands LAs
Derby City Council	45	32	13
Derbyshire County Council	16	16	0
Leicester City Council	149	43	106
Leicestershire County Council	43	31	12
Lincolnshire County Council	2	2	0
Northamptonshire Children's Trust	101	54	47
Nottingham City Council	162	42	120
Nottinghamshire County Council	28	22	6
Rutland County Council	0	0	0
Out of region	149	-	-

The high number of unaccompanied children placed in the cities reflects amongst other things the locations of provider accommodation, religious and cultural organisations, diverse communities (often including the same nationality as the children), ESOL provision, recreational facilities, and the wishes of the children themselves. County authorities report that a significant number of unaccompanied children do not wish to live in county areas for the reasons outlined above.

Given the extraordinary and dangerous journeys many have made to arrive in the UK, the children do not always perceive the risks of choosing to leave their placements and journey to their preferred city around the UK.

This necessarily informs placement location choices by parent authorities; it is usually not the case that the authority can't or won't place unaccompanied children in their own area.

It is important to note that even when an unaccompanied child or care leaver is placed in another local authority area, the costs of care (including placements) remain with the parent authority.

However, there may be an impact on the local community where the young people are accommodated, as well as universal services (particularly Health and Education).

It has been identified that there is the potential for some accommodation provision in city areas being used as out-of-area placements to be of a lower quality, or situated in less secure neighbourhoods. The East Midlands Directors of Children's Services Group is aware of these potential safety matters and there is an open discussion in the region to manage this.

It is also of note that, while there might be higher concentrations of unaccompanied children placed in cities, the opposite can be true for 'citizen' children in care who might be often placed in county council areas by city parent authorities.

4. Former UASC Care Leaver placement costs and asylum status

The East Midlands Lead Members for Children's Services and DCSs are concerned that the growing cohort of care leavers who were formerly UASC is putting increasing pressure on placement sufficiency and council finances, primarily due to delays in asylum decision-making and lack of available move-on accommodation.

To inform these considerations, placement costs [2] and asylum status data at the start of 2024 were received from all upper tier and unitary authorities in the region: Derby City Council, Derbyshire County Council, Leicester City Council, Leicestershire County Council, Lincolnshire County Council, Northamptonshire Children's Trust (North and West Northamptonshire Councils), Nottingham City Council, Nottinghamshire County Council, and Rutland County Council.

4.1 Voices of the Young People

Unaccompanied asylum-seeking young people have spoken of their life in the East Midlands and hopes for the future[3].

“I have worked hard to develop my English and embrace my life in the East Midlands, with the support I have received from my Personal Advisor I am now working full-time as a barber and got my own tenancy.”

19-year-old Iranian Care Leaver

“I feel comfortable and safe where I live, and I am happy with the support I get. I want to study information technology and do well in life.”

16-year-old Sudanese looked after asylum seeker

“I like living here and I would like to stay here. I want to study medicine and go to university. I like the staff where I live and my social worker. They will support me with my wish to go to university to study medicine.”

17-year-old Sudanese looked after asylum seeker

“I am a young person who hadn't anything without the help of the local authority...I was saved from being lost by their Social Care team. I'm a young guy who has got people who ask about his situation and say “how are you today? Do you need anything?” - this means a lot to one person who stayed long in darkness.”

18-year-old Eritrean Care Leaver

4.2 Asylum status

Broadly, the asylum status of care leavers who were formerly UASC falls into two categories: (1) those with *no recourse* to public funds (NRPF)[4], that is those young people awaiting a first asylum decision or appealing a decision, plus those who are Appeal Rights Exhausted (ARE); and (2) those *with* recourse to public funds, that is those young people who have been granted leave to remain[5]. The proportions of young people in each category at the start of 2024 in the East Midlands is given in the table below.

