

SOCIAL SECURITY ADVISORY COMMITTEE

Young People Living Independently

**A study by the Social Security Advisory Committee
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About this report

This project was conducted as part of the Social Security Advisory Committee's Independent Work Programme, under which the Committee investigates issues relating to the operation of the benefits system.

We are very grateful for the assistance and expertise of our secretariat who prepared the paper for us, and to officials from the Department for Work and Pensions and the Department for Communities Northern Ireland who provided factual information. As ever, we are also grateful to our extensive stakeholder community for their active engagement with this project. In particular, we extend our thanks to the organisations that made it possible to speak to young people, support workers and groups working with young people. These include: 6vt, 1625 Independent People, Advice NI, Centrepoint, Include Youth, Law Centre NI, Prince's Trust, Rock Trust, St Basil's, Stopover and The Children's Society. We also thank the Jobcentres who hosted our visits and all the staff who contributed to our discussions. Finally we thank the young people who described their experiences to us, including those who took the time to complete our survey for this report.

The views expressed and recommendations reached in the report are solely those of the Committee.

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Social Security Advisory Committee

Foreword

For several decades, under governments of all parties, the benefit system has treated young adults less generously than other adults, particularly those who are living independently.

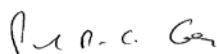
The reasons for this approach go beyond an ambition to reduce benefit expenditure. The aims have been to discourage young adults from setting up home before they can afford to, and to avoid eroding work incentives for young people who are likely to earn less than older people.

This policy stance has a clear rationale for many young people, where there is a reasonable expectation for them to remain living in the family home as they establish themselves in work. But for a significant minority of young people – for example care leavers or those subject to abuse – it is not a realistic or defensible assumption. The Committee therefore decided to examine this approach more closely to gain a better understanding of the cumulative impact of these policies on vulnerable young adults obliged to live independently, and whether the protections put in place for them are working effectively.

In talking to these young people, and those who provide support to them, we found evidence of great financial difficulty, debt, and hardship amongst those who will inevitably have little experience of budgeting.

We witnessed many good examples of Jobcentre staff and voluntary organisations working with commitment, energy and imagination to help such young people into stable accommodation, training, and the early stages of a productive, working life. But despite this support, many of the young adults we spoke to were of the view that they are ‘being set up to fail’ by the way the benefit system operates. This was a phrase we heard many times throughout this project.

This report highlights the good practice that we have observed in recent months – both in terms of policy design and operational delivery. However we have concluded that there is more that could – and should – be done to put the social security treatment of young independent adults onto a sounder footing, and have accordingly made a number of recommendations for Ministers to consider.



Paul Gray
Chair

1. Executive summary

This report explores the impacts of the benefit system on young people aged 16 to 24 who live independently of parents or other guardians. We focus on independent young people who often have limited or no financial support outside the benefit system and are therefore most heavily impacted by welfare changes. The report looks at the situation in England, Scotland, Wales and Northern Ireland.

Our research has found that young people living independently appreciate the safety net that the benefit system provides. Many of the young people we spoke to acknowledged that without this support they would be homeless. In our conversations we also heard positive feedback on several new initiatives, including the legislative change in England that allows young people in care to claim Housing Benefit if they choose to continue to live with foster families after reaching age 18. We also saw a range of good practice at individual Jobcentres, for example strong partnerships with youth homelessness hostels, or processes for contacting care leavers' support workers before applying sanctions that cut the young person's benefits. The Government's recently introduced Youth Obligation Support Programme (which applies to 18 to 21-year-olds living at home as well as those living independently) is intended to provide intensive support from the start of their benefit award to reduce their chances of drifting into long term unemployment.

A particularly positive development for young claimants living independently is the commitment to reintroduce housing support for all low-income young people. This will reverse a policy that denies housing support to some 18 to 21-year-olds who are not in paid work. This reversal is welcome. Even though those most at risk of homelessness because of an obviously unsafe home environment are protected under the original policy, there was always a risk that some young people might have inadvertently been forced into homelessness because the danger signs were either not read or not apparent.

In spite of these significant positives, the most consistent finding from our focus group discussions was the struggle faced by young claimants living independently in paying for basic essentials such as rent, clothing and food. We were repeatedly told that current benefit rates, including Universal Credit, were inadequate. Many young people have little to no experience of budgeting, and this exacerbates money difficulties for many living independently. We heard that financial issues faced by this group, particularly those in more vulnerable circumstances, are often so severe that they can lead to eviction, homelessness, or crime – and can undermine positive efforts by work coaches to support these young people into work. We heard that even those young people living independently in low-paid work and in receipt of benefits still struggle to get by.

Young people on benefits receive a lower basic allowance than claimants aged over 25. The Local Housing Allowance (LHA) rate for single young people living independently is also lower than for those aged over 35 – unless they have extra needs through having responsibility for a dependent child, or having an illness or disability. Those with extra needs usually also receive additional money on top of the basic rate.

In practice, most young people living independently are exempt from the limit on housing support for under 35s and are thus able to afford safe and stable accommodation – at least to the same extent as claimants aged 35 and over. Some are also eligible for supervised accommodation – hostels paid for by Housing Benefit that offer extra support for young people, such as support workers and on site computers. We heard extremely positive feedback from many young people in these hostels, particularly regarding support workers' vital role in helping them navigate independent living.

However, we heard about several serious issues relating to the Shared Accommodation Rate (SAR) – which is the rate set for roughly six per cent of young claimants living independently. Rising market rents, paired with a freeze on LHA rates, have led to growing rent shortfalls for this group. Rent shortfalls are common for all age groups, but young people on the SAR are the worst affected, as they cannot downsize to smaller properties.¹ Moreover, even where affordable shared accommodation is available it may not be offered to young people on benefits. This is not just landlord choice. Some tenants, for example students who live independently, may not be willing to share with non-students. Indeed our research finds that in some areas there are effectively no rooms available to young claimants at the SAR.

As a result, we have been told that young people in the private rented sector live in poor-quality accommodation with many having to top up their rent using other forms of income – often other benefits, although in some cases they may receive Discretionary Housing Payments.

The roll-out of Universal Credit may exacerbate these issues, as the shift in England and Wales to monthly housing payments in arrears of rent to the tenant rather than the landlord, requires a higher level of budgeting skills than many young people have. Delays in making the first payment also leave some young people without the capacity to pay their rent. In the worst cases, these issues can lead to homelessness, which is rising among young people, according to recent reports.² It is too early to tell how far the Government's steps to mitigate these delays, announced in the Chancellor's Autumn Statement of 2017, will address these issues.

We heard that care leavers are the group most likely to face housing difficulties. In England alone around 12,000 young people leave care each year, of whom one-in-five end up homeless within two years. Care leavers are exempt from the Shared Accommodation Rate until age 22, but often struggle with shared living and tighter budgets when this does apply. It was suggested that extending this exemption until age 25 would reduce housing issues for this group – by allowing young care leavers more time to become self-sufficient before facing a tougher rental market. The Government are reviewing this as part of their Keep On Caring strategy, which is designed to improve support for people in care when they move to independence. We would encourage them to make this change to the exemption quickly and ensure it applies to care leavers throughout the UK.

¹ The 2016/7 English Housing Survey found that a quarter of social renters had been in rent arrears in the last 12 months, and 9 per cent of private renters. MHCLG, *English Housing Survey: 2016/7, 2018*

² Homeless Link, *Young and Homeless 2018*, 2018

The route out of benefits for young people living independently can be challenging as there may be multiple barriers to securing employment. Many young claimants are in short-term accommodation. Many have complex needs and chaotic lives. The Youth Obligation Support Programme, recently introduced as part of the Universal Credit roll out, offers intensive support to get 18 to 21 year olds earning or learning within six months of first claiming benefit. This programme is still in its early days, but initial evaluation has found that an Intensive Activity Programme may lead to positive outcomes for young people. Our research found signs that young people are not completing the programme and are coming off benefit as a result. We are concerned that some of this group are those with extra barriers to getting into paid work. We support the calls for flexibility to tailor support appropriately to each young person.

One clear positive that came out of a number of our conversations was the power of partnerships between some Jobcentres and local youth services. Young people told us about the invaluable services they received from youth organisations who were able to provide more specialist support for their pathway into work. The examples we heard about, in areas such as Pontypool and Birmingham, relied on strong relationships between DWP and youth organisations. Pathways into work for young people living independently appear likely to be more effective where Jobcentres have a collaborative culture and bring in specialist support to tackle individuals' specific issues.

All of the Jobcentre staff we spoke to were positive about the flexibility they had in Universal Credit to fine tune the support they provided to meet individual needs, and to make a positive difference to people's lives. We heard from inspiring and passionate work coaches about what they do to understand and support young people who live independently. However, the young people we spoke to had a very different perception of how the benefit system operated. Most were negative about Jobcentres, some work coaches and communicating with DWP. There were a number of potential reasons for this. Many associated their work coaches with the amount of benefit they received which they considered to be insufficient to cover basic living costs. Wider communication issues were also raised, with young people not understanding the language used in letters or being put on hold on the phone for an inordinate length of time (in one case, nearly two hours), resulting in them avoiding the Jobcentre. These issues were recognised by work coaches who explained how difficult it can be to get young people to engage. That, in turn, made it difficult to offer help with often very complex needs. It may also be the case that some of these perceptions derive from experiences with legacy benefits which lack the flexibility of the Universal Credit system currently being rolled out.

The experience of sanctions is often a key driver of young claimants' negative attitudes towards Jobcentres. A young person living independently is nearly four times as likely to receive a sanction compared to some older claimants, and a third more likely to receive a sanction compared to other young claimants who were not in receipt of Housing Benefit. While this may well be in response to younger people displaying sanctionable behaviour, for example missing appointments, many of these young people living independently have experienced significant trauma, have very chaotic lives and are not yet fully mature or used to dealing with complex systems. We are concerned that some of the most vulnerable groups are suffering both because of an over-rigorous application of the conditionality regime and because any sanction applied has a greater financial impact. Young people receive a lower

amount of benefit, yet face the same benefit reductions as other age groups from age 18 – sometimes losing their entire benefits for long periods. This can bite deeper for a young person, particularly where they have no family support to help meet their most basic needs.

Our report and recommendations seek to recognise the difficulties that DWP face in balancing the need to provide young people with sufficient welfare support while not inappropriately distorting the decisions young people make; for example, when to leave the family home. We understand, and agree, that the benefits system should be designed to enable young people to prepare effectively for their working lives. The majority of young people have the option of living with their parents or other relatives until they have resources to live independently. But our research has found that there is a significant section of young people who have no choice but to live independently. This report explores why this is the case and what these young people experience. It highlights a number of issues that we believe DWP needs to address urgently.

In response to these findings, **we make the following recommendations to the Department for Work and Pensions:**

1. Ensure every young person aged under 25 is proactively offered a choice about whether their housing-related benefits are paid directly to their landlord or into their own bank account, and about whether Universal Credit is paid to them fortnightly or monthly.
2. Place a duty on all work coaches to inform young people about all available grants and funds. Consider ring-fencing funds specifically for young people living independently to provide additional support towards work-related costs, such as buying equipment or work-specific clothing, or travelling to and from work.
3. Change the application of sanctions for young people living independently via the following adjustments to the sanction process to decrease the very real risk of inappropriate sanctioning:
 - First, before referring to a decision maker, increase the number of attempts at contacting the young person (trialling six attempts) to understand why they did not comply, and ensure these attempts are made over at least two days and via multiple channels (e.g., phone call, text, email);
 - Second, ensure that any known support workers for vulnerable young people are contacted before a decision is made – to understand any attenuating issues;
 - Third, trial a 'yellow card' system whereby the first instance of non-compliance results in a clearly explained warning; and
 - Fourth, test the current communication materials used in the sanctions process with independent young people themselves. They should adjust those materials based on the feedback.

4. Trial both youth specialist work coaches and also specialist advisors who support work coaches in their interactions with young people with complex needs – focusing first on those living independently. This should be evaluated, and rolled out more widely if successful in helping get more positive outcomes for young people at reasonable cost. It should also be noted that this will only be effective if work coaches partner with outside youth experts and refer young people who are in need of extra support to specialist organisations.
5. Exempt care leavers from the Shared Accommodation Rate and the under-occupancy penalty³ until they reach age 25. This would allow them to live in one bedroom homes in the private rented sector while in the social sector it would allow them to live in a two-bedroom homes if that is all that is available (the exemption from the under-occupancy penalty is currently to age 22).
6. Monitor the numbers of 16 to 24 year olds living independently who are eligible for but not in receipt of benefit. This should be used to understand this group better and help the Department tackle some of the barriers to claiming the benefits to which they are entitled and receiving the support they might need.
7. Publish evidence, in time for the autumn 2018 Budget, demonstrating the affordability of basic living costs for a young person living independently on benefits, with a particular focus on the most vulnerable groups, and take action if these rates are not enough to cover essential living costs.
8. Publish evidence, in time for the 2019 Spending Review, on the affordability and availability of housing for young people at the Shared Accommodation Rate in every Broad Market Rental Area, and take action where affordability is too low.

³ This was introduced in 2013 to reduce Housing Benefit support for working age people living in social housing where rooms are considered to be spare

2. Introduction

This report examines the effectiveness and impact of the support provided through the benefit system to young people living independently – that is, those not living with parents or other relatives or guardians. The report looks at the situation in England, Scotland, Wales and Northern Ireland.

Independent young people, as defined in this report, have a rental liability, which will usually be met by Housing Benefit or Universal Credit meaning they are interacting with the benefit system. We have not looked at the position of young people who have no apparent responsibility in meeting a rental liability, and so appear to be supported by other means.

These young claimants often have no or little access to financial support outside the benefit system, and are therefore more heavily impacted by welfare changes than young people living with their parents or other guardians. Even the quarter of young people living independent on benefits who are in paid work rely heavily on benefit support because of low earnings.⁴ Many of our findings may apply to some degree to all young claimants, but the impact of identified problems and solutions will tend to be greater for those who are living independently.

We focus on independent young people aged 16 to 24. Under 25s receive a lower basic benefit allowance than other claimants. These years as a young adult are a critical phase in a person's life. A sustained period of being young and NEET (not in employment, education, or training) is known to have a long-term 'scarring' effect – leading to higher chances of unemployment and lower earnings when in work, as well as physical and mental health issues later in life.⁵ The benefit system is intended to play a vital role in enabling this group to find and sustain paid work.

Since the 1980s, the welfare system for young people has undergone a series of substantial changes. This report seeks to shed light on the current experience of young people living independently on benefits – exploring both policies specifically for young people and broader policies that may disproportionately impact the young. Successive governments have taken a view that young people should be in work, education or training; and have made a number of changes to ensure the benefit system does not encourage them to leave home and live independently where there are other options available to them. This was underlined in the Budget statement on 8 July 2015, when the then Chancellor of the Exchequer said that "young people in the benefit system should face the same choices as other young people who go out to work and cannot yet afford to leave home".⁶

⁴ DWP, *Family Resources Survey, 2014/15, 2015/16, and 2016/17*, United Kingdom

⁵ Eurofound, *NEETs – Young people not in employment, education or training: Characteristics, costs and policy responses in Europe*, 2012, Luxembourg: Publications Office of the European Union

⁶ Chancellor George Osborne's *Summer Budget 2015 speech*:

As far back as the late 1980s, benefit entitlement was removed for most 16 to 17 year olds, and benefit paid at a reduced rate for other young people. Since then several further changes have been introduced including:

- the Single Room Rent Rate in 1996, replaced by the Shared Accommodation Rate in 2008 for most single childless people under 25, with an extension to 35 in 2012;
- a higher rate of minimum wage to those aged 25 and over from 2016 and apprenticeship hourly rates in 2010 (£3.50 per hour for under 19s and anyone in their first year of an apprenticeship);
- a Youth Obligation Support Programme from 2017 that requires 18 to 21-year-olds to either earn or learn (underpinned by an intensive period of support in terms of structured work preparation designed to improve their chances of securing work).

Our analysis of the benefit system's impact focuses primarily on some of the most vulnerable independent young claimants. This is because vulnerable young people are likely to have extra difficulties, and also because our research sample was skewed towards these individuals as youth charities helped us to organise the focus groups. As such, our recommendations focus on single young claimants who received no additional benefits support in the form of Employment and Support Allowance (ESA) or the Personal Independence Payment (PIP). This is the group most likely to be eligible only for the Shared Accommodation Rate and who are more likely to struggle with living costs. We heard from a number of stakeholders that those with undiagnosed mental health issues or learning difficulties faced additional challenges as they struggled to navigate the system, but did not receive extra financial or other support. The experience of young care leavers is set out at the end of the report, in a section which recognises some of the distinct challenges in place for these young people moving into independent living.

