Care Leavers Factsheet



Support for Care Leavers in Apprenticeships or Other Employment

Department for Education

Next

J000580 CLC Appenticeship Job Factsheet Oct 2024 v1.indd 1 09/10/2024 13:19



What's in this factsheet?

This factsheet contains information that will help you to decide if starting a job or apprenticeship is right for you. It will also help everyone who supports you to have informed discussions about what employment and training options would be financially viable.

Background

Care leavers often report that they face financial barriers to starting a job or apprenticeship, and that they would be better off financially if they remained on benefits. This is because of a perception that they will lose their entitlement to Universal Credit in full when they start work, and so their earnings won't cover all their financial commitments.

Impact of starting work on entitlement to Universal Credit

As your income increases and you are more able to support yourself, your Universal Credit payments will decrease. Once your income reaches a certain point, you will no longer receive Universal Credit. However, Universal Credit and Housing Benefit are designed to make work pay, whether you are moving into employment or extending your hours.

J000580 CLC Apprenticeship Job Factsheet Oct 2024 v1.indd 2 09/10/2024 13:19

Where can you get help to work through the financial impact of starting a job or apprenticeship on your circumstances?

If you are over 18, you can use a benefits calculator to see how increasing your hours or starting a new job could affect what you receive.

To check what rate of pay you are entitled to, see minimum rates here:
National Minimum Wage and National Living Wage rates - GOV.UK (www.gov.uk)

The following examples illustrate how starting an apprenticeship or other job would impact on the entitlement of a 19-year-old care leaver living in Thurrock:

Apprenticeship

Whilst the following calculations are based on the Apprentice Minimum Rate, **most employers pay their apprentices more than this**: only 10% of 19-20 year-olds are paid the minimum[1]. In 2021, the median basic hourly pay for apprentices of all ages ranged from £8.24 for those on Level 2 apprenticeships to £14.02 for those on Level 6 or 7[2].

There is also a bursary available for eligible care leavers (including those still in care) to support you financially during your apprenticeship. It is not taxed and not treated as income in Universal Credit calculations. You can find out more about the bursary here.

As an apprentice, you get 20% off-the-job training, which you will also be paid for. Additionally, the minimum rate is only payable for the first year of an apprenticeship, after which you should be paid at the National Minimum Wage for your age band.

Total income on Universal Credit when unemployed	**Total earning on a 40 hour per week apprenticeship (£6.40 per hour)**	**Total income (from work and Universal Credit) after deduction from Universal Credit payment**	**How much better off the care leaver is on an apprenticeship**
£1084.581 per month	**£1,092.17 per month**	**£1576.06 per month**	**£491.48 per month better off** compared to when unemployed
How it's worked out: Universal Credit standard allowance per month (£311.68) + housing element per month (£772.90) = Total income on Universal Credit when unemployed (£1,084.58)	**How it's worked out:** Number of hours per week (40) x hourly wage (£6.40) x weeks in a year (52) ÷ months in a year (12) = Total earnings per month (£1,109.340) – tax/ NI contribution (£17.17 = Net earnings (£1,092.17	**How it's worked out:** Total Universal Credit award (£1,084.58) + income from apprenticeship (£1,092.17) - the amount deducted (£1,092.17) x 0.55% = (£600.69) Total Universal Credit £483.89 = Total income (£1,576.06)	**How it's worked out:** Total income from work and Universal Credit after deduction from Universal Credit payment (£1576.06) – Total income on Universal Credit when unemployed (£1084.58) = How much better off the care leaver is on an apprenticeship (£491.48)

These calculations assume:

- The claimant is eligible for the one-bedroom housing rate (£178.36 in Thurrock) and the single under 25 rate of Universal Credit. The claimant has no other circumstances that affect their claim (e.g. children to look after). Note your Universal Credit payment will differ depending on your circumstances, such as if you are responsible for a child.
- The calculation assumes that the claimant is not liable for income tax or National Insurance and is not making any pension contributions.
- Note housing rates of UC vary depending on where you live.
- Council tax has been ignored in this example.
- These calculations were completed on 17/09/2024

[1] Annual Survey of Hours and Earnings (ASHE), 2021 [2] The Apprenticeship Evaluation Learner Survey (AEvS), 2022

J000580 CLC Appenticeship Job Factsheet Oct 2024 v1.indd 3 09/10/2024 13:19

Where can you get help to work through the financial impact of starting a job in your circumstances?

Employment

For care leavers who are paid weekly:
The impact of your weekly pay on your monthly Universal Credit award will be different. Using the example below with weekly paid take home earnings of £315.40, means a monthly Universal Credit award of either: £390.70 where the assessment uses four weeks' worth of pay or £217.23 where the assessment uses five weeks' worth of pay.

You can read more about this here: Universal Credit: How your earnings affect your payments - GOV.UK (www.gov.uk)

In some cases, you may be eligible for a work allowance. A work allowance is the amount you can earn before your Universal Credit is affected. You will be eligible for a work allowance if you or your partner are either responsible for a child or qualifying young person or have limited capability for work.

