

Living or surviving? Benefits, barriers, and opportunities for young people transitioning out of homelessness

Ruth Webber, Katherine Hill and Donald Hirsch

Centre for Research in Social Policy
Loughborough University



**Loughborough
University**

Centre for Research
in Social Policy

February 2023



Contents

Executive Summary	1
1 Introduction	6
2 Methodology	9
3 Supported accommodation and beyond – benefits and barriers	11
4 Income stability and adequacy	20
5 Employment: Opportunities and the challenges of moving into work	26
6 Housing transitions: Moving towards and into independent living	33
7 Managing to make ends meet – ‘living’ versus ‘surviving’	40
8 Conclusions and recommendations	52
References	58
About the authors	60

Acknowledgements

The research was funded by the West Midlands Combined Authority Homelessness Taskforce and facilitated by St Basils.

We would like to thank all those who helped in the development, recruitment, and finalising of the project. This includes: the support staff who helped us to recruit and support participants for the study, as well as those whom we interviewed; the St Basils Youth Advisory Board for supporting us in the development and reviewing of the research; and Lisa Jones, Nicola Lomax, and colleagues at the Centre for Research in Social Policy for their help with proof-reading and formatting the report.

Most importantly, this research would not have been possible without the 21 young people who so generously gave us their time and shared their views and experiences with us.

Executive Summary

Introduction

This summary presents findings from research exploring the impact of low income and the social security system, particularly the low Universal Credit rate for under 25s, on young peoples' living standards and opportunities to transition out of homelessness. The research was funded by the West Midlands Combined Authority Homelessness Taskforce, facilitated by St Basils, and carried out by the Centre for Research in Social Policy, an independent research centre based at Loughborough University.

Supported accommodation can offer the stability and support young people who have experienced or been at risk of homelessness need to make the next steps into independence. Access to benefits can potentially help plug the gap left by family support and an adequate social security system is critical to young peoples' ability to make this transition successfully. Entering work can be part of this journey, helping young people to move out of supported accommodation in a sustainable way. However, the complexity and mechanisms of the social security system can bring challenges for people in supported housing taking up work to facilitate this move. It is important to understand more about what this means for young peoples' living standards, and their ability to access affordable housing and secure work that will support independent living. The findings add to evidence on the impact of current policies and broader structures affecting this group.

The research aims to answer the following questions:

1. How does the social security level (and system) impact on young people's ability to make ends meet and plan for their future housing situations?
 - What are the opportunities and barriers they face – to employment, housing, education, decent living standards, health?
 - What helps / hinders young people moving towards good quality, stable work and towards living independently in appropriate and affordable housing? What support is available for young people, and what could help?
2. How do young peoples' employment circumstances interact with housing situations, and shape their ability to make ends meet and plan for the future?

The study comprised 21 in-depth interviews with young people aged 17 – 25 across the West Midlands who were living in or had moved on from supported housing after experiencing or been at risk of homelessness. The interviews were conducted in August and September 2022, either face to face or online.

Key findings

Young people living independently face the same costs regardless of age, yet the social security system provides a lower under 25 Universal Credit rate