A number of other vulnerable groups merit extra attention, but we were unable to gather sufficient evidence on their challenges during our research. In particular, young parents on benefits make up nearly two thirds of independent young claimants and we heard that they may have additional issues to those faced by older parents. We know that young offenders face particular difficulties as they transition into adult life, with additional barriers to securing working and a home. Finally, concern was expressed by stakeholders about young people who have not claimed the benefits for which they are eligible. We encourage DWP to explore and publish analysis on the experiences and circumstances of these groups.

To inform this project, SSAC undertook a public consultation through a call for evidence, interviewed policy experts and organisations working directly with young people, and arranged focus groups with young people, Jobcentre staff, and support workers across the UK. Research included:

- Focus groups and 1-1 phone interviews with 45 young people in eight sites across the UK (Ballymena, Belfast, Birmingham, Bristol, Cardiff, Edinburgh, London and Pontypool);

- Focus groups and meetings with over 40 Jobcentre work coaches and managers in five sites across the UK (Belfast, Birmingham, Edinburgh, London and Pontypool);
- Focus groups with over 20 support workers for young people in four sites across the UK (Belfast, Bristol, Edinburgh and London);
- Interviews (both face-to-face and by telephone) and workshops with policy experts in government and housing associations, think tanks and charities;
- Survey responses from 62 young people, run via Survey Monkey, advertised through social media and through networks of young people in stakeholder organisations;
- Visits to Jobcentres, youth hostels and youth services around the UK to understand the support and services on offer for young people living independently.

Given the limitations of our primary research, where possible we have drawn on existing data on independent young claimants. However, publicly available data on this group are very limited, making it hard to understand their needs and offer effective support. It is essential that DWP ensure they collect and then publish more detailed data on young people living independently on benefits.

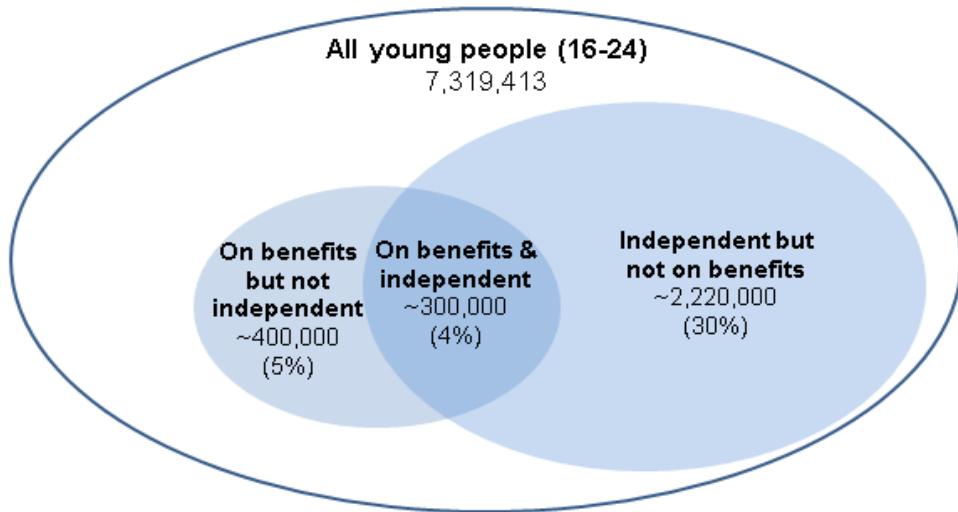
This report summarises the findings from our own research as well as other relevant studies. It first describes who makes up the group of independent young people on benefits and explores why these young people leave home. It then reviews the benefit support available to this group and how it compares to that of older claimants and other young people. We then explore young claimants' experiences with budgeting, housing, and finding employment through support offered in the Jobcentre. Finally, we highlight the extra challenges faced by young care leavers on benefits.

3. Young People Living Independently

How many young people are on benefits and living independently?

Of the 7.3 million young people in the United Kingdom aged 16 to 24,⁷ around 9 per cent (just under 700,000) receive benefits.⁸ Just over a third of young people live independently of their parents or other guardians,⁹ and at least 12 per cent of this group receive Housing Benefit.¹⁰ This suggests that roughly 300,000 young people live independently and are on benefits.

Figure 3.1: Independent young people on benefits as a percentage of all young people



Sources: ONS population estimates mid-2016, Family Resources Survey 2016/7, Labour Force Survey, 2017

These figures underestimate the total number of independent young claimants,¹¹ as the data do not capture young people on Universal Credit with housing support and

⁷ ONS, *Population Estimates for UK mid-2016*, 2018

⁸ DWP, *Family Resources Survey, 2014/15, 2015/16, and 2016/17*, United Kingdom. This is the total number of 16- to 24-year-olds (householders and non-householders) in receipt of one or more of Housing Benefit, Jobseekers Allowance, Employment and Support Allowance, Income Support, Disability Living Allowance, Personal Independence Payments, and/or Universal Credit. In order to ensure consistency with the ONS-based denominators, this includes non-dependent 16-19 year olds

⁹ ONS, Dataset, *Young Adults Living with their Parents Families*, Labour Force Survey, 2017

¹⁰ DWP, *Family Resources Survey, 2014/15, 2015/16, and 2016/17*, United Kingdom. Housing Benefit is used as a proxy for living independently on benefits as precise data on this group are not available

¹¹ Our figure is based on self-reported claims of Housing Benefit (but not Universal Credit with housing support) in the Family Resources Survey (FRS) across the UK. Relative to administrative records, the FRS under-reports benefit receipt, it also only includes private households, which means it does not include the young people in supported housing. In Great Britain, DWP's administrative data count (Source: Single Housing Benefit Extract, November 2017) was 227,420 16-24 year old individuals on Housing Benefit in Great Britain and 7,810 in Northern Ireland (Source: Housing Benefit scan which was extracted on 2nd March 2018 and provided by the Department for Communities in Northern Ireland) (approx 3 per cent of the young population of 7,319,413). This excludes young people on Universal Credit with housing support. There are 270,000 Universal Credit claimants with housing

exclude around 35,000 young claimants in supported housing (in Great Britain alone).¹² There will also be a small number of independent young people receiving some form of benefit support (most likely PIP or Child Benefit) but, despite being eligible do not receive Housing Benefit, who we are unable to capture in these data.¹³ It is not unreasonable to think that the total number of independent young claimants may be at least 350,000, or around 14 per cent of young people living independently.

Who are young people living independently on benefits?

Of the roughly 300,000 young people in receipt of Housing Benefit in the UK – a proxy for living independently – the majority are over 18. About 64 per cent are aged 22-24, 35 per cent aged 18-21, and just one per cent are 16-17 years old.¹⁴ However, the under-18 group tend to be particularly vulnerable because the circumstances in which they can claim Housing Benefit mean they either have dependent children, are pregnant, are forced to live independently or find it very hard to live without Jobseeker's Allowance (this is explored later in the report).

Women make up three quarters of independent young claimants.¹⁵ This gender disparity is due partly to leaving home earlier than men,¹⁶ but the difference is largely as a result of having a child. Nearly two thirds of all young claimants living independently are parents with dependent children – mostly young children, given the parents' young age.¹⁷ Of those who are lone parents, 55 per cent of all single 16- to 24-year olds are in receipt of Housing Benefit, and 98 per cent of them are lone mothers.¹⁸

Young Housing Benefit claimants are more likely to be white than the general population of 16-24 year olds – about 90 per cent, compared with 85 per cent.¹⁹ This is surprising given that young people from ethnic minority backgrounds are twice as likely to be unemployed compared to young white people, and may indicate different attitudes to claiming benefits and/or living independently, as well as differential rates of benefit under-reporting in surveys.²⁰ It does, however, mirror the ethnicity split of lone mothers aged 16-24, which may explain some of the difference.²¹

support in Great Britain at November 2017 (versus 4.3 million Housing Benefit claimants), but data are not available on the percentage who are under 25.

¹² DWP calculations provided for this report, referencing DWP and DCLG, *Supported Accommodation Review: The scale, scope and cost of the supported housing sector*, November 2016

¹³ A small number of people in care leavers receive Housing Benefit but live with their foster parents, and are therefore not yet independent (those on in a Staying Put arrangement)

¹⁴ DWP, *Family Resources Survey, 2014/15, 2015/16, and 2016/17*, United Kingdom. This analysis only includes adults, individuals who are aged 16 and over who are not defined as a dependent child

¹⁵ *ibid*

¹⁶ ONS, Dataset, *Young Adults Living with their Parents Families*, Labour Force Survey, 2017

¹⁷ DWP, *Family Resources Survey, 2014/15, 2015/16, and 2016/17*, United Kingdom

¹⁸ DWP, Stat Xplore, Housing Benefit Claimants, Age of Claimant (years and bands) by Month, Family Type and Gender (single claimants only), November 2017. Data is for Great Britain only

¹⁹ DWP, *Family Resources Survey, 2014/15, 2015/16, and 2016/17*, United Kingdom. This analysis only includes adults, individuals who are aged 16 and over who are not defined as a dependent child

²⁰ 23 per cent of young people from ethnic minorities are unemployed compared to 12 per cent of young white people: www.ethnicity-facts-figures.service.gov.uk/work-pay-and-benefits/unemployment-and-economic-inactivity/unemployment/latest

²¹ ONS, *Young female lone-parent families with dependent children by ethnicity*, 2018.

Many young people who live independently on benefits have complex needs or vulnerabilities:

- About 19 per cent have no qualifications at all, compared to eight per cent of all young people, and just two per cent have a higher education qualification, compared to 15 per cent of all young people.²²
- Three quarters are not working; 21 per cent are unemployed and looking for work and over a third have been in receipt of Jobseeker's Allowance for over a year.²³ This is almost three times the average unemployment rate for young people. More than half of the group are out of work, but not looking for work, for example, due to caring responsibilities, disability, illness, or to being in education.²⁴
- 25 per cent are in low-paid work or working low hours.²⁵
- Just over a quarter have a disability, as defined by the Equalities Act 2010, compared to 11 per cent of all 16 to 24-year-olds. 15 per cent are in receipt of a disability benefit as well as Housing Benefit, compared to four per cent of all 16 to 24-year-olds.²⁶
- Of those in Great Britain, about 15 per cent are in supported housing, which means they have been assessed as having extra vulnerabilities – such as mental health issues, learning difficulties, or recent experience of domestic violence – as well as being at risk of homelessness.²⁷
- We estimate that at least seven per cent are care leavers, a group known to have complex needs.²⁸ While a minority of young people living independently, this is still over 16,000 young people in England alone. This is also based on our own conservative estimate and does not include the approximately 12 per cent of care leavers with no fixed abode or whose destination is not known.

A recent survey by London Youth found that a quarter of unemployed young claimants in London have had at least one adverse experience, such as mental illness, homelessness, drug or alcohol dependence or being in local authority care.²⁹

Data are not available on the overlaps between these groups of young people, but it is highly likely that many independent young people will fall into several of the groups above. For example, 40 per cent of care leavers aged 19 to 21 are NEET, compared

²² DWP, *Family Resources Survey, 2014/15, 2015/16, and 2016/17*, United Kingdom. This analysis only includes adults, individuals who are aged 16 and over who are not defined as a dependent child

²³ Ibid. This figure should be treated with caution, as the sample size for those on Jobseeker's Allowance is very small in the Family Resources Survey.

²⁴ Ibid

²⁵ Ibid

²⁶ Ibid. Disability related benefits included Personal Independence Payment, Employment and Support Allowance and Disability Living Allowance

²⁷ DWP calculations provided for this report, referencing DWP and DCLG, *Supported Accommodation Review: The scale, scope and cost of the supported housing sector*, November 2016.

²⁸ There are about 54,000 care leavers aged 18 to 25 in England (Source: The Children's Society, *Briefing for General Debate on the Department for Work and Pensions support for care leavers*, 2017). Of those aged 19 to 21, at least 60 per cent live independently (source: Department for Education, *A guide to looked after children statistics in England*, March 2018). Assuming this applies to the entire group (likely an underestimate) about 32,400 care leavers are independent. 40 per cent of care leavers were not in education, employment or training in 2013/4 and a further set would be in low-paid work. Assuming half of care leavers are on some form of benefit (again, likely an underestimate), would mean around 16,200.

²⁹ London Youth, *Hidden in Plain Sight: Young Londoners unemployed yet unsupported*, 2018

to around 13 per cent of others of a similar age.³⁰ Additionally, studies suggest that instances of complex needs – including disabilities and mental health issues – are growing among young people.³¹ There are also noticeable increases in the prevalence of complex needs for young homeless people – a group that may experience, or have experienced, living independently whilst being on benefits.³²

It should be noted that available data on independent young claimants are limited and imperfect, which means the figures above should be treated as indicative estimates.³³

Why do young people live independently?

While some young people on benefits chose to move out of home, for others living independently is not a choice. For example, some have been forced to leave by their parents, others move out because they have a child, and many of those in care have no option but to live independently at age 18. Data are limited on the reasons behind young claimants' independence – and it is hard to estimate the percentage who have no option but to live independently. But it is unlikely to be a small number.

The responses to the open consultation launched as part of this report emphasised that for many young people living independently is not a choice. Stakeholders highlighted that low benefit rates can lead some individuals to stay in unsafe environments as they cannot afford to move out. We also know that the vast majority of young people who seek help from housing charities (admittedly a subset of independent young claimants) leave home out of necessity not choice – including two thirds of young people assisted by Centrepoint because of family breakdown.³⁴

For the most vulnerable independent claimants who become homeless before receiving benefits, around half access homeless services because their parents or care-givers are no longer able or willing to accommodate them. A further 11 per cent report domestic violence, neglect, or abuse, a quarter have mental or physical health issues and 31 per cent report drug or alcohol problems.³⁵ Some parents struggle to support their children once they no longer receive Child Benefit when a child turns

³⁰ The Children's Society, *Briefing for General Debate on the Department for Work and Pensions support for care leavers*, November 2017

³¹ The number of children and young people with disabilities increased by 50 per cent between 2004 and 2017, according to the Council for Disabled Children. Looking just at homeless young people, a 2017 survey found that 82 per cent of homeless services reported an increase in the number of people presenting with complex needs in the prior year. Council for Disabled Children, *Understanding the needs of disabled children with complex needs or life-limiting conditions*, 2017

³² Homeless Link, *Young and Homeless 2018*, 2018

³³ None of the available data include Universal Credit claimants with housing costs. The Family Resources Survey is a nationally representative sample of 20,000 UK households: www.gov.uk/government/statistics/family-resources-survey-financial-year-201617. The figures from the Family Resources Survey are based on a sample of households which have been adjusted for non-response using multi-purpose grossing factors which align the Family Resources Survey to former Government Office Region population by age and sex. Estimates are subject to sampling error and remaining non-response error. Three years of FRS data have been used in order to boost sample sizes and provide more robust estimates. Percentages have been rounded to the nearest 1 per cent

³⁴ Centrepoint, *Families under pressure: Preventing family breakdown and youth homelessness*, 2016

³⁵ Ibid.

20, or 16 if the child is not in full-time education. Centrepoint has reported that there may be even greater pressure to move out for older children in large families who have been adversely impacted by recent welfare reforms.³⁶

In our conversations, we heard about young people leaving home both out of choice and necessity. For those leaving out of necessity, we heard that family conflict and payment of Child Benefits ending were both commonly stated reasons. We also heard that some families believe children should become independent of their parents at 18 and therefore stop supporting them at this point. The decision is not necessarily binary – there may be a combination of factors at play.

For young people forced to leave home, we heard that many end up ‘sofa surfing’ for months with friends and relatives. Typically these young people will move from one home to another every few weeks until they have exhausted all options for places to stay and have nowhere else to turn. At this point they will approach a youth charity or Jobcentre, but this may be half a year or more after they actually become homeless. To illustrate some of the paths to becoming an independent claimant, a few case studies from individuals we spoke to are provided below.

Paths to Independence

A young woman in the North East had difficulties at home during her foundation degree, which led to her moving out – off and on – for a period, before officially leaving home just before she turned 20. She moved in with a boyfriend and enrolled on a degree course. However, she had to leave university after a term when she lost her job and needed to escape an abusive relationship. At this point she became homeless, and started suffering from anxiety and depression. She eventually gained a place at the Naomi Project, which supports homeless young women. When she moved in she found it difficult to go outside, and needed a lot of support rebuilding her confidence and trust in other people.

A young man in the Midlands became independent aged 19 after moving from London to Birmingham to look after his ill father, and later being asked to leave by his uncle when his father passed away. He eventually found a place in a supported housing hostel.

A young woman in the North East became independent aged 19 after her mother emigrated to pursue a new relationship in Australia. Her father was absent and she had no other form of support.

It is regrettable that better data on young claimants’ reasons for living independently are not available. Further research to understand this group and their background – especially the frequency of family troubles and trauma earlier in life – would help DWP and others provide more tailored support and help avoid exacerbating those problems.

³⁶ Ibid.

How many young people living independently are potentially eligible for benefits but not claiming?