Asylum status	Number of former UASC Care Leavers (aged 18-25)	Proportion of overall former UASC care leaver cohort
No Recourse to public funds total	282	31%
• Without an initial asylum decision	201	22.0%
• Appealing a negative decision	76	8.3%
• Appeal Rights Exhausted (ARE)	5	0.6%
Recourse to Public Funds Total	633	69%
• Leave to remain - waiting to move on to independent accommodation	228	24.9%
• Leave to remain - living in independent accommodation	405	44.3%
Overall total	915	100%

Two-thirds (69%) of formerly UASC care leavers have leave to remain, and hence recourse to public funds, compared to one-third (31%) who have undetermined asylum status (either with an outstanding initial asylum claim or appeal) or ARE, and are currently NRPF.

Five care leavers are identified in the region as Appeal Rights Exhausted (ARE), representing 0.6% of the overall cohort. The Home Office ends funding for young people in this category after 3 months. This current proportion of ARE care leavers compares very favourably with regional data from early 2019[6], when 14% of the care leaver cohort was ARE. Since then, a regional approach has been developed: where appropriate on a case-by-case basis, following an assessment under Human Rights legislation, local authorities transfer ARE young people to Home Office accommodation and support within the Asylum Dispersal scheme[7].

On 13 December 2022, the Prime Minister outlined a range of immigration-related plans[8]. This included an ambition to triple the decision-making productivity and clear the backlog of legacy (pre-28 June 2022) asylum claims by the end of 2023. The Home Office is tracking care leaver cases closely, and the current focus is on the cases to be processed under the Nationality and Borders Act 2022 provisions (those claimed between 28 June 2022 and 6 March 2023). On 28 June 2022, there were 3,406 outstanding children's claims nationally, and those cases had been reduced to 1,430[9] at the end of December 2023, a reduction of 58%.

Streamlined asylum processing (SAP) for children's casework[10] was introduced as part of this ambition and applies to legacy claims and non-legacy ('flow') claims made from 28 June 2022 to 6 March 2023. The streamlined asylum processing model for children focuses on claims from the top 5 grant rate countries for children's casework: Afghanistan, Eritrea, Sudan, Syria, and Vietnam.

The Home Office were unable to provide data on SAP decisions for care leavers in the region, but noted that they have been prioritising care leavers for some time, whether or not they fall under the SAP criteria. East Midlands local authority UASC Lead officers have reported that the SAP has increased the rate of asylum decisions for those young people of the applicable nationalities[11]. There is no indication that the decision rate for young people outside of the SAP criteria has reduced.

It is of note however, that because of the continuing arrival of people seeking asylum, the overall number of outstanding asylum claims remains high, reported[12] to be approaching 100,000 at the end of 2023.

Also of note is the potential impact of the Illegal Migration Act 2023. Provisions in the Act will render asylum applications inadmissible from those arriving by irregular means, including via small boats, and place a legal duty on the Home Secretary to remove unaccompanied children from the UK once they turn 18. This would be likely to see a substantial increase in the number of unaccompanied care leavers with no recourse to public funds and no prospect of gaining access to benefits, awaiting removal from the country, with the concomitant impact on placement costs for local authorities, as set out in the next section.

In light of this, the East Midlands Lead Members for Children's Services and Directors of Children's Services Groups request Government conducts a New Burdens Assessment to meet the substantial additional financial burden to local government arising from the Illegal Migration Act.

4.3 Care leaver placement costs

The placement costs to local authorities for care leavers who were formerly UASC were collected across the range of asylum statuses, giving overall averages for the region in the table below.

Formerly UASC care leaver placement costs for all asylum statuses								
	Total number of care leavers	Total placements cost (per week)	Average placement cost (per week)	Number of care leavers eligible for HO funding	Maximum funding income (per week)	Overall funding shortfall (per week)	Average funding shortfall per care leaver (per week)	% of placement costs funded
East Midlands	915	£279,506	£305	785	£211,950	£67,556	£74	76%

Based on the data received, the regional average (mean) placement cost for care leavers who were formerly UASC across all asylum statuses is £305 per week. For comparison, the median average placement cost for care leavers across all asylum statuses is £329 per week. In early 2019[5], the regional average placement cost for former UASC care leavers was £193 per week, indicating that placement costs for this cohort have increased by 58% in the past 5 years.