- Young people under 25 receive £70 a month less Universal Credit than those who are 25 and over. The research reiterated that young people living outside the family home have to cover the same essential living costs, such as bills, food and transport regardless of age. Participants did not understand why the under 25 rate was lower - they felt it was unjustified and penalised them simply because of their age.
- The Universal Credit under 25 rate was inadequate at £265 a month - and could be even less after deductions, such as for repaying an advance to cover the initial 5 week wait. This level of income left young people with little choice in spending, having to prioritise and make sacrifices – ‘surviving’ rather than ‘living’. Even where highly organised and disciplined with their budgets, their money could only stretch so far. The constant worry and stress of trying to manage on such a low income could be emotionally draining, alongside a feeling of missing out and being unable to do things that other young people their age could. Managing on Universal Credit alone meant focussing on getting by on a day to day basis, and limited the possibility of trying to save for the future.
- Some participants had received the £20 a week Covid uplift to Universal Credit. This extra income made a real difference to young people trying to make ends meet. It meant being able to cover essential costs with less stress and pressure, and managing to do things that were beneficial for their well being that they wouldn’t have been able to otherwise, like going out with friends or to the gym. Losing the uplift left a massive gap in their budgets, was a shock for those who had started claiming Universal Credit during this period, and could be a tipping point for those struggling to keep their heads above water.
- Increases in costs of living put even more pressure on stretched incomes. Rising food prices were particularly noticeable. Young people who were covering their own energy bills had sometimes already seen increases in energy prices, but were mindful that their costs would surge as they moved into winter. This was a worrying prospect for those already struggling to meet these essential costs. There was some uncertainty about how much energy costs would rise especially where young people had recently moved into their property and not had to deal with winter bills before. Some were trying not to think about it as felt there was nothing they could do. Young people with constrained budgets were often doing what they could to stretch their incomes already – cutting back on food and turning off lights and heating to keep costs down.
- Claiming Personal Independence Payments (PIP) could make an important difference to young peoples’ budgets. It provided a regular and significant income on top of Universal Credit. PIP made it much easier for people to both cover essential costs with less pressure and still have enough to allow more choices in spending. People noted that they couldn’t see how they would manage otherwise. This highlights the inadequacy of Universal Credit if receiving additional health-related benefits is seen as being essential to having enough to get by. Claiming was not straightforward however, and young people had often needed support with the process.

- Additional support through housing providers and others also helped to plug the gap when young people's finances were very tight. This included support in the form of food vouchers, grants for clothing, furniture costs, and in some cases the provision of a phone or laptop, which they could not have afforded otherwise and made an important difference to their lives.

Earnings from work can enhance living standards and help support young people towards independent living – but the stability and adequacy of earnings is crucial

- Income from work could make a big difference to being able to make ends meet – if earnings were stable and secure. Being in steady work with reasonable earnings provided the opportunity for some young people to come off Universal Credit and still cover their costs - including rent if they were living in semi-supported or social housing with affordable rent. Secure and stable earnings provided a safety net, and relief from worrying about bills, and for some the opportunity to save.
- It was not necessarily straightforward to move into work. Challenges included finding suitable work, needing to be flexible around health and childcare, and potential difficulties covering the cost of transport to get to work. Having support had helped with moving towards and into work including with employability skills, access to training, and encouragement, as well as local connections for example to access apprenticeships paying more than the minimum level.
- Fluctuating working hours and earnings could lead to varying Universal Credit payments and create uncertainty and instability for people's finances, making it hard for young people on Universal Credit to budget as their benefit income varied from month to month. This could cause particular difficulties if their support with housing costs was also affected and they became liable for rent, with potential for falling into arrears.

The complex interaction of earnings with the social security system caused uncertainty about the financial viability of working

- Young people living in supported housing are in an unusual position within the social security system with Universal Credit covering living costs but Housing Benefit (rather than Universal Credit housing element) covering housing costs. When someone's earnings from work reach the amount to trigger closing their Universal Credit claim they move from earnings being tapered under the 55% Universal Credit taper to the less generous 65% Housing Benefit taper. This creates a point at which someone's overall income is detrimentally affected by working an extra hour.
- The way the social security system works for young people who are earning while in *fully* supported accommodation can be problematic as they have to contribute more of their income towards the high cost of rent associated with this type of housing. As incomes increase, so do their costs, meaning they are not able to keep as much of their income as those living in accommodation with lower rent levels. Young people in fully supported housing worried about the financial viability of working (especially full-time) and being unable to cover their rent from earnings which could deter them from moving into employment while in their current accommodation, or feeling that they had to move to housing with lower rent (and a correspondingly lower level of support) in order to afford their rent.
- The complexity of the system caused uncertainty for young people around how much they could work or earn before it affected their Universal Credit or Housing Benefit, the

amount of rent they could be liable for once this point was reached, and whether it was 'worth' working. The interaction of fluctuating earnings with benefits could also throw finances off course. They were hesitant about working or increasing hours if they would not be much better off, or risk facing high housing costs. There was a feeling that the 'system' was stacked against them and hindered rather than supported their desire to work and improve their financial situation.