A further group of independent young people are eligible but not claiming benefits. The Resolution Foundation released research earlier this year which modelled groups of ‘potential need’.³⁷ Using this model we calculated that about 38 per cent, or around 75,500, 18-to 24-year olds are eligible but not in receipt of benefits and living independently from working parents without any apparent form of financial support, such as a student loan or the support of a working partner. London Youth conducted a similar analysis on a smaller sample of unemployed people looking for work. They found there are approximately 480,000 young people who are “hidden unemployed” – unemployed but not supported by the benefit system.³⁸

In comparison to young people who claim benefits, London Youth found that eligible non-claimants were more likely to be male (68 per cent compared to 54 per cent), non-white (86 per cent compared to 76 per cent) and younger (55 per cent aged 18 to 20, compared to 27 per cent of claimants aged 18 to 20). They also found that some non-claimants had fewer barriers to employment (higher qualifications, less likely to have a disability, less likely to have dependent children).

They uncovered a host of barriers preventing young people who need support from claiming benefits. They report “significant barriers to young people accessing support through a Job Centre” including not having the right documents, not wanting to engage with the system, and not being able to navigate it (this is explored later in the report). There is a risk that some of these young people are among those who need the most support. Non-claimants, as a whole, still had higher barriers to employment than the population at large, and interviews with non-claimants revealed that many would benefit from support. Youth London argue that “young people become hidden because they fall under the radar of the tracking mechanisms currently in place”.

For those who claim some of the benefits to which they are entitled, Universal Credit should help. But reaching non-claimants is more challenging. One of the most important steps towards supporting young non-claimants would be **for the DWP to:**

Monitor the numbers of 16 to 24-year olds living independently who are eligible for but not in receipt of benefit. This should be used to understand this group better and help the Department tackle some of the barriers to claiming the benefits to which they are entitled and receiving the support they might need.

³⁷ Resolution Foundation, *Falling through the cracks: The widening gap between unemployment and benefit statistics*, 2018

³⁸ London Youth, *Hidden in Plain Sight: Young Londoners unemployed yet unsupported*, 2018

4. The Benefit System for Young People

What benefits can independent young people get?

On Universal Credit, under 25s who are single and do not have dependent children, a declared disability, or caring responsibility receive up to £251.77 per month to cover all basic living costs outside of housing – 26 per cent less than those aged 25 and over. The rates for those in receipt of Jobseeker's Allowance or Income Support are also lower for the younger group. In contrast, rates of Employment and Support Allowance and Personal Independence Payment do not vary by age. The following rates apply across the UK for single young claimants:

Table 4.1: Benefit Rates for Single Childless Claimants by age group

Benefit Type	Under 25	25-35	35+
Universal Credit (will replace HB, income-based JSA, IS, income-related ESA, TC)	£251.77 pm		£317.82 pm
Jobseeker's Allowance (JSA)	£57.90 pw		£73.10 pw
Income Support (IS)	£57.90 pw		£73.10 pw
Housing Benefit (HB) for private renters	Intended to provide enough for shared housing		Intended to provide enough for one-bed housing
Employment & Support Allowance (ESA)	During assessment under 25s receive £57.90 pw; others receive £73.10. After assessment, the same rates apply at all ages		
Personal Independence Payment (PIP)	The same rates apply at all ages		
Carers Allowance	The same rates apply at all ages		
Tax Credits (TC)	Under 25s who do not have a dependent child or a disability cannot claim tax credits, including working tax credits		

*See notes below for parents and couples.

Some groups of independent young people receive extra benefit support to help with additional needs – though there are few additional sources of support specifically for independent young claimants. Lone parents on Income Support or Jobseeker's Allowance receive the over-25 allowance (£73.10 pw) - except for those under 18 who receive the basic under-25 allowance (£57.90 pw). Under Universal Credit, the rates have been changed so that all under 25s receive a lower basic allowance and the same level of top up to this allowance as older claimants if they have children or are eligible for disability related benefit support.³⁹ In reality, this means that Universal Credit will pay young lone parents less than they receive under JSA.

³⁹ Parents of all ages receive an extra £277.08 (for a first child born before 6 April 2017) or £231.67 (for a first child born after 6 April 2017) plus £231.67 per child for a second child (or any other qualifying children). An extra amount for disabled children is also payable at £126.11 or £383.86 for a severely disabled child.

Young people living independently can receive housing support, but at a lower rate than those aged 35 or over if they are renting privately and not covered by exemptions.⁴⁰ The Shared Accommodation Rate (SAR) is the policy that limits Housing Benefit and Universal Credit housing support for single childless young people with private landlords to the cost of a room in a shared house with communal kitchen or bathroom facilities. In practice, the SAR applies to roughly six per cent of young independent claimants because of exemptions. The Local Housing Allowance (LHA) rates for single childless people aged 35 and over extends to the cost of one-bed housing. This allowance also covers couples and other groups covered by the SAR exemptions, who also receive priority social housing from their local authority. Local authorities also have funds from which Discretionary Housing Payments can be made to claimants for help with their housing costs where a particular need is identified, although the application process and availability of support may vary geographically.

Unlike Working Tax Credits, for which childless young people are not eligible, young employed people with low incomes can receive support under Universal Credit. This is tapered to reduce as earnings increase, while Jobseeker's Allowance (which in its means-tested form is gradually being phased out) stops if they work more than 16 hours a week. The taper rate in Universal Credit, currently set at 63 per cent, applies regardless of age. This does not mean that they retain 37 per cent of any earnings, as, in many cases, the level of Council Tax Support will also be reduced as earnings rise. In addition, employee National Insurance and, for those on higher incomes, Income Tax can also be due.

The recently introduced Youth Obligation Support Programme is an additional set of expectations and support for 18 to 21 year old jobseekers making a new claim to Universal Credit. It starts with the Intensive Activity Programme, a 71 hour curriculum of workshops and exercises focusing on skills and job search. Young people also receive intensive work-focused coaching and, where needed, a referral to additional support/ training. The aim is for young people to move into work, such as an apprenticeship within six months. Those who are still unemployed after this time are encouraged to take up work-related training, such as a traineeship. If this is not suitable or they do not take this up, the DWP have said they would offer a guaranteed three month work experience placement to help them achieve job goals.

Differences across the UK

A number of differences in the benefit entitlement for young people exist across the UK. There is, for example, a mitigation package in place for residents of Northern Ireland. Set to run until 2020, it provides time-limited, supplementary payments under certain circumstances where people would otherwise lose out because of recent welfare reforms. In Great Britain, Discretionary Housing Payments can be used in a more flexible way by different local authorities and can be more generous. Northern Ireland also has a District Rate Subsidy, while in England and Wales each council sets its own approach to reductions in council tax or support with household bills.

⁴⁰ Exemptions include anyone with a dependent child, care leavers under 22, couples, people with some types of disabilities, and some people who have been homeless or in custody

Some financial support for young people is set at a local or devolved administration level. Consequently there are variations in availability and amounts across the UK. Grants and loans for young people in education differ, with packages of support for living costs, housing and childcare depending on country of residence. For example, young people in Scotland, Wales and Northern Ireland can claim a £30 a week education maintenance allowance, while those in England may claim up to £1,200 a year through a Bursary for those aged 16-19.

Young people living independently may be liable for council tax if not in education. Support with council tax bills varies across local authorities in England, with most requiring a minimum contribution, and some offering discretionary payments in addition. In Scotland, there is one scheme across local authorities and no minimum contribution. In Wales, there are few differences between local authorities. In Northern Ireland, rates are payable, with subsidies available.

Why is the benefit system different for young people?

It is Government policy to have youth benefit rates which are deliberately set lower than that for the rest of the working age population. Apart from fitting in with broad policy aims of reducing costs and encouraging people to achieve financial independence through support into employment, the rationale is threefold:

- Lower rates reflect the fact that that most young people will be living in someone else's household, and are assumed to have fewer financial responsibilities than those who are older.
- The stated intention of the SAR is "to ensure that Housing Benefit does not encourage young people to leave the parental home unnecessarily or to take on higher priced accommodation at the taxpayers' expense than they could afford from their own earnings".⁴¹ This supports the rationale that young people on benefits should face the same choices, and have the same housing expectations, as other young people not receiving benefits. It is also meant to reduce any potential disincentive to working.
- Benefit rates for young people reflect the group's typical earning potential, and a lower minimum wage. Young people in work earn less, on average, than older workers and this is reflected in the National Minimum Wage structure:

Table 4.2: National Minimum wage per age group, April 2018

Age	Apprentice	Under 18	18 to 20	21 to 24	25 and over
Minimum Wage per hour	£3.70 ⁴²	£4.20	£5.90	£7.38	£7.83

⁴¹ Department of Social Security Press Notice, 96/09, 2 April 1996 in:
researchbriefings.files.parliament.uk/documents/SN06473/SN06473.pdf

⁴² This rate covers all apprentices who are under 19 and those who are 19 and over in the first year of their apprenticeship

This rationale has some rigour – it is the case that two-thirds of 16-24 year olds live with parents, grandparents, step parents or foster parents. But, the remaining third live independently, including seven per cent of 16-17 year olds.⁴³ As set out earlier, many have no choice but to live independently. For this group, the assumption that they have other forms of support and few financial responsibilities is false. The rationale also ignores the fact that young people in work may also be claiming benefits and cycling in and out of employment is. It also ignores the market reality of housing availability and costs.

It may also be the case that the parallel of lower benefits and Minimum Wage rates for under 25s is, to some extent, by coincidence rather than design. Until recently, the National Minimum Wage applied to all people aged 21 and over. In 2016 the higher National Living Wage was introduced for people age 25 and over, leaving those aged 21-24 on a lower rate. It is also the case that the majority of young people in work are paid more than the legal minimum. In fact, the Low Pay Commission report that half of 18-20 year olds and four out of five 21-24 year olds earn more than the National Living Wage for people aged over 24.⁴⁴ This is explored in more detail in Section Five.

How does it differ for 16 and 17 year olds?

In general, benefits are not available to people aged under 18 because it is expected that they will be cared for by relatives, foster carers, or by arrangements made by Social Services departments in local authorities. In England, the law requires all young people to continue in education or training until at least their 18th birthday.⁴⁵ Under 18s can claim Housing Benefit if they can demonstrate a rental liability. They are also exempt from paying council tax. But, generally, they would only be eligible for a living allowance if they have a dependent child, are pregnant, or are forced to live independently or find it very hard to live without benefit support.

On Universal Credit, however, there are no longer lower rates for parents under 18. Instead there is a standard allowance for all under 25 year olds. For under 18s, sanctions are made at a reduced rate and there are additional steps in place to prevent sanctioning. As we describe later this is something that should be extended to more young people living independently.

In the consultation undertaken for this report, we received evidence from The Children's Society about the experience of young people aged under 18 who are not taken into the care system and are living independently:

⁴³ ONS, Dataset, Young Adults Living with their Parents Families, Labour Force Survey, 2017

⁴⁴ Low Pay Commission, *National Minimum Wage: Low Pay Commission Report 2017*, 2017

⁴⁵ Department for Education, *Participation of young people in education, employment or training Statutory guidance for local authorities*, September 2016

“In addition to relying on Jobseeker’s Allowance or Income Support payments, they use college bursaries, Personal Independence Payment, Disability Living Allowance, and Housing Benefit to make ends meet. All of these payments are aimed at addressing specific challenges like travelling to school, coping with a disability, or paying rent, but the young people we work with had to rely on them to buy food, pay rent and meet any other needs”.

This highlights the additional vulnerabilities of the 16 and 17 age group, who may have no choice but to live independently and may be NEET. Young care leavers can fall into this category, as they are not obliged to stay in care after 16, but the local council are responsible for their accommodation and living expenses until they turn 18. It is additionally challenging for 16 and 17 year olds to get quality paid work to support themselves, if they are in a situation where they are living independently.

International comparisons

The Joseph Rowntree Foundation undertook an analysis of the UK’s social security system for young people in comparison to international systems.⁴⁶ They found that in the UK, state support intentionally incentivises young people aged under 35 to live with parents or relatives. As is normal in international comparisons, practice differs across different countries. In the USA, rationing of support means it would be very rare for a young person, unless they have a disability or a dependent child, to receive assistance. By contrast Denmark has extended support for young people under 30 to help with living in high-cost areas. Whilst in Germany, the government expects most young people to live with their parents until they are 25, but if there is good reason for them to leave home – such as domestic violence in the home – then they receive full adult rates of benefits and help with housing costs.

Finally in Australia, the Youth Allowance⁴⁷ for people aged 16-24 pays: \$445.80 a fortnight for people living independently, compared with \$244.10 for 16-17 year olds living with parents and \$293.60 for 18-24 year olds living with parents. Some of the higher rate is a contribution towards meeting housing costs; some is a recognition of the extra costs of being a householder. However, it’s still a fifth lower than the equivalent rate (\$545) for older job seekers.

In practice, the UK system has a number of similarities with other countries, in that age goes towards determining benefit entitlement and rates, along with individual circumstances, such as having responsibility for a dependent child or having a disability. In our conversations, some stakeholders felt that circumstances, apart from age, should have a more predominant role in determining benefit rates in the UK. In particular, it was argued that young people living independently should be recognised as needing additional support (akin to the Australian model which acknowledges that basic living costs are higher for those living independently).

⁴⁶ Joseph Rowntree Foundation, *Young people and social security international review*, 2015

⁴⁷ The Youth Allowance provides financial help for people aged 16-24 who are studying, undertaking training, or an apprenticeship

We also asked young people whether they agreed with lower benefit rates for under 25s, with mixed responses. Most of the people we spoke to did not know that rates for those aged 25 and over were higher. When we explained the difference in rates, many young people could see a justification – in terms of older people earning more or having greater responsibilities. Others, however, thought it unfair, since everyday items typically cost the same regardless of age. For most, however, the issue was not one of relative fairness, but simply of having enough to live on – a topic we address next.

5. Affordability of basic living costs

How do benefit rates for independent young claimants compare to other forms of income?

Compared to older claimants, independent single childless people under 25 in receipt of Jobseeker's Allowance, Income Support, or Universal Credit receive about £15.20 less per week to live off, and often half as much in housing costs.⁴⁸

Young childless single claimants have a far lower income than peers of the same age who are in work, full-time study, or apprenticeships. A 21 to 24 year old living entirely on benefits can have nearly half of the net income of someone working full time on the minimum wage for their age group. Taking the example of a 23 year old on Universal Credit and the Shared Accommodation Rate in Birmingham they will take home:

- 49 per cent less per month than a full time worker on the minimum wage.
- 53 per cent less per month than a student living independently during term time.
- 26 per cent less than an apprentice earning the minimum wage and in their first year of an apprenticeship.

Table 5.1: Monthly net income comparison for independent young people living in Birmingham, 2018–19⁴⁹

Age	Job seeker	Apprentice on the minimum wage	Worker on the minimum wage for 35 hours per week	Student living independently in term time (8 months)
18-20	£493.18	£663.62	£798.55	£1,053.75
21-24	£493.18	£663.62	£969.70	£1,053.75

Income includes (where relevant) earnings and Universal Credit, after taking into account income tax, council tax (net of council tax support) and National Insurance contributions. Student loan based on living away from home, outside London, on 2017 to 2018 academic year rates: www.gov.uk/student-finance/new-fulltime-students

It should be noted that most young people are **not** on the minimum wage – so for many the income disparity between benefit payments and wages is higher. For all workers under 25, just over one in ten are paid at (or below) the minimum rate for their age group.⁵⁰ That said, salaries for young people living independently coming off benefits are likely to be closer to the minimum wage, not least because of the lower levels of qualifications among this group. We heard that young people on the

⁴⁸ Data from England shows that the largest gap in rates for SAR and rates for a one-bed are in inner South West London where SAR is 38 per cent of the one bed rate, the smallest gap is 91 per cent in Northumberland: <http://lha-direct.voa.gov.uk/search.aspx>

⁴⁹ Calculations made using TaxBen, the IFS tax and benefit model. It assumes the individual lives in Birmingham on a Band B Council Tax rate in a Band B property and if eligible takes up both Universal Credit and Council Tax Support and (dependent on income) could qualify for the Shared Accommodation Rate of housing support. Local housing allowances: <https://lha-direct.voa.gov.uk>; Student loan amounts: <http://www.gov.uk/student-finance/new-fulltime-students>; Minimum wage rates: <http://www.gov.uk/national-minimum-wage-rates>;

⁵⁰ Low Pay Commission, *National Minimum Wage: Low Pay Commission Report 2017*, 2017

minimum wage often struggle to make ends meet – even with incomes twice those of independent claimants. The rise in zero-hours contracts for young people and the likelihood of working fewer hours than older workers (mainly for under 21s) exacerbates this.⁵¹ This hints at the extent of financial difficulty faced by young claimants, which we explore next.

What can independent young people on benefits afford?