The Home Office provides funding for formerly UASC care leavers at £270 per week, however not all of the cohort are eligible[13]. Based on the number of care leavers who are eligible, the maximum Home Office funding income is £211,950 per week, which gives an overall funding shortfall of £67,556 per week. This can be expressed as an average shortfall per care leaver per week of £74 for the total number of care leavers (n=915), or £86 per care leaver per week for only those care leavers who are eligible for Home Office funding (n=785).

Comparing the maximum funding income and the total placement cost for the region, 76% of placement costs incurred by local authorities for formerly UASC care leavers are funded by the Home Office.

As noted above, the overall funding shortfall is £67,556 per week. This equates to a shortfall of £3.51m per year to the region.

Placement costs can be sub-divided into those with no recourse to public funds, and those with recourse. Firstly, those with no recourse to public funds who are awaiting an initial asylum decision or are appealing a negative decision:

NRPF: awaiting initial decision or appealing negative decision			
	Number of care leavers	Total placements costs (per week)	Average placement cost (per care leaver per week)
East Midlands	277	£155,126	£560

Care leavers who are Appeal Rights Exhausted, and have no recourse to public funds:

NRPF: appeal rights exhausted (ARE)			
	Number of care leavers	Total placements costs (per week)	Average placement cost (per care leaver per week)
East Midlands	5	£872	£174

Those care leavers who are NRPF are unable to claim Housing Benefit or take on a social housing tenancy^[14], and so are unable to move from local authority commissioned placements into independent council housing accommodation. Access to accommodation in the Private Rented Sector (PRS) is restricted by the Right to Rent Scheme^[15]. Landlords and their agents in England have a legal responsibility under the Immigration Act 2014 to prevent those without lawful immigration status from accessing the private rented sector^[16].

Some Leaving Care services in the region support care leavers with NRPF to take on private rented tenancies while awaiting an asylum decision under an exemption clause in the Right to Rent Scheme, financing the deposit and rent until the care leaver is granted leave to remain and gains recourse to public funds, including Housing Benefit. This is identified as more cost effective than Supported Accommodation and frees up some capacity within commissioned placements.

Moreover, it prepares and promotes independence for young people, particularly around the ages of 21 or 22. However, this can be a complex area for Leaving Care services[17], and these young people often continue to occupy placements where they were living as unaccompanied asylum-seeking children while their asylum status is determined.

The data show that placements for care leavers with no recourse to public funds (awaiting an initial asylum decision or appealing a negative decision) incur higher costs on average per care leaver than placements for care leavers with leave to remain and recourse to public funds (see tables below).

Secondly, those with recourse to public funds, which can be split between those waiting to move on to independent accommodation, and those living independently.

Recourse to public funds: leave to remain - waiting to move on to independent accommodation			
	Number of care leavers	Total placements costs (per week)	Average placement cost (per care leaver per week)
East Midlands	228	£105,293	£462

Recourse to public funds: leave to remain - living in independent accommodation			
	Number of care leavers	Total placements costs (per week)	Average placement cost (per care leaver per week)
East Midlands	405	£17,905	£44

Although care leavers with leave to remain have recourse to public funds and so are eligible to apply for Housing Benefit and take on their own social housing tenancies, the data show that a substantial number (n=228) are remaining in commissioned accommodation. Some formerly UASC care leavers need continuing support and so even when they are granted leave to remain, are not ready for independent living at that point. For others with asylum status who are ready for independent living, local authorities report significant delays moving them on to independent accommodation in social housing or the PRS due to the increasing pressures on housing.

As can be seen from the tables above, local authorities continue to incur placement costs for many of these young people at a similar level to those with undetermined asylum status. This may be because the provider is unwilling to accept Housing Benefit for example, or to support the young person in the complex process of claiming Universal Credit while working in insecure employment (e.g. zero-hour contracts).

Once young people do move on from commissioned placements to independent housing, average placement costs incurred by local authorities (e.g. Housing Benefit top-ups) become very low, and within the Home Office funding tariff. However, some of these young people will be aged 21 or over, and so may be ineligible for Home Office funding.

It is instructive to compare the costs to local authorities for the two cohorts, those who are NRPF and those who have recourse to public funds. There are 277 care leavers (30% of the cohort) who are awaiting an initial asylum decision or appealing a negative decision, and who are consequently NRPF.