Supporting young people with moving on and sustaining independent living

- Supported accommodation can act as a vital springboard into independence for young people who have experienced or been at risk of homelessness – they saw it as a 'stepping stone'.
- Social housing offers a more secure and affordable housing option than private rented accommodation (with typically higher rent and up-front costs). However, there are costs associated with furnishing unfurnished social housing, plus the long wait times and the housing allocation/bidding process can be daunting. Support from housing providers could make an important difference in easing the transition - with applying for housing, as well as funding or grants for furniture, carpets and white goods. Young people in supported housing were unlikely to have financial back up or savings, especially if they had been trying to manage on Universal Credit.
- Support and advice with setting up household bills, how to manage prepay meters and household budgeting was valuable where young people were facing this for the first time. Access to ongoing or 'floating support' was seen as helpful and reassuring while young people were settling into independent living.

Conclusions

Supported housing meets an important need for young people in vulnerable situations. It aims to move them towards independent living and work while providing essential support. The social security system as it currently operates can inhibit rather than help in some circumstances. Having to manage on a very low income, impacts not only on young peoples' current living standards and trying to get by day to day, but also on the ability to move forward in their lives. The key factors that would help young people are: having suitable and affordable housing; benefit rates that they could live on; and, when ready, to be able to move into stable and financially viable work. However, they faced interacting challenges in meeting these needs: being dependent on the social security system with lower benefit rates for those under 25; a complex interaction between benefits, earnings and living in supported housing; accessing secure and stable earnings that made working worthwhile and didn't jeopardise their benefits and income stability; and the availability of affordable housing.

What could help and recommendations

- Adequate Universal Credit rates for young people under 25
 - **Pay the Universal Credit standard 25 or over rate to all young people living independently.** This would recognise that the costs associated with living outside the family home are not differentiated by age, and £70 a month increase would ease the strain for young people managing their own homes.
- Work needs to be viable with less complex interaction with the social security system. This would avoid the situation of young people feeling they need to move out of fully supported accommodation in order to move into work, meaning that they can stay in housing most appropriate to their needs. Moreover, a social security system that supports rather than deters young people wanting to move into employment could have broader economic benefits in the context of current UK labour shortages.
 - **Reinstate the Work Allowance** (which was abolished for single adults in 2016). This would increase the amount that people can earn before their Universal Credit is reduced, and could help mitigate against the rate at which Housing Benefit is reduced for those working while living in supported housing.
 - **Simplify the rent / benefit system in supported housing for working tenants.** Cap the rent at Local Housing Allowance or social rent levels for a period of time when people move into work, with the difference between this and the regulated rent being paid directly to the landlord from Housing Benefit. This would reduce complexity and risk for tenants, increase incentives to work, enable move-on options, and could help reduce debt for tenants and landlords, with less cost to the public purse.
- Improving access to affordable and suitable housing would allow more young people who are ready to do so to move into independence more quickly.
 - **Increase the supply and improve access to suitable social housing and commissioned semi supported accommodation.** Such housing with affordable rents and secure tenures would provide young people at risk of homelessness with better opportunities to make work financially viable and come off benefits.
 - **Provide help with up-front costs in private rented accommodation. Realign Local Housing Allowance rates with actual private sector rents** and commit to uprating them annually in future.
- **Subsidising transport** could significantly ease the financial pressure on young people and increase their opportunities

1 Introduction

This report presents findings from research exploring the impact of low income, and the social security system, particularly low benefit rates for under 25s, on young people's living standards and opportunities to transition out of homelessness. The research was funded by the West Midlands Combined Authority Homelessness Taskforce and facilitated by youth homelessness prevention charity St Basils. It was carried out by the Centre for Research in Social Policy at Loughborough University, an independent research centre specialising in living standards and low income.

Young people who have experienced homelessness or been at risk of experiencing homelessness face several key issues, including the lower benefit rates for under 25s, the five-week-wait for Universal Credit, and complex benefit rules when living in supported accommodation. Increased food and energy costs over the last year have pushed inflation to over 10% adding further pressure for those who are under 25 and not living at home trying to manage on the lower benefit rate payments. Supported accommodation can offer the crucial stability and support vulnerable young people, who are often without additional family support, need to make the next steps into independence. Good quality commissioned¹ supported accommodation can provide young people with advice, training and upskilling opportunities. Entering work can be part of this journey into full independence, helping young people to move out of supported accommodation in a sustainable way. However, the complexity and mechanisms of the social security system can inhibit people in supported housing taking up work to facilitate this move.