Benefit rates and living costs for young people living independently vary by circumstance, but daily allowances are typically tight – especially for single young claimants on the lowest levels of benefits. With a budget of £57.90 a week for all living costs outside of rent, money for food ends up fairly limited after accounting for items, such as utilities, phone credit, bus fares, and basic housekeeping – especially if benefit paid in respect of housing costs does not cover the full rent. To illustrate this, two anonymous budgets based on work that the charity 1625 Independent People have done with young single people in the Bristol area are provided below (Table 5.2). We are including these as an indication of how tight budgets can be.

What both these budgets show is that a single young person on benefits will often have very little or no disposable income and almost no slack in the budget – requiring extremely careful financial management. On such low incomes, even the least expensive clothes are largely unaffordable or require a difficult trade-off with other expenses. Any unforeseen expense, such as a sanction, or something as minor as a broken kettle, will lead to very low levels of daily spend and a risk of debt and destitution. We heard about several young people in such situations who were left with just £20 a month for food. The reality of this is that they may have to draw on hardship funds, use food banks, rely on friends, or skip meals altogether.

Most would struggle to stay within such tight budgets, but for young people with little to no experience of budgeting, this challenge can be even greater – and in both examples below the young claimants tend to spend beyond their budget. It is therefore not surprising that debts accumulate. We heard that many young claimants in money difficulties turn towards high-interest lenders (or, worse, to loan sharks, gangs or crime) and that debt can often accumulate quickly, sometimes spiralling out of control. Data show that a third of all young people have unsecured loans (excluding student loans) averaging £1,460 in value – and we heard about equally large debts among some young claimants.⁵² While these data do not relate specifically to young people who live independently, in two of the sample budgets shared with us, the young claimants had debts of over £1,000 – and in one instance over £3,500 and growing (young person B, below).

⁵¹Ibid

⁵²Financial Conduct Authority, *Understanding the financial lives of adults*, 2018

Table 5.2: Sample budgets for young people on benefits

Young Person A	
Weekly Income	£57.90
Expenditure:	Weekly
Electricity	£10.00
Gas	£10.00
Water	£6.90
Food & household goods (e.g., detergent, soap, shampoo)	£20.00
Mobile phone	£5.00
TV Licence	£2.70
Bus/train fares	£10.00
Clothing	£0.00
Emergencies / unforeseen expenses	£0.00
Total Expenditure	£64.60
Gap	-£6.70

Young Person B	
Weekly Income	£57.90
Expenditure	Weekly
Electricity	£10.00
Gas	£7.50
Food & household goods (e.g., detergent, soap, shampoo)	£35.00
Mobile phone	£11.77
Broadband & TV/Video service	£6.92
Tobacco	£15.00
Bus/train fares	£0.00
Clothing	£0.00
Emergencies / unforeseen expenses	£0.00
Total Expenditure	£86.19
Gap	-£28.29
Debts	Weekly
Council Tax Arrears	£0
Water Rates Arrears	£0
Previous landlord	£8.00
Scottish Power	£1.90
Natwest loan	£18.39
Total Debt	£28.29
Total Loss Per Week	-£56.58

Source: 1625 Independent People. Budgets have been simplified for the purposes of this report.

Some independent young claimants will be able to turn to family or other support networks for food, money, and help with other costs. But this can be problematic, if, for example, it means borrowing money from gangs or returning to an abusive home.

What are independent young people's experiences of living on benefits?

Many of the independent young people we spoke to expressed appreciation for the safety net that benefits provide. Most recognised the role that benefits played in supporting them when they had nowhere else to turn:

"It's nice. We don't really have to get it, but there's a system where somebody helps you out."

But money difficulties and anxiety were also consistent themes in every conversation we had with independent young claimants. Some described having to go without food and other basic essentials, such as clothes or heating while others said they often could not afford rent:

"Half the time I can't pay for food and half I can't pay rent."

We surveyed young people as part of this research and, of the 62 responses, a fifth agreed with the statement "I have had to go without basic needs (like food or heating) because I couldn't afford it." In conversations, we also heard that many independent young claimants cannot afford basic household goods, such as a fridge, floor covering or even means of heating food (these are not included in social housing). Support workers added that many young claimants in their own accommodation struggle to pay household bills if they do not receive a discount.

Even young people in work or apprenticeships and on benefits reported struggles. One apprentice noted how low her quality of life was and explained that she was isolated from friends as she could not afford to see them. We also heard that some independent young claimants in low-wage, low-hour jobs continually struggle to make ends meet – partly because they face higher costs, such as travel. One young person described this situation as a catch-22:

"You can be in a catch-22 where you earn too much money to get a top up but too little to get by and survive."

Concerns about both (the lack of) work allowances and the (lower) legal minimum wage for those aged under 25 were highlighted by a number of stakeholders in the consultation. A number suggested that work allowances should be introduced for apprentices and we recommend that the DWP consider this option. It is also welcome that the Low Pay Commission are reviewing the youth and apprenticeship rates for the minimum wage, as current rates may be insufficient for an independent young person to cover living costs including housing.⁵³ Of course care needs to be taken not to price this group out of the labour market, but the recently increased National Living Wage for those aged 25 and over may provide more scope for increasing the minimum wage for younger people. We recommend that the DWP participate in minimum wage discussions.

⁵³ Low Pay Commission, *National Minimum Wage: Low Pay Commission Report 2017*, 2017

Money difficulties led to high levels of anxiety for many of the young people we spoke to. In our survey of 62 young people, almost half said that they “worry about money all the time”. We repeatedly heard young people refer to being on benefits as “not a life” and in one case as “worse than prison”. The overriding feeling among the independent young people we met was that it was not really possible to survive on out-of-work benefits. Many asked us some version of the question, “could you survive on Universal Credit?” and the most common phrase we heard was: “We’re being set up to fail.”

For some, financial issues become so pressing that they turn to gangs to borrow money or commit crime to make ends meet. Support workers warned us that when young people receive no support from Jobcentres or local authorities, gangs were often their only option for support. Several young people also told us about shoplifting or selling drugs to earn money for essentials:

“I understand that you can’t get paid benefits willy nilly, but people wonder why kids are shoplifting and selling drugs. It’s because they need money.”

In response to these challenges, young people suggested higher benefit rates, better access to emergency funds and more stable payments. Their comments included:

“Just not so many let downs... We’re all in positions where we have to keep up with rent.”

“They should help people who are really struggling. People can’t afford proper food these days so they have to go out robbing.”

The current under 25 benefit rate reflects the fact that most young claimants live with parents or guardians and do not have to budget for all contingencies. But it does not effectively consider those who cannot live at home because that is not an option.

It is hard to see how a level of benefit which is deemed adequate for people who are insulated from the costs of independent living is sufficient for someone who has no such insulation. We heard that even young people working full-time on the minimum wage struggle to make ends meet – and independent young claimants can have half as much to live on. Based on feedback from young people living independently, the low level of benefit rates for under 25s, and the level of concern we heard about financial difficulties for this group, DWP should consider more generous personal allowances for young people who live independently without other sources of support. Specifically, **we recommend that DWP:**

Publish evidence, in time for the autumn 2018 Budget, demonstrating the affordability of basic living costs for a young person living independently on benefits, with a particular focus on the most vulnerable groups, and take action if these rates are not enough to cover essential living costs.

Hardship funds, advance payments and grants

For the young people we spoke to, the most severe money issues were driven by benefit sanctions, benefit payment delays, or repayment of debt. Very few had received emergency funds and many believed there “was no support”. Previous

reports on this issue concluded similar findings. The Welfare Reform Committee's report to the Scottish Parliament in 2014 concluded, after taking evidence from organisations including Barnardo's Scotland and Citizens Advice Scotland, that there was a failure to make those sanctioned aware of the availability of hardship payments.⁵⁴ There are no specific emergency funds for young people, including those who are vulnerable and/or are living independently. But young people over 18 can access the same emergency funds as older claimants and these do not affect their Housing Benefit.

Hardship payments can be made for anyone aged over 18 who has been sanctioned. Sanctions can mean a young person loses their entire benefit package and claimants aged over 18 face the same potential sanctions as all other claimants. Three per cent of Universal Credit sanctions were imposed for a period of 27 weeks or more.⁵⁵ A recipient of Jobseeker's Allowance can be sanctioned for three years if they have three high level failures, including failure to accept a reasonable job offer within 52 weeks of the most recent failure.⁵⁶ Errors on the part of the decision maker and delays with appeals could mean extended periods of sanctions.

Approximately one in seven of those sanctioned got a hardship payment.⁵⁷ Data on how often young people living independently receive these payments is hard to come by, as this data is not published. A claimant can only get these payments if they can show that they've tried to find the money from somewhere else (including seeking help from a charity) and that they only spend money on essentials. They receive roughly 60 per cent of the amount of the sanction, which is considered to be the minimum claimants need to afford basic needs, whilst subject to a financial sanction for non-compliance. Under Jobseeker's Allowance, hardship payments are typically payable from the 15th day of a benefit sanction;⁵⁸ under Universal Credit this can be sooner if the risk of hardship can be proven.

Advanced payments are an option for those awaiting their first payment of benefit who can prove they are in financial hardship, for example, being unable to pay rent or buy food. The initial period before the first Universal Credit payment is made can be challenging as claimants typically need to wait at least five weeks to get the first payment. This is even with the welcome removal of the seven-day waiting period at the beginning of a claim. Moving into the private renting sector can also create money difficulties as most tenancies require rent in advance and a deposit. In July 2017 nearly half (49 per cent) of new claims to Universal Credit received an advance. Most people received £150 to £200, with 10 per cent receiving more than £600 in

⁵⁴ Welfare Reform Committee, 4th Report, 2014 (Session 4) *Interim Report on the New Benefit Sanctions Regime: Tough Love or Tough Luck?*, published by the Scottish Parliament June 2014

⁵⁵ DWP, *Benefit Sanctions Statistics: Data to October 2017*, Published: 21 February 2018

⁵⁶ House of Commons: Work and Pensions Committee, *Benefit sanctions policy beyond the Oakley Review*, Fifth Report of Session 2014–15 Report, March 2015

⁵⁷ Inclusion Scotland: Freedom of Information Request, 2013.

www.parliament.scot/S4_Welfare_Reform_Committee/Sanctions_FOI.pdf. Referenced in; Welfare Reform Committee, 4th Report, 2014 (Session 4) *Interim Report on the New Benefit Sanctions Regime: Tough Love or Tough Luck?* published by the Scottish Parliament June 2014

⁵⁸ Except for people who are homeless, pregnant, lone parents, and people with a mental health condition long term physical health conditions. www.gov.uk/government/news/immediate-access-to-hardship-payments-extended-to-help-mental-health-and-homelessness

advance.⁵⁹ The majority (71 per cent) of all advances are paid for new claims or when a change of circumstance has increased benefit entitlement.

The period directly after starting paid work can also be a financial challenge, as there are a range of additional costs, for example travel, childcare or purchasing work-suitable clothes or uniforms. As a result, independent young people can end up in financial difficulty before they receive their first wage packet. This can be eased by accessing budgeting advances from £100-£348 for single claimants, £100-£464 for childless couples and £100-£812 for those responsible for children. Budgeting advances are designed to be used for 'emergency household costs'. This can include the costs of getting a job. Only 6,000 of these advances were provided in June 2017 for all claimants on Universal Credit, which was just over one per cent of all people on Universal Credit, but three per cent of those in employment.⁶⁰

All of these emergency funds and advances are loans that are repayable by deductions from future benefit payments. Advance payments and budgeting advances need to be paid off within 12 months, unless there are exceptional circumstances where repayment can be suspended for up to three months. These future payments can be problematic for young people living independently – and work coaches will factor their ability to repay into the decision to make such a payment in the first instance.

There are a limited number of grants available to people with specific circumstances. The Flexible Support Fund awards grants to support people going into work, such as training costs, travel to interview or clothing. It replaced a number of other funds and schemes in 2011 to tailor support more towards the claimant. But despite a number of calls for this to be more widely publicised in 2015 and 2016,⁶¹ there is no evidence of this happening, meaning accessing it is dependent on the discretion of Jobcentre District Managers and work coaches. The Scottish Government are seeking to implement a Job Grant for 16-to 24 year olds who have been out of work for at least six months. This would give young people £100, or £250 for those with children, and a three month travel pass to help with the costs of starting work.⁶²

Despite the existence of these emergency or advance payments, we heard that many young people had gone to food banks as a result of sanctions or benefit delays, including one person who had recently found work but had yet to be paid. Some reported walking miles to the nearest open food bank as they could not afford bus fares.

"There will be times when your food bank won't be open and you can't afford the bus fare to get to another bank."

⁵⁹DWP, *Universal Credit Statistical Ad Hoc: Payment Advances Data for May 2016 to June 2017 (updated in October 2017 with UC Full Service data to July 2017)*, 2017

⁶⁰ UC numbers from; DWP, *Universal Credit statistics: claims, monthly starts and people on Universal Credit up to 10 August 2017*, 2017; benefit advances from DWP, *Universal Credit Statistical Ad Hoc: Payment Advances Data for May 2016 to June 2017 (updated in October 2017 with UC Full Service data to July 2017)*, 2017, table 3

⁶¹ Social Security Advisory Committee, *Localisation and Social Security: A Review*, May 2015; House of Commons Briefing Paper, *Jobcentre Plus Flexible Support Fund*, October 2016

⁶²www.parliament.scot/S5_Social_Security/General%20Documents/20171122__MinisterSStoConvene.pdf; www.parliament.scot/S5_Social_Security/General%20Documents/20180416_MinisterSStoConvene_jobgrants.pdf

We also heard that unexpected costs were also a specific cause of young people turning to crime:

"When I was on JSA [and had] advance repayments...I couldn't pay for food, water, electricity. So I'd go out and make crimes so I could turn round and put food in my belly..."

To address these issues, DWP should improve access to emergency funds for young claimants living independently without other forms of support. Vulnerable groups have been identified by the Department as needing additional support in understanding what is available and how to claim.⁶³ The Department's efforts to increase claimants' awareness of hardship payments were recognised by the Work and Pensions Select Committee in 2015,⁶⁴ but it remains the case that the information picked up by a young claimant is often a matter of chance.

New or augmented funds may be needed – as well as new processes to ensure that work coaches inform young people about what is available. We heard several young people mention that they had asked for emergency funds from the Jobcentre but received nothing, while others believed there were no available funds. Work coaches should be required to inform young people living independently about all available payments and to offer relevant funds when a young person is in need. Additionally, there may also be a need for new funds for young people with extra costs, such as those entering work or those with higher travel costs. **We recommend that DWP:**

Place a duty on all work coaches to inform young people about all available grants and funds. Consider ring-fencing funds specifically for young people living independently to provide additional support towards work-related costs, such as buying equipment or work-specific clothing, or travelling to and from work.

Inexperience with budgeting

Inexperience with money management compounds difficulties for many young people living independently. Support workers explained that young people have to be incredibly fastidious to avoid building up debt while on under 25 benefit rates, but that few have the experience or maturity required. Recent surveys of young people have found that only about half are confident in their budgeting ability – and these figures are likely to be worse for young claimants living independently who may have had less parental support with finances.⁶⁵ Young people we spoke to described how they felt overwhelmed by being given their own money to manage their home, which they often described as "scary" or "a big shock", for example:

⁶³ Oakley, M, *Independent review of the operation of Jobseeker's Allowance sanctions validated by the Jobseekers Act 2013*, July 2014

⁶⁴ House of Commons: Work and Pensions Committee, *Benefit sanctions policy beyond the Oakley Review*, Fifth Report of Session 2014–15 Report, March 2015

⁶⁵ Britain Thinks, Money management survey, 2017: britainthinks.com/pdfs/Young-Adults-and-Money-Management_tables_FINAL.pdf

"It's just hard... it's little things like water rates and the extra money to keep house in general like washing powder or cleaning products. For someone young it's a big shock."

Support workers also noted that young claimants living independently often end up in denial over the extent of their money difficulties, which adds to existing difficulties.

The consequences of money management mistakes for this group can be grave, sometimes leading to eviction. The first year of renting independently is particularly risky, as some local authorities make all new tenants of social housing introductory tenants for the first 12 months. This is less secure as tenants can more easily be evicted. We heard that young people with complex needs, such as care leavers, are particularly vulnerable in this first year because of budgeting issues and not being prepared for independent living⁶⁶ – and that one-fifth experience homelessness within two years of leaving care.⁶⁷ We also heard about a few young claimants who had lost their tenancies after falling behind in paying fuel bills or council tax – in some cases not realising that their rent did not cover these bills.

Many of the young claimants we spoke to feared that Universal Credit would exacerbate budgeting mistakes. This is due to its default model (in England and Wales) of monthly payments being made in arrears to the individual claimant, including money for rent. In a recent survey of local authorities and homeless service providers by Homeless Link, 72 per cent reported young people being negatively impacted as a result of housing costs being paid directly to them, and 75 per cent as a result of payments being made in monthly arrears.⁶⁸ Many of the young people we spoke to also told us they worried they would fail to save enough money for rent. The typical feeling was that combined monthly payments put too large a burden on young people's budgeting skills and lead to costly mistakes:

"That's a really bad idea. They're literally setting people up to fail."