The total cost of placements for this cohort is £155,126 per week, equating to an average placement cost of £560 per care leaver per week. By comparison, there are 633 care leavers with leave to remain (69% of the cohort) and have access to public funds. The total cost of placements for this cohort is £123,198 per week, equating to an average placement cost of £195 per care leaver per week. Therefore, the average placement cost for a care leaver who is NRPF is £365 per week higher than a care leaver with recourse to public funds.

Consequently, delays in asylum decisions are costing the region £79,873 per week, equivalent to £4.15m per annum[18]. This is additionally frustrating for local authorities, knowing that the vast majority, around 79%, of unaccompanied children will be granted leave to remain[19]. However, this is likely to change dramatically for children who arrive under the rules in the Illegal Migration Act from March last year, where few if any are expected to be granted any form of leave to remain.

Therefore, the East Midlands Lead Members for Children's Services and Directors of Children's Services Groups request that Government further increases the rate of asylum decision-making to reduce uncertainty for young people and reduce the financial burden incurred by local authorities due to these delays.

The care leavers who are awaiting an initial decision or appealing a negative decision need continuing support with their asylum claims, are often unable to move out of commissioned accommodation, and consequently have support needs very similar to unaccompanied children in care. However, Home Office funding falls significantly for all unaccompanied young people when they turn 18, from £1,001 per week for UASC in care who were transferred through the NTS[20], falling to £270 per week for all young people when they turn 18, a reduction of 73%.

4.4 Staffing costs

The East Midlands Councils report [6] in 2020 identified that the two main constituent costs to local authorities providing Leaving Care services to formerly UASC young people were placement costs and staffing costs. Staffing costs primarily derived from salaries and oncosts (Team Managers, Social Workers, Personal Advisors, and Administrators) with an additional contribution from travel and lone-working equipment.

For the 2018-19 financial year, the average staffing cost was £3,497 per care leaver per annum. If this figure is adjusted for inflation[21], the average annual staffing cost in April 2024 is £4,406 per care leaver, or £84.73 per week. This gives a staffing cost for the entire care leaver cohort in this report of £77,529 per week.

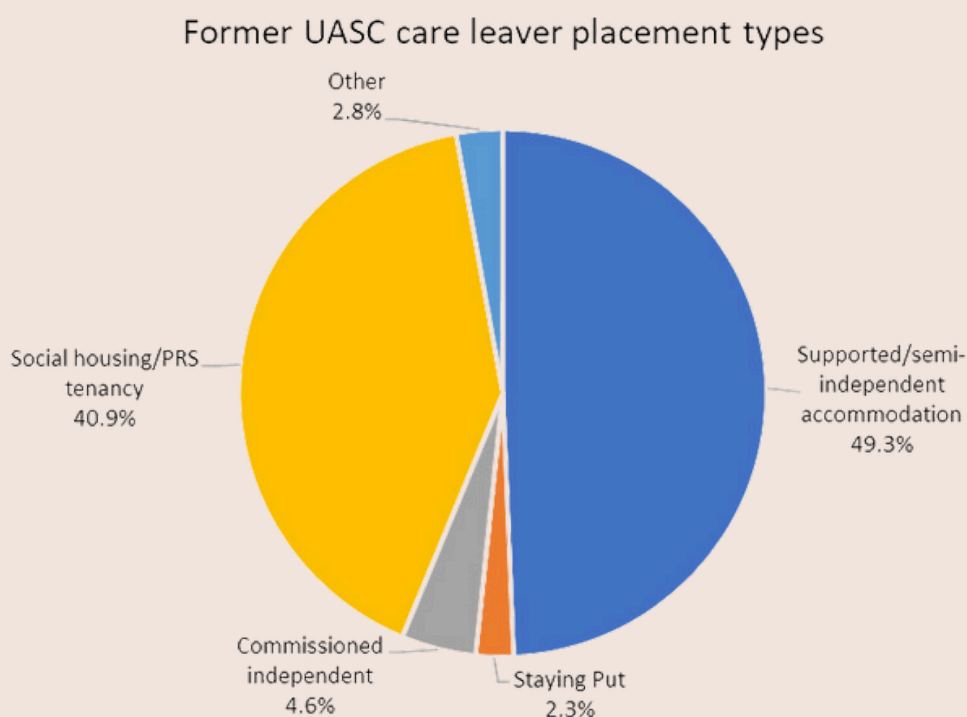
4.5 Local authority Leaving Care costs and funding shortfall