The research involved in-depth interviews with 21 young people aged 17 – 25 and aimed to understand more about the interaction between income, housing, and employment for young people seeking to move on from supported accommodation. While the fieldwork was conducted in the West Midlands, the findings from the study add to evidence on the impact of current policies and structures at a national level affecting this group. The report looks in particular at the extent to which the existing social security system and level of benefits supports young people in transitioning into work and independent living.

Background

Although the social security system provides a vital source of support for young people experiencing or at risk of homelessness, our research points to two key benefits-related challenges they face in making the transition into work and independent living.

Firstly, benefit rates are substantially lower for those under the age of 25 – Universal Credit is £265.35 a month for this age group compared to £334.91 for those aged 25 and over. The under-25 rate is equivalent to just over £61 a week, which is less than a quarter of the £293.28 a week that a single person requires as a minimum, excluding rent, according to the

¹ This refers to housing that has been commissioned by public sector bodies alongside funding for the provision of support (Crisis, 2021).

Minimum Income Standard (MIS)² - indeed the £61 allocated to a single person on Universal Credit, does not even meet the MIS food budget of £65.73 a week (Davis et al., 2022). In Joseph Rowntree Foundation's report on deepening poverty, they note that 'where people found themselves needing to rely on basic benefits, households without children were not clearing the destitution threshold if they were under 25' (Schmuecker et al., 2022, p24). This presents challenges for all under 25-year-olds, most particularly for those living independently and trying to make ends meet on such a low income. As well as needing to pay housing costs and household bills (at the same level as those over 25), they simultaneously face difficulties around entry into work, job quality, security and pay levels, which can create significant barriers to their housing trajectories. For young people who are not able to fall back on parental housing they either face the difficulty of accessing social rented housing, or the typically more expensive and less secure private rental accommodation.

Secondly, complex benefit rules for young people in supported accommodation can risk disincentivising them to access work or increase their hours. Specifically, those living in supported accommodation are eligible for Universal Credit to support their living costs³, but rather than receiving a housing element of Universal Credit as their peers living in social or private housing do⁴, they receive Housing Benefit separately to cover their rent in full, as long as they are still getting a Universal Credit award. If their income from work increases or is high enough to make them ineligible for Universal Credit, the amount they receive from Housing Benefit starts to reduce and they have to contribute towards rent costs – under taper rules the amount of Housing Benefit taken away rises as they earn more. When earnings from work are above the threshold for eligibility to Housing Benefit, they will be liable to cover the full rent. Young people living in fully supported accommodation face having to cover higher rents from their own income, given rent levels reflect the additional costs of running this housing type, compared to those living in semi-supported, social housing or private rented accommodation.

There are important reasons behind support with rent being provided through Housing Benefit rather than Universal Credit for those living in this type of housing. These include housing costs being paid directly to the landlord, the need to cater to very short stays (if people move on quickly) which the five-week wait faced by claimants of Universal Credit does not account for, and ensuring that supported accommodation lies within Local Authority control as opposed to the centrally controlled benefit Universal Credit. Furthermore, keeping commissioned supported accommodation within Local Authority control acts as a protective mechanism as the personalised care offered to tenants can be regulated and ensured. Chapter 3 provides more detail about the differences between commissioned and non-commissioned supported housing, particularly looking at the difference this makes for the quality of housing and care provided.

² The Minimum Income Standard is a tool that sets out the minimum socially acceptable living standard everyone in the UK should be able to reach, agreed through consensus building focus groups with members of the public (Davis et al., 2022)

³ These non-housing costs include food bills and any service charges they have to pay for their personal energy use, as this is not covered by Housing Benefit.

⁴ Although the Universal Credit housing element is capped at Local Housing Allowance rates and generally only covers shared accommodation for young people privately renting.