As an alternative, fortnightly payments, as well as direct-to-landlord rent, could lead to better outcomes for independent young people. This was an overwhelmingly popular option with young people who felt that this would reduce cases of running out of money for rent and facing eviction or debt. **We therefore recommend that DWP:**

Ensure every young person aged under 25 is proactively offered a choice about whether their housing-related benefits are paid directly to their landlord or into their own bank account, and about whether Universal Credit is paid to them fortnightly or monthly.

Finally, both young people and support workers also recommended that budgeting courses become a standard part of supporting young people living independently, including in the Youth Obligation Support Programme. This could build on popular courses already offered by some Jobcentres including informing young people about benefit changes when moving in or out of work, and how to update the Jobcentre on their circumstances to prevent unexpected shortfalls. This is supported by surveys of

⁶⁶ Centrepoint, *From Care to Where? Care leavers' access to accommodation*, 2017

⁶⁷ A 2017 survey by Homeless Link (see footnote 52) found that 22 per cent of young people seeking support from homeless services are care leavers.

⁶⁸ Homeless Link, *Young & Homeless 2018*, 2018

vulnerable young people, which have found that 74 per cent want to know how to budget.⁶⁹

Which groups of independent young people struggle the most?

Responses to our consultation highlighted that independent young claimants as a whole are generally financially insecure. In our conversations, we heard that care leavers, young offenders, and those with mental health issues struggle most with budgeting and paying for essentials. Data are limited on these groups and their needs, and better data would be very valuable in helping policy makers and youth services support them better. Below are some of the issues we heard anecdotally.

For young people with mental health issues, we heard that money worries could exacerbate anxiety and lead to them ignoring letters from the Jobcentre or council. It is common to find brown envelopes in their homes left unopened and the letter inside unread, as they are fearful as to what it may contain. This then leads to increasing debt and anxiety. Not responding to a letter directing attendance at the jobcentre may be interpreted as “a failure without good cause” and lead to a benefit sanction.

Young offenders often re-enter the community with few sources of support, and are sometimes entering their adult lives outside of prison for the first time. This adds particular challenges for managing budgets whilst transitioning to independent living and working/preparing to work.

⁶⁹ Action for Children, *Getting a Fair Deal*, 2015

6. The claims process

How does the initial claims process work for young people?

To apply for benefits, most young people follow the same process as older claimants – though there are some differences for care leavers. The initial process has, in the past, typically meant completing a form, or answering questions asked by a call centre operator and then attending an appointment to review evidence. Increasingly this process is completed online and it is a feature of Universal Credit that claims are made electronically. Once the claim has been made, a decision maker will determine entitlement and award benefit. Payment of benefit will then follow. Universal Credit claimants may need to wait longer for their first payment than recipients of other benefits, but advance payments are available.

The Claims Process for Universal Credit

1. Apply online (providing data on income, rent, accommodation, bank account, National Insurance number, etc.).
2. Attend an interview at the local Jobcentre to review identification.
3. Receive payment about six weeks after applying.⁷⁰

See Appendix A for details on legacy benefit claims.

However, the process is often more complicated for young people who do not always have identification or a bank account. We heard that some young people have to leave an unsafe environment quickly and because of this are not able to take identification documents. It can also be a particular problem for immigrants, young offenders and care leavers. In many cases, these young people may not have a passport, birth certificate or any other proof of identity. This can create payment delays, which are particularly problematic for independent young people who do not have other sources of support to fall back on.

For young people without any identification, Universal Credit has a standard verification process that uses a set of biographical questions plus referees, such as a support worker. The interview part of this process can take up to 90 minutes, after which references will be sought. Young people are also entitled to buy identification, such as a UK Citizen's Card that costs £15 or £30 for a fast track application. However few young people knew about this and there seemed to be variance in how well informed work coaches were on this front.

Additionally, we heard that young people often find the claims process more confusing and difficult to manage than older claimants, having limited or no experience of this type of bureaucracy. Some young people have extremely chaotic lives and this can make an hour-long online application form or remembering a 13-digit Personal Security Number very challenging. We also heard concerns that the difficulty of claiming could deter young people in need from seeking help in the first place – leaving some at risk of homelessness. One support worker reported:

⁷⁰ www.gov.uk/apply-universal-credit

“I think non-claims are increasing due to extra difficulties. There are so many barriers to claiming: no phone credit, confusing websites, lost ID, no bank account, stigma...”

Difficulties getting a bank account

A cause of long delays in the claims process is not having a bank account. Research has found that eight per cent of 16-to 19 year olds and four per cent of 20 to 24 year olds do not have a bank account – but that this is more common for those living independently and claiming benefits, as they are less likely to have parents or relatives to help them in setting up a bank account.⁷¹

The default position in England and Wales is that the full amount of Universal Credit, including housing costs, is paid into the claimant's bank or building society account. In Northern Ireland and Scotland the housing element is paid directly to the landlord. If the claimant does not have an account, a one-off payment can be made to a nominated bank account of a friend or family member. However, one payment is only enough for 30 days which is not always sufficient if delays in getting the account set up are encountered. For young people without identification or with any kind of criminal record, opening an account is likely to take even longer.

As a result, some young people go months without payment. We heard that one young person living independently who did not have a bank account went four months without payment:

“I went in August and they only paid in December or January so I was in rent arrears. I was getting scraps from my mum, but I couldn't really pay for things.”

We heard that, in some cases, the money paid to a nominated individual is never received by the young claimant. For young people who have had to leave an unsafe family home, finding a friend or family member to trust with over £200 is not easy, and can create an unhealthy dependency on someone else. Young people with learning difficulties were cited as being at particular risk of exploitation.

Work coaches can help by providing a list of banks that accept young people without identification (for example Metro Bank) and through the Jobcentre manager advocating for the young person – via a reference letter, for example. In discussions with support workers, we also heard that the legacy system, in which a benefit payment could be picked up at the Post Office for two months, worked better. We recommend that DWP instructs Jobcentres to support independent young people to set up a bank account if they do not have one.

⁷¹ Action for Children, *Getting a Fair Deal*, 2015

7. Housing

Does the benefit system help young people into safe and secure housing?

As announced in April 2018, no young people out of work or on low incomes will be excluded from Housing Benefit or housing costs in Universal Credit. This will reverse a policy, implemented just twelve months prior to this announcement, which excluded some low-income 18 to 21-year-olds from housing support. The decision by the Government is welcome, as the policy offered limited fiscal savings but added significant complexity to the system and risked further deterring landlords from renting to young people.⁷² For many young people living independently, housing support enables them to stay in safe and secure housing – at least to the same extent as their older counterparts.

We heard particularly positive feedback on the quality of support provided to vulnerable young people in supported housing – supervised accommodation paid for by Housing Benefit and designed for those at risk of homelessness with other needs, such as mental health issues or recent experience of domestic abuse. About 35,000 young people are in supported housing in Great Britain today.⁷³ The young people we spoke to were almost universally positive about their experiences in these hostels. Some described how they would have ended up on the streets without the support they received in hostels. They told us how their support workers made huge efforts to help them receive their benefits and offer them extra advice, support, and pastoral care. This sometimes included skills training. Some hostels also require a commitment from their young tenants about looking for work, education or training opportunities, which acts as a positive incentive. Typical comments from young people in supported housing included:

“I couldn’t have got to where I am now without supported housing... I was an empty shell when I got there, didn’t know what was going on. They really looked after me.”

“If there wasn’t no [hostel], where would we be?

We did, however, also hear about at least one hostel where conditions were very poor and drug and alcohol problems were rife. One Jobcentre leader said of a local hostel:

“Conditions are dire. Young people go in and develop addictions within weeks.”

⁷² SSAC, meeting minutes, November 2016:
assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/571575/ssac-minutes-nov-2016.pdf

⁷³ DWP calculations provided for this report, referencing: DWP & DCLG, *Supported Accommodation Review: The scale, scope and cost of the supported housing sector*, November 2016.

Housing Link has also found that 44 per cent of those in homeless hostels are under 25:
www.homeless.org.uk/sites/default/files/site-attachments/Annual%20Review%202017_0.pdf

We heard that this same hostel actively discouraged residents from finding work – warning them how much harder it would be to pay rent on lower benefit rates. This message appeared to influence young people who were worried that they might lose their room if they found work. Although this appeared to be the exception, this was a concerning finding.

For the majority, support workers encourage positive outcomes and paths to fully independent lives. But, the time they could spend helping young people build life skills and move towards work is eaten into by dealing with Housing Benefit adjustments. Some support workers reported spending half their time on housing benefit claims. We also heard that it was not uncommon for a change in circumstances to trigger a delay in payment of benefit or an error in the calculation. One young person reported ending up in rent arrears almost as soon as she moved out of supported accommodation into social housing, due to confusion over responsibility for payment at the point of change. She has had arrears ever since, which she now has to pay off on top of monthly costs. Some of these problems may be eased when Universal Credit is fully implemented. However, as Housing Benefit will continue for those in supported accommodation, the risks of disruption when people move between different types of housing tenures are likely to remain.⁷⁴

Experiences of the Shared Accommodation Rate

The young people that elicited the most concern from stakeholders were those who were neither eligible for supported housing nor social housing. These are the single young claimants without diagnosed disabilities or other exemption reasons who are subject to the Shared Accommodation Rate. This group makes up around six per cent of all independent young claimants.⁷⁵

What are the aims of the Shared Accommodation Rate (SAR)?

According to DWP statements, they are to:

- “ensure that Housing Benefit does not encourage young people to leave the parental home unnecessarily or to take on higher priced accommodation at the taxpayers’ expense than they could afford from their own earnings.”
- ensure greater fairness, so that those who receive Housing Benefit do not have an advantage over those who are not on benefit, but have to make similar choices about what they can afford
- ensure that the Housing Benefit rules reflect the housing expectations of people of a similar age not receiving benefits
- help contain growing Housing Benefit expenditure
- remove a potential work disincentive

Sources: Department of Social Security Press Notice, 96/09, 2 April 1996; DWP statement 2011

⁷⁴ SSAC, meeting minutes, December 2017:

assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/675581/ssac-minutes-dec-2017.pdf

⁷⁵ Stat Xplore, *Age of Claimant by Entitled Bedrooms (LHA only)*, November 2017. This figure is based on the number 16-to 24 year olds in the SAR.

Increasingly, young people subject to the Shared Accommodation Rate are experiencing rising market rents, which, paired with a freeze on LHA rates, are leading to rent shortfalls and in the worst cases can lead to eviction. The rate was originally set at the lower (30th percentile) end of market rents for rooms in shared housing, and has been frozen since 2016. So there can be a significant gap between the maximum that housing benefit or Universal Credit will pay, and current average rents. In inner London, for example, the Shared Accommodation Rate tends to be around £98 per week – about £30 to £70 less than the average rent in a shared house.⁷⁶ In Birmingham, the Shared Accommodation Rate is about £57 per week, which is about £40 less than the average rent in a shared house.⁷⁷

Our research found that in many areas, there are almost no rooms available to young claimants on the Shared Accommodation Rate. We conducted a snap-shot analysis of 5,240 advertised properties on spareroom.co.uk in eight urban areas of the UK (chosen to cover a range of costs). This analysis found that just one per cent was both affordable at the Shared Accommodation Rate and available to Housing Benefit recipients (see Figure 7.1). Just 133 of the 5,240 properties listed were at (or below) the housing rate for under 35s, with only 23 of those available to benefit claimants. In four of the eight areas, there were no advertised properties available to claimants at the under 35 rate at all.

Table 7.1: Rooms affordable and available on the Shared Accommodation Rate by area (based on spareroom.co.uk adverts on March 28th 2018)

Location	Weekly Local Housing Allowance rate if under 35 years old*	Number of affordable rooms on spareroom.co.uk	Number of affordable rooms where “Housing Benefit considered”
Lewisham	£98.04	6 (out of 161)	0
Bromley	£84.27	5 (out of 266)	0
Birmingham	£57.34	58 (out of 1431)	16
Bristol	£63.39	8 (out of 1063)	0
Leeds	£58.26	23 (out of 910)	2
Edinburgh	£68.27	4 (out of 587)	0
Cardiff	£55.78	23 (out of 577)	4
Belfast	£42.15	6 (out of 245)	1
Total		133 (out of 5240)	23

*April 2018 rate

⁷⁶ The lower estimate is based on 285 shared rooms advertised in London on moveflat.com on April 12th 2018. The mean monthly rent was £564, equivalent to about £130 a week. The higher estimate is based on a 2017 study by EasyRoommate (a house sharing site) of 15,000 listings for a double room in shared housing in London, which found average rents of £751 a month or £173 a week.

www.moveflat.com/london-flat/flatshare-flatmate/london-areas/by-price-down/property/Box/;
www.homesandproperty.co.uk/property-news/renting/how-the-cost-of-renting-a-room-varies-across-the-uk-a112471.html

⁷⁷ In 2017, EasyRoommate found average rates for a double room in Birmingham were £419, equivalent to £96.69 a week

These findings echo previous surveys of advertised properties by Crisis, Homelink and the BBC (conducted in 2012, 2013, 2014, and 2017). These studies found that between 5.5 and 13 per cent of advertised properties were affordable on the local SAR, but that just 1 to 12 per cent of properties were available to Housing Benefit claimants because landlords would not rent to those in receipt of benefits.⁷⁸ Our analysis identified fewer properties available to young claimants than previous surveys – due perhaps to the set of areas chosen as well as a potential decrease in recent years in available rooms for claimants at the SAR. Our findings also reflect comments we heard from support workers trying to find their young tenants accommodation. Support workers in Bristol told us they had failed to find any properties within the price range allowed for those under 35.

Part of the difficulty young people face when searching for affordable rooms is that shared housing is limited in many parts of the country – and where it is available, it is often reserved largely for students, or occupied by young workers reluctant to share with anyone unemployed. Landlords tend to view students as more reliable than benefit claimants, while student tenants often prefer to share with other students – and council tax subsidies for accommodation occupied entirely by students reinforces this. What this means is that some young people on the SAR end up having to pay for one-bed properties with a benefit designed to cover only the cost of a room in shared housing.

Of those who do share, we heard stories about difficulties faced by vulnerable young people sharing with much older adults who exhibited dangerous or bullying behaviour towards the young people. We also heard about young people with mental health issues who struggle with shared living. One young man spoke about moving back into a hostel to avoid having to share a flat with strangers.

Difficulty finding affordable housing also means that independent young people spend a lot of time looking for somewhere to live – distracting them from job search if they are out of work. In some instances, young people may end up living far from the city centre in areas that are farther from friends or family and may have worse employment opportunities or transport links, creating an additional barrier to employment. Additionally, we heard that conditions can be poor. About 27 per cent of private rented properties are “non-decent” according to Government surveys, and conditions are likely to be worse for the lowest-cost properties.⁷⁹

Additionally, young people often have to pay a rent shortfall themselves, cutting into already low weekly payments (£57.90 in Jobseeker’s Allowance). The Government’s analysis of the Single Room Rent regulations (the pre-cursor to the Shared Accommodation Rate) in 2005 found that 87 per cent of claimants faced a shortfall, which averaged out at £35.10 per week.⁸⁰ Since then, LHA rates have been reduced from the median to the 30th percentile of local rents, subject to various uprating

⁷⁸ Crisis reviewed listings on Gumtree and Shareroom.com in Birmingham, Leeds and the London Borough of Lewisham in 2012, Home Link analysed 55,537 listing in London in 2013, BBC analysed 11,806 listings on spareroom.co.uk in 19 towns and cities across England in 2017.

<http://www.bbc.co.uk/news/uk-england-39102860>

⁷⁹ MHCLG, *English Housing Survey 2016-2017*, 2017

⁸⁰ DWP, *Research into the Single Room Rent Regulations*, 2005

restrictions and then frozen altogether since 2016. The most recent public data on this was published by the National Audit Office in 2017 that showed the average shortfall (for tenants of all ages in all accommodation types) between the benefit received in respect of rent commitment and actual amount of rent paid is £50 a week in London and £26 a week in the rest of England.⁸¹

Current data on the rent shortfalls for young people under 25 are hard to come by. The most recent government data suggest gaps between the SAR and the 30th percentile of local rents – of on average £5.83 per week across Great Britain and £22.71 per week in London.⁸² However, actual shortfalls experienced by some young people may be larger than this – especially as only 1 to 12 per cent of privately rented properties are rented to young people on benefits, which may leave young people forced into housing that is not the lowest-cost option. Equivalent shortfalls were larger for the LHA rate applicable for young people exempt from the SAR and living in one-bed self-contained accommodation; such as young couples, care leavers and people with disabilities. However, under Universal Credit claimants have the option of downgrading to shared accommodation if this is all they can afford as they get the LHA rate appropriate to their circumstances. Average rents paid by all private tenants (not just those on Housing Benefit) have risen – in 2017 rents rose by 1.1 per cent across Great Britain and by 1.6 per cent outside London.