The combined total placement and staffing costs to local authorities for the current cohort of 915 formerly UASC care leavers is £357,035 per week [22]. With reference to the maximum funding income identified above (sec. 4.3), this report demonstrates that current government funding covers just 59.4% of local authority costs. Consequently, there is a funding shortfall to the region of £145,085 per week, or £7.54m per year.

It is of note that the identified shortfall is a conservative figure: the report in 2020 found that placement and staffing costs combined accounted for 92% of local authority costs in providing Leaving Care services for former UASC; therefore, the actual shortfall to the region is likely to be higher.

4.6 Placement types

In terms of placement types, the vast majority of formerly UASC care leavers who are living in local authority-commissioned placements are in supported/semi-independent accommodation (49%) or commissioned independent (5%), with a small proportion in Staying Put fostering arrangements (2%) or other (living with family/friends/kinship care/Supported Lodgings) (3%). The remaining 41% are living independently in social housing or the private rental sector, see chart below.



4.7 East Midlands Care Leaver Offer

Local authorities in the East Midlands are working together to develop a regional offer to care leavers, including those who were formerly UASC. In relation to housing, all 10 authorities offer priority housing to care leavers and Council Tax reduction or exemption to support young people financially in independent accommodation. Most authorities (9/10) offer to pay the security deposit for PRS tenancies, and the majority of authorities (8/10) also offer to be a guarantor[23].

5. CONCLUSIONS

With the increasing number of unaccompanied children in care seeking asylum and care leavers since the NTS was mandated, this report demonstrates the pressure on commissioned placements and council finances. The numbers of unaccompanied children in care and care leavers in the region have never been greater. The sharp increase in demand on Children's Services since the NTS became mandatory has resulted in more unaccompanied children and care leavers being placed outside of the parent local authority area, with particular concentrations in city areas, and a substantial number living out of the East Midlands region altogether.

The data show that Home Office funding covers 76% of local authority placement costs. The overall weekly placement cost is £279,506, representing a funding shortfall to the region of £67,556 per week, equating to an annual shortfall of £3.51m. This is the funding shortfall based on placement costs alone, there are other costs incurred by Leaving Care Services, including staffing costs. Based on an earlier EMC report, current regional staffing costs are calculated to be £77,529 per week, which when combined with placement costs equates to a funding shortfall to the region of £145,085 per week, or £7.54m per year. Home Office funding covers just 59.4% of placement and staffing costs.

Other costs, including interpreters and weekly allowances, are not captured by this report, but would add further to the shortfall between local authority costs and Home Office funding.

It is also of note that 14% of the cohort of care leavers who were formerly UASC are ineligible for Home Office funding altogether, most likely due to being aged 21+ and not in a planned programme of education or training.

The two main issues identified in relation to accommodation for care leavers who were formerly UASC are the proportion who have undetermined asylum status (awaiting a first decision, or an appeal), and the availability of suitable move-on accommodation (social housing and PRS) when the young person is ready for independent living.

One-third (30%) of former UASC in the region's Leaving Care Services have undetermined asylum status and so are NRPF. On average, placement costs to local authorities for these young people are £365 higher per care leaver per week than those young people with leave to remain.

Two-thirds (69%) of the cohort have leave to remain and so access to public funds. Those who are waiting to move on to independent accommodation represent 25% of the overall cohort, at an average weekly placement cost of £462 per care leaver, compared to the average weekly placement cost for young people living independently of £44 per care leaver.

Local authorities are responding to these pressures with a range of initiatives: designing services that are cost-effective while meeting the needs of care leavers; commissioning move-on (unsupported) accommodation at lower cost; exploring opportunities in the PRS; and developing frameworks requiring providers to support care leavers with access to public funds to claim Housing Benefit while remaining in commissioned placements.