Young people living independently are one of the most economically vulnerable groups in society being nearly three times as likely to be unemployed compared to the whole working age population (ONS, 2022), which can mean having to live on exceptionally low incomes. Access to benefits can potentially help plug the gap left by family support and an adequate social security system is critical to young peoples' ability to make this transition as sustainably as possible. It is therefore crucial that we understand more about what this means for their living standards, and their ability to access affordable housing and secure work that will support independent living.

Studies such as the Centrepoint report '*Benefits to Society*' (2021) have highlighted many of the difficulties faced by young people experiencing homelessness in their interactions with the benefits system. They have also shown that young people living independently on low incomes are disproportionately affected by food insecurity (Centrepoint, 2022), with the cost of bills and rent being cited as the key driver behind missed meals. Other research has pointed to the constraints that policies such as the Shared Accommodation Rate (Heath, 2008) and low rates for Local Housing Allowance (Ortega-Alcázar and Wilkinson, 2021; Mullins et al., 2017; Barnardo's and St Basils, 2019) have placed on young peoples' housing options and plans.

Research aims and objectives

Using qualitative interviews and focusing on living standards, this report explores the ways in which structural contexts for young people, including low income and in particular very low Universal Credit rates, impact their everyday lives, employment opportunities, and ability to plan and move towards independent housing.

Specifically, the research aims to answer the following questions:

3. How does the social security system and level of benefits impact on young people's ability to make ends meet and plan for their future housing situations?
 - What are the opportunities and barriers they face – to employment, housing, education, decent living standards, health?
 - What helps or hinders young people moving towards good quality, stable work and towards living independently in appropriate and affordable housing? What support is available for young people, and what could help?
4. How do young peoples' employment circumstances interact with housing situations, and shape their ability to make ends meet and plan for the future?

Report Structure

Chapter 2 outlines the methodological approach, including the qualitative interviews and policy analysis. Chapter 3 examines the policy context in more detail, presenting three scenarios which highlight the financial challenges young people seeking to move from supported accommodation into independent living face in different housing and work scenarios. Chapters 4 – 7 provide findings from the study, and Chapter 8 offers concluding remarks and key policy recommendations.

2 Methodology

The research seeks to position young peoples' experiences of supported housing within the broader context of housing policy, employment opportunities and the social security system. The methodology entailed analysis of the policy and financial implications, and a qualitative study comprising in-depth interviews with young people living in and transitioning out of supported accommodation.

Policy analysis drew together data on social security benefits and potential earnings in different housing and employment circumstances to demonstrate the financial implications for young people in these different scenarios. It shows how young people's overall finances are affected by their accommodation and their earnings, if any, from work, and draws attention to difficulties and limitations with the social security system in enabling people to move towards independent living and stable work.

The interviews aimed to understand the implications of the social security system, including the under 25 benefit rate, on young people's living standards, and their experiences of moving into work, moving into independent housing and managing on a low income. Gaining the perspectives of young people themselves on the barriers and opportunities they face in making these transitions provides vital data for understanding the impacts of the policy context. We also carried out an online interview with two support staff, to understand the key issues facing young people in supported accommodation from their perspectives.

St Basils' Youth Advisory Board were also consulted. This is a group of young people involved in decisions about how their services operate. We drew on our meetings with them at the beginning of the research to develop the topic guides and the participant information sheets that were given to potential participants, and later on to discuss the research findings. This involvement of young people helped to ensure that we were focusing on key areas of young peoples' lives, and that we were presenting the research content in a way that would be as clear and engaging as possible.

The participants

Support staff from West Midlands housing providers helped us to recruit 21 young people across the seven regional areas to participate in the research. Participants ranged in age from 17 - 25 to capture the impact of the low benefit rate for under 25s. Over half of participants lived in fully or semi-supported accommodation and others had moved on to living fully independently. Most of the young people we interviewed were on means tested benefits or had been in the past, which meant they had all at some point experienced being reliant on the social security system. A small number were single parents and were therefore having to manage the additional costs of raising a child. Participants from a range of ethnic backgrounds were included given that people from minority ethnic backgrounds are disproportionately represented among the number of young people experiencing homelessness (Centrepoin 2021; Homeless Link, 2021; Garvie, 2017). The sample included a mix of genders to help us understand any specific challenges facing young people of particular gender identities, given that women are more likely to experience gender-based

violence (Centrepoint, 2021), and that young people identifying as LGBTQ+ make up around 24% of the homeless population (AKT, 2015). Finally, we included both those in and out of work to capture the interaction between the social security system, benefit levels and earnings from employment, and levels of support around entry into work.