Total income on Universal Credit when unemployed	**Total earning on a 40 hour per week (£8.60 per hour 18-20-year-old)**	**Total income (from work and Universal Credit) after deduction from Universal Credit payment**	**How much better off the care leaver is working than on Universal Credit**
£1084.58 per month **How it's worked out:** Universal Credit standard allowance per month (£311.68) + housing element per month (£772.90) = Total income on Universal Credit when unemployed (£1084.58)	**£1,366.74 per month** **How it's worked out:** Number of hours per week (40) x hourly wage (£8.60) x weeks in a year (52) ÷ months in a year (12) = Total gross earnings per month (£1,490.67) – tax/ NI contribution (£123.93) = Net earnings (£1,366.74)	**£1,699.61 per month** **How it's worked out:** Total Universal Credit award (£1084.58) + income from work (£1,366.74) - the amount deducted (£1,366.74) x 0.55% = (£751.71) Total Universal Credit £332.87 Total income (£1,699.61)	**£615.03 per month better off** compared to when unemployed **How it's worked out:** Total income from work and Universal Credit after deduction from Universal Credit payment (£1,699.61) – Total income on Universal Credit when unemployed (£1084.58) = How much better off the care leaver is in employment (£615.03)

These calculations assume:

- The claimant is eligible for the one-bedroom housing rate (£178.36 in Thurrock) and the single under 25 rate of Universal Credit. The claimant has no other circumstances that affect their claim (e.g. children to look after). Note your Universal Credit payment will differ depending on your circumstances, such as if you are responsible for a child.
- Note housing rates of UC vary depending on where you live.
- Council tax has been ignored in this example.
- These calculations were completed on 17/09/2024

J000580 CLC Apprenticeship Job Factsheet Oct 2024 v1.indd 4 09/10/2024 13:19

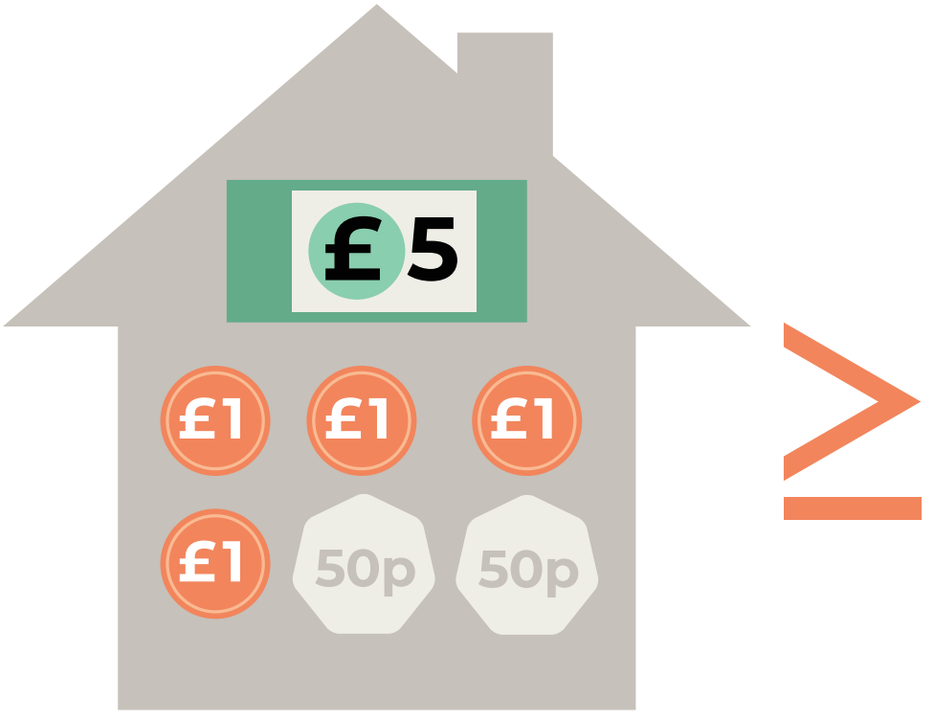
What are the impacts if you live in Supported or Temporary Accommodation?

If you are living in supported or temporary accommodation your housing costs are usually met through Housing Benefit rather than Universal Credit. Additionally, those on a low income may be able to claim the personal allowance in Universal Credit for their living costs.

As Housing Benefit may be claimed both in work and out of work, **there are no rules around the number of hours that someone may work**; instead, there are income rules that are applied based on your level of earnings.

Normally the amount of Housing Benefit you receive is reduced if your earnings are above a certain amount. However, if you are receiving Universal Credit, for the purposes of calculating your Housing Benefit, your income will be ignored.

If your Universal Credit claim ends, then your Housing Benefit claim will need to be reassessed. When assessing your Housing Benefit, some of your earnings will be disregarded based on your personal circumstances, the rest of your earnings above this amount will reduce your Housing Benefit by 65p for every £1 of additional income. For example, if there is an increase in income of £10 above the amount ignored, your Housing Benefit entitlement would be reduced by £6.50.



As a result, **when living in temporary or supported accommodation you are always financially better off working than not working at all**. You would also benefit from all the non-financial benefits of working such as improved self-esteem, learning new skills, improved confidence, and independence as well as the opportunity to build a wider social network.

J000580 CLC Apprenticeship Job Factsheet Oct 2024 v1.indd 5 09/10/2024 13:19

What help can your Work Coach offer you?

If you receive Universal Credit and can work, you will be provided with a Work Coach. They are there to help with your job search, and they can give you individual support depending on your needs. This can include:



- Doing better off calculations with you to help you understand the financial implications of taking on employment.
- Using the Flexible Support Fund (FSF) to help you, if you are eligible, with travel costs, support for the cost of clothing, tools and other items that would prevent you from moving closer to employment, hindering your search for work, or preventing you from accepting a firm job offer.
- Helping you to identify your transferable skills and how these may help you in jobs or industries you may not have thought of before.
- Using their local expertise to help with your job search and to find suitable opportunities for you.
- Helping you create, improve and adapt your Curriculum Vitae (CV).
- Supporting you with job applications and providing advice to increase your chance of success.
- Signpost you to appropriate support such as Information Technology, English etc.
- Helping you prepare and practice for interviews.

J000580 CLC Apprenticeship Job Factsheet Oct 2024 v1.indd 6 09/10/2024 13:19