For independent young people on lower overall benefit rates than older adults, even a small shortfall is often hard to cover – especially as many young people have limited experience with budgeting. Shortfalls can lead to rent arrears, council tax arrears or other debt. Four out of five landlords say they are concerned about a higher risk of rent arrears for under-35s and two thirds are unwilling to let to young people in receipt of housing benefit.⁸³ Rent arrears may also be part of the reason that young tenants are more likely to be asked to leave by landlords. A third of all 16 to 24 year olds report moves that were forced by landlords compared to 22 per cent of all age groups – though factors like anti-social behaviour may play a part in this decision.⁸⁴

In our conversations with young people, we repeatedly heard about struggles to make up the shortfall between Housing Benefit and rent – even where the difference was very small. Comments included:

“I have to pay £5 extra. It doesn’t sound like much, but it’s money I don’t have.”

⁸¹ National Audit Office, *Homelessness*, 2017

⁸² The figures were derived from published figures obtained from:
England: www.gov.uk/government/publications/local-housing-allowance-lha-rates-applicable-from-april-2018-to-march-2019.
Scotland: beta.gov.scot/publications/local-housing-allowance-rates-2018-2019/.

Wales: gov.wales/topics/housing-and-regeneration/housing-supply/renting/rent-officers-wales/how-local-housing-allowance-rates-are-set/local-housing-allowance-rates/local-housing-allowance-2018/?lang=en

⁸³ RLA, *Access to Homes for Under-35s: The Impact of Welfare Reform on Private Renting*, 2017

⁸⁴ Joseph Rowntree Foundation, *Poverty, evictions, and forced moves*, 2017

Likewise, interviews with landlords about the Shared Accommodation Rate in 2012-13 found that few believed their young tenants could cover even small rent shortfalls and that many had already evicted young tenants due to rent arrears, for example:⁸⁵

"Out of the 115 properties I manage... I've got to evict probably about half of them, so that means I'm evicting, just because of that (SAR changes), 30 or 40 people, and in the last year I've only taken on tenants who are over 35".

We also heard that young people with rent shortfalls often struggle to access Discretionary Housing Payments (DHPs) – funds designed to help people in exactly these situations (see policy details in appendix B). One issue raised was the complexity of the application process for DHPs. One support worker said,

"It requires so much information about exactly how you spend your money that it feels like you're being penalised".

A young person also told us that she has to “*fight for DHPs*” every time she applies. Additionally, we heard that resources are limited and potentially insufficient for the demand.

In the worst cases with rent difficulties, independent young people fail to access extra support, get evicted, struggle to find affordable accommodation and end up homeless.⁸⁶ In a recent survey by Homeless Link, 80 per cent of respondents reported that capping of Housing Benefit or housing costs within Universal Credit is contributing to homelessness.⁸⁷ Although youth homelessness is difficult to quantify, 55 per cent of homelessness agencies recorded an increase in demand for their services over the past year.⁸⁸

Housing difficulties for those on the SAR are only likely to worsen – as rents continue to rise while rates remain frozen until 2019. As such, **we recommend that DWP:**

Publish evidence, in time for the 2019 Spending Review, on the affordability and availability of housing for young people at the Shared Accommodation Rate in every Broad Market Rental Area, and take action where affordability is too low.

Housing support is a significant financial pressure for the Government (the extension of the rate from 25 to 35 in January 2012 reduced spend by an estimated £215 million per year by 2014/15, for example) and we are therefore not asking for the under-35 rate to be abolished.⁸⁹ However, ensuring that the SAR is affordable would be one of the quickest ways to improve overall living standards for young claimants – boosting affordability of food and other essentials – as rent shortfalls are often a key

⁸⁵ Cole, I., Powell, R., & Sanderson, E. *Putting the Squeeze on 'Generation Rent': Housing Benefit Claimants in the Private Rented Sector - Transitions, Marginality and Stigmatisation*, May 2016

⁸⁶ Joseph Rowntree Foundation recently interviewed 145 people who had approached Shelter for advice due to forced moves or eviction, of which 10 had ended up on the streets following eviction. Joseph Rowntree Foundation, *Poverty, evictions, and forced moves*, 2017

⁸⁷ Homeless Link, *Young & Homeless 2018*, 2018

⁸⁸ Ibid.

⁸⁹ House of Commons Library, *Housing Benefit: Shared Accommodation Rate*, 2014

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cause of money shortages and debt. It would reduce risk of eviction or homelessness for those in the worse situations, while also supporting young people into employment by ensuring that housing problems are not a preoccupation.

8. Work, training, and interactions with Jobcentres

Three out of four young people living independently are not in work. A fifth of these are actively looking for work, while the others are either full-time carers, students or unable to work due to illness or disability.⁹⁰ For those looking for work, data suggest that about half stop claiming after six months – often, but not always, due to finding work. However, compared to those living with parents or guardians, 16 to 24 year olds living independently are twice as likely to remain on Jobseeker's Allowance for two years – reflecting extra barriers to employment faced by a subset of the group.⁹¹

The likelihood of a young job seeker securing work varies depending on the local labour market. Rates of young disadvantaged NEETs are two times higher in areas of low social mobility, which are highly concentrated in rural and coastal parts of Britain. Living in these areas provides fewer jobs and often limited infrastructure in terms of affordable or accessible public transport and effective broadband to facilitate colleges and employers.⁹² In general, the opportunities available to young people are increasingly likely to be in less secure work. Apprenticeship numbers are declining in England, despite increased funding the apprenticeship levy.⁹³ Whereas 110,000 more young people are on a zero hour's contract compared to five years ago – 8.4 per cent of 16 to 24 year olds at the end of 2017 compared to 5.7 per cent in 2013.⁹⁴ The Youth Jobs Index 2017⁹⁵ found high levels of young people churning in and out of work, with many in jobs for fewer than three months.

DWPs Support for Schools programme is an initiative being trialled to help young people at risk of going onto benefits plan for their working lives:

⁹⁰ DWP, *Family Resources Survey, 2014/15, 2015/16, and 2016/17*, United Kingdom

⁹¹ Ibid. Data based on 16-to 24 year olds on Jobseekers' Allowance.

⁹² Social Mobility Commission, *State of the Nation 2017: Social Mobility in Great Britain*, 2017

⁹³ From August 17-January 18 there were 206,100 apprenticeship starts compared to 269,600 from August 16-January 17 (England); DfE, Apprenticeship and levy statistics: April 2018 (reported to date)

⁹⁴ ONS, *EMP17: People in employment on zero hours contract*, 2018

⁹⁵ Impetus PEF, *Youth Jobs index 2017*, 2017

Jobcentre Plus Support for Schools programme:

On the programme, available in some schools in England for 12 to 18 year olds, Jobcentre advisers go into schools and support them in delivering advice and information to their pupils most at risk of becoming NEET. The main elements have been supplemented careers advice, routes into apprenticeships, work experience and sector-based work academy places. Its aim has been to facilitate more effective transitions from school into work, training or further study. An evaluation found that it has been effective in offering support to young people at risk of becoming NEET.⁹⁶

However, it is currently demand led, with limited resources and as a result is only offered to some schools in England. The existing evaluation does not contain details of the outcomes of students engaged with it, and there appears to be a need for better education about what people get from the benefits system, as there are low levels of understanding from young people about what they would be entitled to. For example, in the survey of 62 young people undertaken as part of this report, nearly half did not know what benefits they were supposed to get and nearly four in ten did not know where to go for information about benefits.

Youth Obligation Support Programme

For 18 to 21 year olds being out of work and on benefits will mean that they are part of the Youth Obligation Support Programme (as long as they are in either the Intensive Work Search Regime or the Light Touch Regime). This programme is still in its early days as it is being rolled out alongside Universal Credit full service. The intent is that 18 to 21 year olds will be required to participate in an Intensive Activity Programme from day one entitlement to benefit – with the aim of getting everyone earning or learning by six months into their award (see appendix C for more details).

The Youth Obligation is at an early stage in its roll out. The limited evidence that exists and that we heard suggests that it is a positive initiative that could make a real difference to ensuring young people move into earning or learning quickly. It has also been identified as potentially valuable by a number of bodies, including the Work and Pensions Select Committee who highlighted the three-week Intensive Activity Programme as a particularly positive element.⁹⁷ We heard from the Pontypool Jobcentre, which had been operating Youth Obligation for over six months, that there was a high level of success for young people who had completed the programme with only one young person still on benefit after six months. There are also examples of Jobcentres trialling new approaches to engage young people in the programme. Oldham Jobcentre is piloting a model of Young Ambassadors delivering skills-focused training workshops with the aim of achieving a more interactive session. Local initiatives are worth monitoring as we recommended in our last report, *In-work progression and Universal Credit*, so that effective practice can be shared.

One of the main concerns about the programme had been its lack of flexibility at the six-month point where anyone who remained out of work was expected to apply for an apprenticeship or traineeship, or take up a work placement. This mandated part of the programme has since been removed, which is welcome. During these first six

⁹⁶ DWP, *Evaluation of Jobcentre Plus Support for Schools programme*, 2018

⁹⁷ Work and Pensions Committee, *Employment opportunities for young people*, Ninth Report of Session 2016–17 Report, March 2017

months, young people living independently may be trying to secure housing whilst also be experiencing issues, such as transition from care. The experience of Pontypool Jobcentre also highlighted the need to be flexible in the programme. Although there was a high level of success, they also experienced a high level of young people who left the programme and stopped claiming benefits in the first three weeks. This may be reflective of the intense level of commitment expected, including 35 hours a week job search. It may mean that this programme risks working well for people closer to the employment market whilst driving others further away.

The DWP has said that they are hoping to carry out an evaluation of the Youth Obligation Support Programme later in the year. This should be done so that the impacts on 18 to 21 year olds living independently can be assessed, alongside the outcomes for young people generally, including monitoring the types of training and work experience they undertake. It should consider how volunteering could be embedded into the programme as a form of work experience. We heard about the positives of volunteering and how the stigma around it being unpaid could be broken down through it being part of work experience on benefits. Yet the All Party Parliamentary Group on Youth Employment heard evidence that “young people furthest from the labour market are not benefiting from engagement in social action, volunteering or the National Citizen Service offer. These are opportunities that could provide a much-needed stepping stone to the labour market.”

The Youth Obligation offers support to 18 to 21 year olds, which is a relatively narrow age group even within the category of young people. The DWP should monitor the support provided to people aged 22 to 24, with a view to mirroring the successful elements of Youth Obligation where additional support is needed for getting people earning or learning.

Support for education and training

Compared to all young people, those young people living independently on benefits are twice as likely to have fewer than five GCSEs.⁹⁸ It is therefore important that pathways into work via formal education routes are incentivised and that these young people get clear advice on their options. However, we found a number of barriers to this. We heard from one young man that he was required to undertake the 35 hour a week job search whilst trying to complete a 20 hour a week college course. Some young people felt that Jobcentre requirements made focusing on their education to secure work in future harder.

For independent claimants under age 21, there are provisions allowing them to catch up on non-advanced education (A level equivalent or below) without losing benefits. This is welcome. However, we heard that for many of the more vulnerable independent claimants, such as care leavers, it is only at age 21 that they reach a sufficient level of stability and maturity to complete full-time education. As such, it was recommended to us that these provisions be extended to age 25.

Apprenticeships are the other main route for young people to access training. Unlike college-based training or education, Jobcentres play a more active role in helping young people into apprenticeship because they are jobs with training. Apprentices on

⁹⁸ DWP, *Family Resources Survey, 2014/15, 2015/16, and 2016/17*, United Kingdom

low pay can still receive Universal Credit and housing support, but, this appeared to be poorly understood by young people. More generally we were often told there were weak incentives to undertaking an apprenticeship on low rates of pay.

Jobcentre partnerships with local youth services and employers

Working effectively with local youth services is vital to Jobcentre achieving positive outcomes for young people. These organisations are able to provide a more specialised service than the Jobcentre has resource to provide, and their independent status from the Jobcentre can help build trust with young people. The Jobcentre staff we met told us how these services are vital in meeting the complex and extra needs of young people. They highlighted how the whole system needs to work together to secure successful outcomes for the young people – from social workers to colleagues at local authorities:

“We can’t do it all ourselves.”

We heard from young people about the invaluable work that youth services provide in recognising their differing needs and working with them to achieve fulfilling working lives. Of the many testimonies we heard the following summarises the experience of one young man who has Asperger's:

“[The Prince’s Trust] is fantastic and they respect everyone, everyone’s human, support to everyone, without or without conditions, full of positive emotions.”

The help offered seems to not only develop skills for the young people, but also provide much needed emotional and mental support. A number of these organisations also play a role in topping up the benefits – in particular helping young people to access clothing, food, temporary accommodation, toiletries, sanitary products and meeting travel costs.

We heard that flexibility in a young person's pathway into work is essential to making the partnerships work with youth services and the Jobcentre. A number of organisations suggested that there should be more consideration of an individual's housing situation when looking at their work options. There are a number of pilots testing that consider housing alongside pathways into work:

Integrated housing and employment support

Crisis has piloted a Jobcentre model in Newcastle where work coaches explicitly ask about claimants' housing situation, and if needed, adjust the claimant commitment to include action steps required to secure stable accommodation. Requirements might include asking for a tenancy extension, going on a money management course to prioritise rent payments, or putting the job search on hold and spending a month searching for a new home. Once safe and stable housing is secured, the work coach moves onto job search activities. Early feedback suggests that this approach has been positive in terms both of increasing claimants' housing stability and likelihood of finding employment.

In the West Midlands, the largest provider of services for homeless young people in the area, St Basil's, and one of the largest employers in the area, Sandwell and West Birmingham Hospitals NHS Trust, have partnered in providing integrated support. The 'Live & Work scheme' provides housing near a NHS site (former nurses' accommodation) and supports residents into NHS apprenticeships.

We recommend that DWP continue to test this model and consider rolling it out more broadly if effective – especially as this will help local authorities act on the Homelessness Prevention act coming into force soon.

Referring young people more effectively to these services enables them to access the specialist support they need to get on a pathway onto work and out of benefits.

This needs an effective signposting process as work coaches need to be aware of the local services on offer and have the tools to refer the person depending on their needs. We heard a number of great examples of where this works well in Jobcentres, including this example of Birmingham City Jobcentre:

Birmingham City Jobcentres on-site youth services

Birmingham has strong relationships with a local providers and youth services. They have mapped out key partners and continually update their list of relevant local organisations.

Today, if a young person comes in with complex needs, for example mental health issues, the work coach clicks on a digital document called a Complex Needs Plan, which lists all the support available locally including phone numbers.

They frequently refer young people onto extra training – but where there is no provision locally, they procure it themselves. They did this, for example, with a new support programme for ex-offenders based on feedback from work coaches.

To increase access to external support, this Jobcentre also co-locates a number of youth services and general careers services on site. One worker for a local youth employment charity is permanently based at the Jobcentre. This means that work coaches can refer claimants who need extra support to talk to the advisor immediately – making it much easier for them to receive timely advice. It also means that the advisor can sometimes join work coach sessions, to help with

advice and support during weekly catch-ups – saving young people time. A careers advisor also comes to the building regularly and external training sessions are offered onsite, such as a budgeting class on the day we visited.

In other areas fewer partnerships are in place to ensure that young people living independently (and all people in need of support) get the right level of support and the most effective intervention at the point in time. It requires trust and cooperation by all parties, and this is sometimes in short supply. It is also sometimes the case that the provision of youth services is limited – particularly in more rural areas. Local authority spending on young people in England looks likely to have fallen 34 per cent since 2014-15 (gross spend) from £621.9m to £415.8m.⁹⁹ This has contributed towards 600 youth clubs closing between 2012 and 2016 – while the end of Connexions also created a gap in youth guidance (now beginning to be filled by the Careers & Enterprise Company). We heard that the Youth Obligation will provide the Jobcentre with funding to offer to local services, although we do not know what the level of funding will be. In some areas this will be critical to enabling successful partnerships.

It is also essential that the Jobcentres have partnerships with employers. We heard about excellent initiatives going on across the country – including job fairs in Prisons. This is vital in ensuring that there is sufficient work experience, apprenticeship or other employment opportunities. In particular, where young people have multiple and complex barriers Jobcentres can work with employers to encourage them to try more inclusive approaches to work and work experience. There are a number of employers who are already working hard to open their doors to young people on benefits. Movement to Work is a collective of employers who do just that:¹⁰⁰

Movement to Work is a collaboration of more than 250 employers who provide work experience placements to people who are NEET. Participating employers typically offer between 4-6 weeks' quality work experience and training. Where possible, these are linked to jobs. For young people on benefits the Jobcentre sources candidates and provides support and additional training, the young person will continue to get benefits during the placement. Over the three years, it has delivered 59,400 placements, of those completing placements, ~54 per cent have achieved positive outcomes having moved into paid employment/apprenticeships, training or further study.