Interviews

The project proposal was approved by the Loughborough University Ethics Committee. This is a standard but important process to record that consideration is given to conducting interviews in person, with people in potentially vulnerable circumstances, covering potentially difficult subjects, and that any support needs are met

Interviews were conducted either online using Zoom, over the phone, or face to face depending on participants' preferences. In person interviews took place either in meeting rooms at their housing providers' premises or living rooms in their own flats, in some cases with a support worker present where a participant felt this was helpful for them.

Participants were asked about where they were living and their employment (for those in work). We explored their income and gathered detailed information about their outgoings. We then explored how they managed their costs, what impact their financial circumstances had on their ability to make ends meet, what this meant for everyday life. The interview guide aimed to understand what helped or made it more difficult to move into work and independent living.

3 Supported accommodation and beyond – benefits and barriers

Supported housing for young people who have experienced or been at risk of homelessness is intended to be a springboard into independent living. It offers a range of support that aims to enable young people to identify their talents and strengths and develop the necessary life skills to enable them to move on into greater independence in a sustainable way. This chapter outlines the different types of supported accommodation available to young people, how living in and moving on from supported accommodation interacts with the social security system, and provides a detailed picture of the impact on a young person's finances in different living and employment circumstances.

Exempt, non-commissioned accommodation

While the focus of this report is on commissioned supported accommodation that provides 'good quality transitional accommodation' (Crisis, 2021: 1), it is important to highlight the potential challenges of non-commissioned 'exempt' supported accommodation considered in the recently published report of the Select Committee on exempt accommodation (House of Commons, 2022). Supported accommodation falls into the category of 'exempt' accommodation, meaning this housing type is exempt from the rent restrictions placed upon the private sector. To qualify as 'exempt', accommodation must be 'provided by a non-metropolitan country council, a housing association, a registered charity or a voluntary organisation where that body or a person acting on its behalf also provides the claimant with care, support or supervision' (Boath et al., 2010).

Introduced in 1996, the exempt accommodation rules were intended to protect housing associations and charities that were providing supported accommodation from limitations of available benefit that is in place for private sector rents. The exempt accommodation rules accounted for the additional costs of managing shared, supported housing, which are higher than other housing types to cover the cost of communal facilities, security, intensive housing management, maintenance, higher turnover, and which not-for-profit organisations may struggle to cover if benefit levels were limited for tenants. However, the lack of requirement for regulation of exempt accommodation leaves it open to providers and landlords being able to claim the higher rents associated with these additional costs rather than letting properties out at Local Housing Allowance⁵ rates, without providing adequate support to tenants, who are often from vulnerable groups. The impacts of the exploitation of these gaps in the regulatory regime can be significant, resulting in poor quality housing, poor mental health, and tenants feeling unsafe (Crisis, 2021; Raisbeck, 2019).

Non-commissioned housing sits outside of usual regulation of this housing type, enabling it to 'operate outside the referral and safeguarding processes that govern commissioned support' (Crisis, 2021: 2). Given the instability and challenges young people who find

⁵ Local Housing Allowance is the system used to calculate the maximum amount that people can claim in Housing Benefit or Universal Credit towards housing costs in privately rented accommodation. It is based on household size, rather than actual rent charged, and varies by area.

themselves homeless have faced, it is essential that they are provided with a housing situation that gives them a stable start on their trajectory to independent living. When this type of housing is commissioned by public sector bodies and delivered in collaboration with Local Authorities, with adequate funding for high-quality care and support for tenants, councils play an active role in ensuring provision is of a high standard. This can provide essential support for young people with vulnerabilities on their route into independence (Crisis, 2021; Raisbeck, 2019).