And as noted above, Children's Services across the region are working together to develop a regional offer to care leavers more widely. The findings in this report support these initiatives, and may offer insights for potential further efficiencies, peer support, and joint working including exploring opportunities for developing the market for the supply of semi-independent accommodation.

This report has demonstrated the significant shortfall between Home Office funding for former UASC care leavers, and the actual costs incurred by local authorities.

The East Midlands Lead Members for Children's Services and Directors of Children Services Groups therefore proposes to Government that funding for formerly UASC care leavers is reviewed as a priority in order to provide a funding package that is closer to local authority costs.

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[1] Children looked after in England including adoptions, Reporting year 2023 – Explore education statistics – GOV.UK (explore-education-statistics.service.gov.uk)

[2] Placements costs reported here are the costs paid by local authorities to providers for units of accommodation plus support hours (where applicable). Associated LA costs not reported here include placement finding services, personal allowance payments, home establishment grants, and council tax exemptions (where eligible).

[3] With thanks to the young people in care and care leavers with Nottinghamshire County Council.

[4] A person will have no recourse to public funds when they are ‘subject to immigration control’. A person who is subject to immigration control cannot claim public funds (benefits and housing assistance), unless an exception applies. For immigration purposes, the term ‘public funds’ applies to: certain benefits; homelessness assistance; and a local authority allocation of social housing. See further: Public Funds - Migrant access to public funds, including social housing and homelessness assistance, and social care Home Office (Oct 2023)

[5] Refugee status, Humanitarian Protection, Discretionary Leave, or Dubs Leave

[6] East Midlands Councils report: Analysis of Local Authority costs and pressures incurred in support of Former UASC Care Leavers in the East Midlands, Feb 2020.

[7] This approach is in line with Nationality, Immigration and Asylum Act 2002, Schedule 3: Withholding and withdrawal of support - HM Government 2002

[8] PM statement on illegal migration: 13 December 2022 - GOV.UK (www.gov.uk)

[9] These are local data, unpublished and not statistically assured.

[10] Streamlined asylum processing for childrens casework (publishing.service.gov.uk)

[11] Of the UASC transferred to the region in 2022, the combined number of Afghan, Eritrean, Sudanese, Syrian and Vietnamese children accounted for 58% of the cohort.

[12] Cleverly says UK asylum backlog cleared as almost 100,000 wait for decision | Immigration and asylum | The Guardian

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[13] There are several categories of formerly UASC care leavers who are ineligible for Home Office funding, including those aged between 21-25 who are not in a planned programme of education or training. See Leaving care funding instructions to local authorities 2023 to 2024 (accessible) - GOV.UK

(www.gov.uk).

[14] NRPF Network: Who has no recourse to public funds (NRPF)?

[15] See, e.g. Home Office: Code of practice on right to rent: Right to Rent Scheme for landlords and their agents (Feb 2024).

[16] NRPF Network: Right to rent checks

[17] Affordability of PRS properties can be a factor: the rental costs need to be close to the level of Housing Benefit (HB) that can be achieved once granted leave to remain to ensure a smooth financial transition. Additionally, the landlord needs to accept HB in order for the young person to remain in the property once their asylum application is granted. The availability of suitable PRS properties is reported to be limited.

[18] This assumes that 79% of the care leavers with NRPF status will be granted leave to remain (see footnote 19), and the distribution across placement types would be the same as the cohort who have recourse to public funds.

[19] For the year ending June 2023, of the unaccompanied children whose claims were decided in the last 12 months, 79% were granted asylum or another form of leave to remain: Top facts from the latest statistics on refugees and people seeking asylum - Refugee Council [Accessed 06/11/23].

[20] Home Office funding is lower for UASC who are classified as 'spontaneous arrivals' (including those who arrive through the adult asylum estate), currently £798 per week.

[21] Bank of England Consumer Price Index (CPI) Inflation Calculator: Inflation calculator | Bank of England

[22] Staffing costs based on LA staff costs for 2018/19 reported by East Midlands Councils in 2020 (footnote 6), adjusted for inflation.

[23] Source: SDSA (unpublished data)

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