Communication and interaction with work coaches

A number of previous studies and reports suggest that many young people are happy with Jobcentre and work coaches. For example, the two year evaluation of the Jobcentre offer in 2011-13 found that younger people, in general, report a higher level of satisfaction from their contact with the Jobcentres than older people. They

⁹⁹ Youth UK, *State of the Membership 2018*, 2018: actual 2014/15 expenditure: www.gov.uk/government/publications/section-251-budget-2014-to-2015-data

¹⁰⁰ Movement to Work, 2016/17 Impact Report, 2017

found that young people reported increased confidence and a reduction in anxiety about paid work from their contact with Jobcentres.¹⁰¹

However, for the young claimants living independently we spoke to, we found that interactions with DWP contact centres and Jobcentres were one of the more difficult, emotive and negative subjects. One reason for this was that many of the young people we spoke felt the benefit allowance did not provide them with enough money to survive on, which they associated with the work coaches. Another reason is that some young people were coming to the Jobcentre with pre-conceptions about them:

"You hear bad stories. My cousin was 16 when she started claiming and they only gave her £100 and something for a whole month and then I see people crying when they come out and they have children and the workers who are doing nothing..."

These preconceptions may be compounded by the young person having to face it alone:

"I must admit I was quite scared because everyone's had scary stories of the job centre, living on my own I had to go on my own."

For many of the young people we spoke to, this negative view remained once they had interacted with work coaches. Some young people reported that they felt that work coaches have too little time or lacked empathy, some felt dismissed, treated unfairly, stereotyped and treated without compassion. Others had come away from meetings not knowing what they had agreed to and did not know where to go with questions. Over half of respondents to the survey undertaken for this report agreed with the statement 'the Jobcentre has not helped me find training or work'. The Work and Pensions Select Committee found issues of stressful and humiliating experiences for young people. One young woman, who now has an apprenticeship but doesn't associate the Jobcentre with helping her get this, told us how she felt:

"I've come away before feeling like absolute scum. I'm just a young lass who's had a shitty time and trying to get my life on track."

The environment of the Jobcentre also seemed to trigger negative emotions. We heard that the environment feels intimidating to some young people, with reports of dealings with security staff making them feel unwelcome as soon as they arrive. This includes the set-up of the Jobcentre, which are in the most open plan environments:

"How are you meant to talk about anything when you've got others listening?"

This was recognised by work coaches as an issue. There are private rooms that can be used, but DWP should consider how the Jobcentre environment can better support effective dialogue between work coaches and vulnerable customers, which will include a disproportionate share of young people.

Many of the work coaches we met spoke about their roles in a way that showed real compassion and care about the outcome for the young person. We heard from Jobcentres in London who have specialists in working with young people with

¹⁰¹ DWP, *The Jobcentre Plus Offer: Final evaluation report*, 2013; Work and Pensions Committee, *Employment opportunities for young people*, Ninth Report of Session 2016–17 Report, March 2017

complex needs, such as those who are gang affiliated. Their role included going way beyond the usual process in applying discretion to the young person's circumstance. But, not every Jobcentre has developed particular expertise in working with young people and we heard from Jobcentre staff that they need more. This was also picked up by young people:

"Focus more on training the members of staff who work with young people, as there are a lot of young people who feel distraught and intimidated."

It seems to be imperative that the DWP considers how to provide specialist support for young people with complex and chaotic lives. Currently, work coaches are trying to build trust and it comes down to their judgement and ability to build a relationship with the young person. But DWP needs to provide work coaches with the training and support to be able to do this effectively, which should include an understanding about the kind of issues young people face. **We recommend that the DWP:**

Trial both youth specialist work coaches and also specialist advisors who support work coaches in their interactions with young people with complex needs – focusing first on those living independently. This should be evaluated, and rolled out more widely if successful in helping get more positive outcomes for young people at reasonable cost. It should also be noted that this will only be effective if work coaches partner with outside youth experts and refer young people who are in need of extra support to specialist organisations.

Under Universal Credit, the benefits system will be increasingly digitalised which may see a positive impact in the relationship of young people and the Jobcentre. But, communication issues outside of the Jobcentre were frequently raised. Even the young people we spoke to who were most positive about the system reported struggling to understand the content of the letters they received or the tasks required of them. The most common issue was the level of technical language used in letters and the length of the letters, which can be a more of a barrier for young people living independently as they may have no support networks to go to for help:

"I don't understand all those three-letter acronyms. They tell you what it is but they don't explain it very well. It's a lot to take in when you've just been kicked out and are dealing with all that."

It was suggested that shorter, simpler letters would make the whole system easier for young people to navigate. The table providing a breakdown of the benefits payable were raised as confusing a number of times – which is something that Universal Credit might be able to help with – but more generally people we spoke to had felt overwhelmed and anxious by the letters.

We also heard that young people struggled with phone calls to the DWP. The reasons for this included; anxiety or low confidence in making calls, lack of a phone, insufficient credit to do so, and feeling more intimidated by the interaction:

“What makes it more intimidating is you don’t know who you’re talking to. It’s just someone on a phone – you can’t see their face or emotions. They’re just hearing you and they don’t see our faces. I don’t think they’re supportive. It would be better in person.”

Another reason, which we heard about frequently, was that young people – and their support workers – had experienced being put on hold for anything between 30 minutes and two hours. When their call was answered, they may have been told to phone a different number. One young man told us that he had called the Jobcentre from two phones simultaneously to increase his chances of getting to speak to someone. These experiences, we were told, discouraged some young people from making a phone call to the Jobcentre again. These issues will be familiar for all age groups, but for young people living independently they had less experience of dealing with these systems and as a result they may be more likely to avoid making contact altogether – regardless of the consequences. For these reasons, DWP Operations should explore other models of communicating to a young audience (such as text and webchat) who may have multiple barriers, including low levels of literacy.

One of the risks of this negative relationship with young people and Jobcentre is that young people might avoid attending the Jobcentre. This either leads to issues with the claim, including being sanctioned, or the person might avoid it altogether and not receive any benefits. Accessing support through a Jobcentre was recently identified as a significant barrier to young people accessing benefit support. Other barriers include not having the right documents, not wanting to engage with the system and not being able to navigate it.¹⁰² Young people who have had bad experiences of other institutions, such as those excluded from school, may have very low trust for the benefits system and the quality of support they got from that will affect these future interactions. There is a significant risk that these young people are some of those that need the most support.

Despite this, it did appear that communication is improving. Youth services are dedicating a lot of time helping young people understand and access their benefits. Jobcentres are also testing new approaches to engaging clients. For example, we met a work coach leading on homelessness who had himself experienced being homeless. Some young people spoke about how they felt it would be easier to speak to younger or more diverse work coaches because they may be more relatable. Pre-appointment support for young claimants setting out what to expect of work coaches may also be a positive way of breaking down communication difficulties and help to tackle problems around sanctionable behaviour and negative preconceptions.

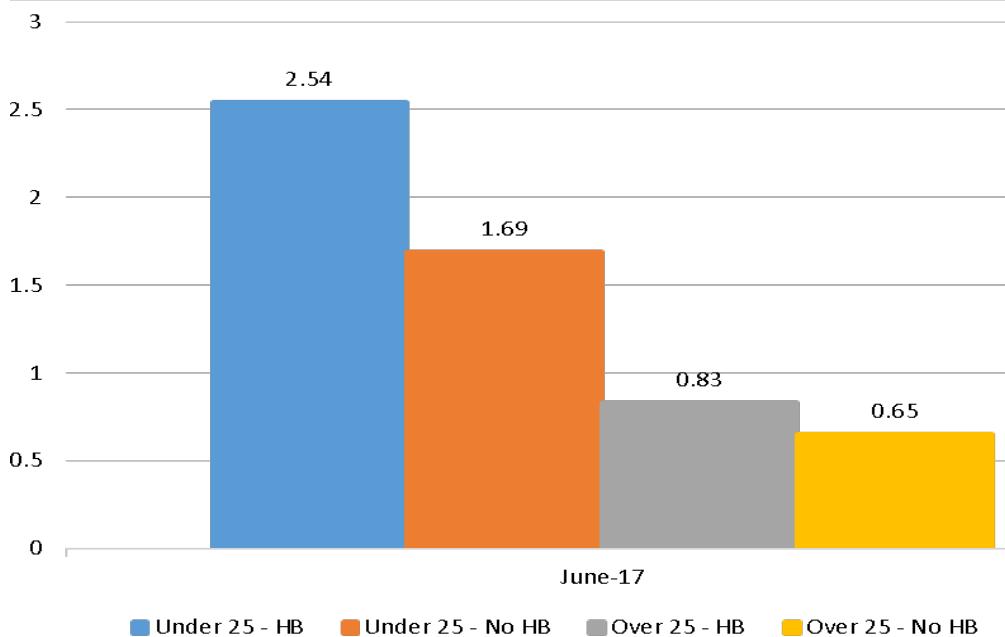
Sanctions

The existence of sanctions triggered some of the emotions we heard from young people with regard to work coaches, as they felt that these were the people who ‘supply their life’ and so could take that quality of life away. Young people living independently are a group who are more likely to get sanctioned. They are nearly four times as likely to receive a sanction compared to older claimants not claiming

¹⁰² London Youth, *Hidden in Plain Sight: Young Londoners unemployed yet unsupported*, 2018

Housing Benefit and over a third more likely to receive a sanction compared to other young claimants who were not claiming Housing Benefit.¹⁰³

Figure 8.1: Percentage of claimants on Jobseekers' Allowance who received a sanction by age and Housing Benefit (HB) June 2017



We explored the experience of sanctions with young people, work coaches and support workers. There were different perceptions about how they operated. From work coaches, we heard that sanctions are a last resort and that there are attempts to make contact with young people three times before a sanction is applied (under Universal Credit). But, the message of sanction by exception was at variance with what young people told us. We heard that they had been sanctioned because of missing appointments due to attending hospital, college or caring for a relative. We also heard that the three forms of contact required before deciding to sanction a young person could be three phone calls within an hour.

We heard from work coaches that young people tend to get sanctioned more because they might miss multiple appointments or not meet the actions in their Claimant Commitment. But in applying the same expectations for young people living independently from chaotic backgrounds, the most vulnerable groups are seemingly faring the worst. Young people receive a lower amount of benefit, yet face the same proportional benefit reductions as other age groups – sometimes losing their entire benefits. Under Jobseeker's Allowance a typical sanction for all ages lasts four weeks and means a claimant loses around £300.¹⁰⁴ The Work and Pensions Select Committee reported that around 20–30 per cent of food bank users were subject to a

¹⁰³ The data is derived from published DWP data, mainly the National Benefits Database and the official Benefit Sanctions Statistics. Information on Benefit Sanctions Statistics are available here: www.gov.uk/government/collections/jobseekers-allowance-sanctions

¹⁰⁴ House of Commons Committee of Public Accounts, *Benefit sanctions*, Forty-second Report of Session 2016–17 Report, February 2017

benefit sanction, and people receiving sanctions often have to rely on hardship payments where they can prove they are at ‘risk of severe financial hardship’.¹⁰⁵

Young people living independently are less likely to challenge sanctions than young people on benefits but living with parents or guardians – 15 per cent compared to 18 per cent. This may be a result of some young people reporting that they didn’t know why they had been sanctioned or they didn’t know until their money was taken. But, when they do challenge sanctions, 98 per cent of challenges from young people living independently are overturned, compared to 79 per cent for other young people.¹⁰⁶ This is surprisingly high. But we did hear from young people who reported feeling that sanctions were disproportionate and unfair and that they did not understand why the behaviour had led to the amount that was sanctioned and this felt arbitrary to them. Over a third of respondents to the survey undertaken for this report felt they had been unfairly sanctioned. This was particularly the case when they compared it to their views on how people are treated in the workplace:

“If it’s meant to be like work, it’s not. If you forget to bring something to work, you’ll still get paid and won’t get fired on the spot. But that’s how we feel. It’s even if you’re ill or 5 minutes late.”

The disconnection we observed between work coaches and young people does appear to be significant. Rather than sanctions leading to a positive behaviour change in the young person – for example, by improving their time keeping – it seems that at least in some cases to lead to young people avoiding the Jobcentre altogether and/or resenting the work coaches.

“You (the Jobcentre) didn’t help me at all, all you did was threaten me. Used sanctions to threaten us.”

However, we did hear from support workers that sanctions for young people have lessened in the last few years.¹⁰⁷ We also heard that, compared to a few years ago, young people are better notified about why they are being sanctioned and are given more advance warning. The support workers were also able to explain some of the variance in what we heard from young people and work coaches. For example, a young man who attributed being sanctioned with being five minutes late, had actually been sanctioned for the previous six missed appointments. Nevertheless, the message from youth services was that young people are still adversely hit by sanctions, partly because some of them are coming into a structured system with chaotic lifestyles. Support workers highlighted the need to speak to young people and understand their circumstances. The Department trialled an Early Warning System in 2016 which gives claimants an additional 14 days to provide evidence of good cause before a decision to apply a sanction is made. A decision on roll-out will

¹⁰⁵ House of Commons Work and Pensions Committee, *Benefit sanctions policy beyond the Oakley Review*, Fifth Report of Session 2014–15 Report, March 2015

¹⁰⁶ The data is derived from published DWP data, mainly the National Benefits Database and the official Benefit Sanctions Statistics. Information on Benefit Sanctions Statistics are available here: www.gov.uk/government/collections/jobseekers-allowance-sanctions

¹⁰⁷ Data showing comparable figures is not possible because of a number of changes, since 2013, including lower numbers joining the Work Programme and the rollout of Universal Credit

be made after the publication of the final evaluation report, which is due shortly. This could be of benefit to young people – and to young care leavers in particular.

There are, however, large cultural differences in how sanctions are applied in different parts of the UK. Although there are no published data on sanctions in Northern Ireland, we heard that they are extremely rare – and despite concerns about this changing under Universal Credit we heard that no sanctions were issued in an entire month in areas covered by full roll out. Historically there has been a culture of supporting people, where the use of sanctions had been viewed as a failure. We also heard a similar set of attitudes in other Jobcentre districts, for example in Wales the community-based approach appears to influence the use of sanctions. In Scotland, the Independent Advisor on Poverty and Inequality for the Scottish Government recent highlighted the disproportionately high rates of sanctions for young people as a problem on which the Scottish Government should raise concerns with DWP.¹⁰⁸ She highlighted that this undermines mutual trust and damages the relationship with Jobcentres. The DWP should look at the impact of the disproportionate effect of the use of sanctions for young people living independently.

We recommend that the DWP:

Change the application of sanctions for young people living independently via the following adjustments to the sanction process to decrease the very real risk of inappropriate sanctioning:

- **First, before referring to a decision maker, increase the number of attempts at contacting the young person (tralling six attempts) to understand why they did not comply, and ensure these attempts are made over at least two days and via multiple channels (e.g., phone call, text, email);**
- **Second, ensure that any known support workers for vulnerable young people are contacted before a decision is made – to understand any attenuating issues;**
- **Third, trial a 'yellow card' system whereby the first instance of non-compliance results in a clearly explained warning; and**
- **Fourth, test the current communication materials used in the sanctions process with independent young people themselves. They should adjust those materials based on the feedback.**

¹⁰⁸ Independent Advisor on Poverty and Inequality, *The Life Chances of Young People in Scotland: A Report to the First Minister*, 2017

9. Care leavers

Care leavers are a group known to have complex needs who are much less likely to have family support networks than other young people and are more likely to live independently at a young age. Of those aged 19 to 21, at least 60 per cent live independently, compared to 41 per cent of all 19-21 year olds.¹⁰⁹

The evidence shows that young care leavers face far greater difficulties than their peers when they move to independent living. A recent study by Centrepoint found that care leavers often became homeless. They found that 26 per cent had sofa surfed and 14 per cent had slept rough.¹¹⁰ The reasons were varied but included losing tenancies.

Care leavers are nearly three times as likely to be sanctioned as their peers in receipt of benefits, and more than five times more likely to be sanctioned than the general population of adult claimants. They were also less likely to challenge sanctions they were given, despite a high rate of their being overturned when they did so.¹¹¹

The transition out of care

The claims process for care leavers differs slightly from the process for other young people. Twenty-eight per cent of all children in care cease to be looked after on their 18th birthday.¹¹² To help them receive benefits at 18, at age 17 and 11 months, the care leavers' Universal Credit account is set up and a check is run on their identification and bank account. The account is then held for 28 days. The young person has two appointments at the Jobcentre. The first is to explain Universal Credit and talk about alternative payments and budgeting support. The second, mostly on the day of their 18th birthday, is to check that there has been no change of circumstances so that the claim can then be determined. The work coach's first focus is ensuring the young person gets paid and that they have an allocated case manager.

We heard about a few issues with this process. First, many care leavers do not have a bank account by the time they turn 18 (although social workers are technically responsible for this). For more than half of care leavers, establishing their identification to get a bank account and to make a benefit claim is challenging because they do not own a passport.¹¹³ These can cause payment delays and care leavers personal advisors may be reluctant to access advance payments as "they felt that care leavers should not have to start their independent life in arrears".¹¹⁴

¹⁰⁹ Department for Education, *A guide to looked after children statistics in England*, March 2018; ONS, Dataset, *Young Adults Living with their Parents Families*, Labour Force Survey, 2017

¹¹⁰ Centrepoint, *From Care to Where? Care leavers' access to accommodation*, 2017

¹¹¹ The Children's Society, *Claiming after care: care leavers and the benefit system*, 2017

¹¹² Department for Education, *Children looked after in England (including adoption), year ending 31 March 2017*, September 2017

¹¹³ Action for Children, *Paying the Price: Can we help the most vulnerable young people avoid unmanageable debt?*, 2014

¹¹⁴ The Children's Society, *Claiming after care: Care leavers and the benefits system*, August 2017

There is also a series of more emotional issues around this transition. The second benefit appointment often occurs on a young person's 18th birthday, which along with all other changes in their lives makes the experience of turning 18 a very different one for care leavers. It has also been reported that the transition to adult life for care leavers is 'rapid and crowded'.¹¹⁵ In the first year of being a care leaver; five per cent become a parent, 42 per cent got a new job, and 35 per cent move house. Many also report unclear or unrealistic expectations upon leaving care, including not knowing how to apply for benefits or pay rent.¹¹⁶ Although this may be similar for other young people, those in care are less likely to have the family networks to rely on and to learn from. One care leaver, living in a hostel aged 19, told us that care leavers should not be considered adults until they are 21 because the barriers they have had growing up means they are often unprepared to be taking on adult life when they turn 18.

There are also multiple barriers to the provisions and exceptions for care leavers being put in place. First, these only apply if work coaches know that someone is a care leaver, and they may not want to disclose this information. Second, even if a care leaver has disclosed this, it needs to be flagged on the system for the knowledge to be acted on, but we heard that that the Universal Credit computer system does not enable this. Third, it appeared to us that there could be a lost opportunity in connecting up the help provided by local authorities with the help provided by work coaches. Local authorities are required to agree with each care leaver a Pathway Plan, covering housing, training, education, employment and other aspects of the care leaver's future life. The plan should set out what the local authority is going to do to support the care leaver, and the care leaver's Personal Adviser is required to review the plan every six months. There is clearly a significant potential overlap between the Pathway Plan, and the Claimant Commitment which forms the basis of a care leaver's claim for Universal Credit. However, we saw no evidence of any active connection between them, or even that the Pathway Plan was taken into account by the work coach in agreeing Claimant Commitments with care leavers. **We recommend that as part of the Care Leavers Covenant the Westminster Government explores with local authorities, how better to link up the Pathway Plan, Jobcentre support and the Claimant Commitment.**

Staying Put arrangements

As part of "significant legislative developments"¹¹⁷ for people in care, Staying Put provides financial support to allow people in care to remain with foster parents up until they turn 21, or 25 in circumstances such as being in full time education – rather than facing independent living on or near their 18th birthday. This allows the young person to claim Housing Benefit, where there is a liability to pay rent on a commercial basis, and allows the carer to claim Council Tax single person reduction or full Benefit where this would have been applicable if the young person did not 'Stay Put'.¹¹⁸ The programme was set up in 2014 in light of difficulties faced

¹¹⁵ Centrepoint, *From Care to Where? Care leavers' access to accommodation*, 2017

¹¹⁶ Ibid

¹¹⁷ Department for Education, *Making a house a home: The house project evaluation*, 2017

¹¹⁸ HM Government, "STAYING PUT", *Arrangements for Care Leavers aged 18 and above to stay on with their former foster carers*, DfE, DWP and HMRC Guidance, May 2013

by care leavers who become independent at 18. It has since grown, reaching 30 per cent of 19 year old care leavers in England in 2016,¹¹⁹ up from 17 per cent in 2014.¹²⁰

Research suggests that a few extra years of support before becoming independent can give care leavers more time to mature, and mitigate future challenges upon becoming independent. Initial analyses of the programme found that many of those who opted to stay with foster families still ended up leaving within a year or so after turning 18, although there are signs that young people in care are choosing to leave later.¹²¹ On the other hand, some young people still reported that they felt abandoned and rushed in their experiences of leaving care.¹²²

We recommend that local authorities publish their Staying Put strategy and approach so that councils can learn from each other's successes. We also recommend that this approach is extended to young people across the UK, as the legislation that introduced Staying Put applies to England only.

Housing difficulties

Despite a number of positive initiatives to support care leavers moving into independence, we heard about care leavers struggling to manage their budgets. Of all young people living independently, care leavers were the group that elicited the most concern with regards to budgeting and money management. Those that live independently at a younger age are particularly likely to be unprepared for budgeting. This means they are at higher risk of ending up in debt or rent arrears, thereby facing eviction and homelessness.¹²³

We heard about conflicts between local authority teams, particularly the Leaving Care team who have a statutory duty to help care leavers with housing, and the Council Tax team who can be aggressive in handling deficits. For example, a care leaver may be using a council grant to buy furniture, only for council bailiffs to remove that furniture due to council tax arrears. This can cause ongoing cycles of eviction by one part of the council, followed by efforts to find new social housing from another part. These issues are exacerbated at 22 when care leavers' rent allowance is reduced to the Shared Accommodation Rate. In addition to increased risk of eviction, we heard that sharing with strangers can be damaging for vulnerable young care leavers. After 22 their options will be only the lowest cost accommodation with very limited choice. We heard an extreme example of a 22 year old living with a 45 year-old with drink and drug issues. This can lead to the obvious risk of the young person either imitating the older person's behaviour or being prey to dangerous or bullying

¹¹⁹ Hansard, answers to parliamentary questions, 10 October 2016, hansard.parliament.uk/Commons/2016-10-10/debates/E162D157-07AF-49DF-BD81-0F4C6744FBAE/StayingPut

¹²⁰ Department for Education, *Making a house a home: The house project evaluation*, 2017

¹²¹ Ibid

¹²² Dixon, J and Baker, C., *New Belongings: An evaluation*, Department for Education, 2016

¹²³ Centrepoint, *From Care to Where? Care leavers' access to accommodation*, 2017

behaviour. Apart from the manifest inappropriateness of such an arrangement there is an increased risk that homelessness will be the eventual outcome.

The Government's Keep On Caring strategy and recent legislation put a corporate parental duty on the local authority and provides personal advisor support to care leavers until 25. We are hopeful that some of the above issues will be lessened as a result of this and heard examples of where this seems to be making an impact. Some local authorities are already bringing together teams of workers who focus on care leavers to agree on and publish a joint strategy. Partnerships between personal advisors and work coaches were deemed particularly critical, as well as joint goals across all parts of housing services.

But, it is crucial that housing stability for care leavers is improved through local authority strategies and through central Government action. One recommendation suggested to us was to guarantee care leavers' rent for ten years after they leave care, as a failsafe prevention against homelessness. The most consistently held recommendation, though, was to exempt care leavers from the Shared Accommodation Rate until age 25 – rather than age 22 as is presently the case. This would align with the extension of personal advisors for care leavers until age 25 in recognition of the groups continued vulnerability. It is also being reviewed as part of the Government's strategy.¹²⁴ This targeted exemption would incur a relatively low overall cost, as care leaver numbers are small, but would have a large impact in terms of reducing rates of eviction and homelessness – as well as reducing internal conflict between councils. **We specifically recommend that the DWP:**

Exempt care leavers from the Shared Accommodation Rate and the under-occupancy penalty until they reach age 25. This would allow them to live in one bedroom homes in the private rented sector while in the social sector it would allow them to live in a two-bedroom homes if that is all that is available (the exemption from the under-occupancy penalty is currently to age 22).

¹²⁴ HM Government, *Keep On Caring: Supporting Young People from Care to Independence*, July 2016

10. Conclusion

Our research uncovered a range of improvements in DWP's support for independent young people. We heard about many positive new initiatives (like the Staying Put arrangements) and we also witnessed a range of good practice (like co-location of youth services within Jobcentres). We also identified several positive trends across DWP at large, including reducing the use of sanctions and increased flexibility for work coaches to progress a young person in a way which works for them. The recent decision to once again make all young low-income individuals who live independently eligible for financial support for their housing costs is a welcome step.

Nonetheless, multiple factors make living conditions hard for independent young claimants. These include the limited supply of available, affordable housing; increased incidence of mental health issues; benefit delays and budgeting problems; and increased frequency of insecure work. Much of this cannot be tackled by DWP alone. But in this environment, DWP needs to augment its support offer to help enable vulnerable young claimants to move into, and remain in, paid work. To do this effectively, DWP urgently needs to build on existing good practice to improve interactions with young people living independently.

This report lays out a set of recommendations which we believe will enable DWP to improve the experience of, and create more positive outcomes for, independent young people on benefits – without undermining the objective of successive governments to avoid encouraging independent living where young people do have a genuine choice. These include: reviewing benefit and Local Housing Allowance rates against what is affordable and available, improving access to emergency funds, offering more flexible benefit payment options, implementing measures that will lead to reduced use of sanctions, and trialling youth specialist work coaches or advisors. Together, these actions will ensure that young people can afford essentials, find safe housing, and build a positive relationship with the Jobcentre, ultimately enabling better access to work.

Of all the recommendations in this report, the most critical action is for DWP to assess whether current benefit rates for under 25s who have no choice but to live independently are sufficient to cover the cost of food, rent, and other essentials. By far the most common refrain we heard in every focus group or interview was that benefit rates for this group are currently too low to afford a basic standard of living. We spoke to many individuals who were struggling with day-to-day survival and thus unable to focus on the medium-term challenge of finding training or work. As rents and other living costs continue to rise year-on-year, while most benefits are frozen, we urge DWP to immediately assess the impact of youth rates and to publish their findings in time for this year's Autumn Budget.

11. Appendices

Appendix A: Claims process for legacy benefits

Housing Benefit

1. Write to the local authority (often via an online claim form)
2. Potentially provide evidence in person and sign a statement confirming facts are true¹²⁵
3. Make any alterations by phone – creating a 30 day delay
4. Receive benefit payments about 6 weeks after applying

Jobseeker's Allowance:

1. Claim online
2. Receive a text or phone call within 2 days to arrange an appointment at a local Jobcentre¹²⁶
3. Receive benefit payments about 6 weeks after applying

Employment and Support Allowance:

1. Fill out the ESA1 form either via providing information by phone, giving it to a Jobcentre or posting it to the DWP
2. Receive an initial benefits payment within 3 weeks (in most cases) as the final decision on ESA can take up to a year

¹²⁵assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/251256/hb-claims-processing-guidance.pdf

¹²⁶ <https://www.gov.uk/jobseekers-allowance/how-to-claim>

Appendix B: Housing Support

Payment of the housing costs under Universal Credit

There is a presumption that people getting Universal Credit should receive money for housing costs directly and then pay landlords themselves. Under Universal Credit, claimants can ask for rent to be paid directly to their landlord, but many young people unaware of this option. In Northern Ireland, the housing element of Universal Credit is paid directly to landlords, and twice monthly, as the default option for rented properties. In Scotland, Scottish choices mean people claiming Universal Credit and living in Scotland can choose to be paid either monthly or twice monthly and have the housing costs in their award of Universal Credit paid direct to their landlord.

Housing benefit policies and objectives for young people

The Shared Accommodation Rate (SAR)

The SAR limits Housing Benefit for single people under 35 renting from private landlords to the cost of a room in a shared house – with the following exemptions:

- Couples
- Parents living with their children
- Care leavers under the age of 22
- Disabled young people receiving certain benefits
- Young people over 25 who lived in homeless hostels for at least three months and accepted rehabilitation or support services
- Young people over 25 who are former prisoners managed under the Multi Agency Public Protection Arrangements (MAPPA)

The Single Room Rent Rate was introduced in 1996, replaced by the SAR in 2008 for most single childless people up to age 25, and extended to age 35 in 2012. In September 2015, Housing Benefit rates – including the Shared Accommodation Rate – were set at the 30th percentile of market rents in each Broad Market Rental Area, based on the previous twelve months. Rates were then set to rise annually at the rate of inflation (CPI). However, since April 2016, all working age benefits have been frozen and this freeze will last until April 2019.¹²⁷

Homelessness Act 2002

Councils have a duty to house some young people in social housing, including: those aged 16 to 17; care leavers aged 18 to 20; and people considered vulnerable because they have been in care, the armed forces or prison, or situations where they experienced violence or the threat of it.

¹²⁷House of Commons Library, *Local Housing Allowance caps and the social rented sector*, November 2017

Housing Support from Local Authorities

Discretionary Housing Payments¹²⁸

Discretionary Housing Payments (DHPs) are local authority payments available for people of all ages receiving Housing Benefit or the housing element of Universal Credit. Each local authority sets its own application and awards process. They were set up in 2012/3 to mitigate the impact of Housing Benefit cuts, while continuing to reap the benefit of broader Housing Benefit savings. They can be used to cover the shortfall between rent and Housing Benefit. Young people can apply for a payment if:

- Housing Benefit is lower than rent in a private rented property
- Extra funds are needed for a rent deposit or removal costs to move home

DHPs cannot be used to cover sanctions, increased rent due to arrears, or to make up the difference if an overpayment is being recovered from Housing Benefit.¹²⁹

DHP funding began in 2012/3 at £60m. It increased to £180m in 2013/4 and is now at £166.5m for whole of the UK. Government provides a central fund, which local authorities can top up themselves. Additionally, both Scottish and Welsh governments took steps to increase DHP funding in 2013/4. Since April 2017, DHPs for Scotland have been devolved.

Council Tax Reductions

In England and Wales each local authority has their own approach to both application processes and award amounts. In Northern Ireland, rate reductions are managed centrally as part of the Housing Benefit award. In Scotland, the council tax reduction scheme is under national rules, not varying across local authorities.

Local Welfare Assistance

Some local authorities offer emergency funds to help residents pay for unexpected bills or buy household goods, such as fridges or ovens. The size and availability of such funds varies by area, but tends to be limited. In Scotland there is one national scheme, the Scottish Welfare Fund.

¹²⁸ Department for Work and Pensions, *Discretionary Housing Payments Guidance Manual*, March 2018; House of Commons Library, *Discretionary Housing Payments*, June 2017

¹²⁹ www.turn2us.org.uk/Benefit-guides/Discretionary-Housing-Payment/What-is-a-Discretionary-Housing-Payment

Appendix C: Youth Obligation Support Programme – at a glance (DWP guide)

First published: 10 May 2018

The Youth Obligation Support Programme (YOSP) supports the government's objective that all 18-21 year olds should be either earning or learning. Whilst on YOSP claimants receive intensive support to help find employment or an apprenticeship place quickly.

Claimants enter YOSP from day one of a new claim if they are aged 18 to 21 and in either the intensive work search regime or the light touch regime. If the claimant is in the light touch regime an easement is applied whilst they remain in the regime. Other easements that may also apply to claimants in certain circumstances.

There are 5 stages to the YOSP journey once the claimant is in the intensive work search regime. If the claimant fails to participate in any of these stages a sanction may apply.

Weeks 1 to 3	Claimants are in the Intensive Activity Programme. This is a package of around 71 hours intensive support designed to accelerate the claimant's return to work.
Weeks 4 to 17	Claimants attend tailored weekly work search reviews for intensive support.
Week 18 onward	Claimant attends weekly or fortnightly work search reviews for continued intensive support.
Month 5	An in-depth stocktake assessment to discuss why the claimant has not found employment or training and next steps.
Month 6	<p>Claimants who are on YOSP but still not in employment or on an apprenticeship must attend a referral interview. They will be encouraged to take up one of the following 3 options:</p> <ul style="list-style-type: none"> • traineeship • sector-based work academy • a guaranteed 3 month work experience opportunity <p>If a claimant starts YOSP, moves out of the intensive work search regime for any period but moves back into intensive work search regime, they must restart their YOSP journey at the point they left, providing they are still under 22 years old.</p>

Appendix D: Stakeholders consulted

The Committee is grateful for the valuable input provided by the following organisations and the people that gave their time to advise and support us during this project:

- 6vt
- 1625 Independent People
- Advice NI
- Ashton Centre
- Barnardos
- Bron Afon
- Centrepoint
- Community Housing Cymru
- Crisis
- Disability Rights UK
- Gingerbread
- Housing Rights
- Include Youth
- Law Centre NI
- Learning and Work Institute
- Llamau
- Local Government Association
- Low Pay Commission
- Resolution Foundation
- Rock Trust
- St Basil's
- Start360
- Stopover
- The Children's Society
- The Prince's Trust
- The Wallich
- YMCA
- Young Minds
- Youth Employment UK

Finally, our thanks go to the civil servants throughout the UK who contributed to our research, including work coaches, Customer Service Leads and others at Jobcentres across in Belfast, Birmingham, Edinburgh, North London and Pontypool.

Appendix E: Membership of the Social Security Advisory Committee

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