Levels of support and experience of supported accommodation

There are different types of housing and levels of support within supported accommodation. Whether it is classified as fully or semi supported relates to the extent of support provided, with higher staffing, infrastructure and running costs reflected in the higher rent levels associated with fully supported accommodation. This research focusses on young people who are living in or have moved on from commissioned supported housing. Among the young people we interviewed, there was variation in their routes to, through, and out of supported housing. The expectation is for residents to eventually move to independent general needs housing⁶ where, if receiving benefits, rent support is paid through Universal Credit rather than Housing Benefit. Having both the appropriate level of support at any point in time, and financial stability, whether through the social security system and/or work, were key components in young people's transition towards independent living.

Fully supported accommodation aims to provide some initial stability, given that young people often come to it from difficult circumstances, temporary council accommodation and/or having previously moved around a lot. Participants described the security this housing type provided: 'my stay here is solid, the most solid I've had in my life so it's actually really relieving.' The on-site staff support, security measures and curfews provided reassurance to some, though others found them sometimes restricting. Participants who were or had been in fully supported accommodation were clear that this was a route to moving on when they were 'ready', and discussed support provided including 'life skills' as an important precursor to their next accommodation.

The semi-supported housing experienced by participants varied from specific schemes, for example set up with low rents to support young people who are working, to independent bedsits, with access to ongoing support rather than 24 hour onsite staffing. This type of housing provided more 'freedom' but without feeling that you are 'totally by yourself'. It was seen as a further step towards living independently in general housing for some participants who had been in or were planning to move from fully supported accommodation. Importantly the lower rent levels meant that people felt that working was more viable without the risk of being liable for very high housing costs.

'This is almost like a stepping stone, where I do have support, I have a support worker, you know, they can help me with certain things but on a day to day basis, I am just living independently on my own. So it's like, yeah, prepares me for when

⁶ Housing for independent living available to people without special housing or support requirements.

I have to leave this place....little steps to proper adulthood ...I've not been rushed into it, it's been gradual, I feel more prepared for the next step.'

(Semi-supported)

Participants in this study who had moved into fully independent accommodation were in (general needs) social housing. While private renting was an option for some, others highlighted a range of barriers for young people in their situations (see Chapter 6). They had often received support with the moving process and initial settling in, but once in, this was seen as the independent living they had been aiming for – 'living in the real world'. Young people in the study talked about 'freedom' from restrictions and checks, valuing the privacy after experiences of shared living, really enjoying the independence, and for some finally being able to own pets, which could enhance their mental wellbeing.

'I do love it, it is good. It's just nice being able to like finally get a house because I've wanted this for years, do you know what I mean? And it's so nice now to be able to like just sit in my own front room and just chill and like lock my door at night, knowing I've got my own place.'

(Social housing)

How policy affects interactions between housing, income from work and the social security system

While supported accommodation is an essential resource for young people who have experienced or have been at risk of homelessness when delivered well, the way that the benefits system is set up for tenants who are entering into work can cause problems financially. As noted in Chapter 1, tenants in supported accommodation receive Housing Benefit rather than the housing element of Universal Credit. While there are advantages to this such as the rent being paid directly to landlords and tenants not being at risk of sanctions for their housing costs (which could plunge them into debt), there are challenges in terms of the interaction between benefits and income from work, leaving them having to cover more of their housing costs out of their earnings.

Where young people in supported accommodation are working, provided that they are earning little enough to have an entitlement to some of the standard allowance of Universal Credit, Housing Benefit generally covers their rent in full. However, once their income rises above the threshold for Universal Credit standard allowance, their entitlement to Housing Benefit to support the cost of rent changes to being tapered at a higher rate than when they received Universal Credit (at 65p for every £1 earned under the Housing Benefit system, rather than 55p for every £1 under Universal Credit). This happens at earnings of £111 a week, equivalent to about 11 or 12 hours on the minimum wage, depending on age. Furthermore, when this switch is made, Housing Benefit is immediately reduced by nearly £30 a week, based on the level of the young person's earnings at that point, causing a reduction in the amount of rent covered by benefits and a reduction in their overall income.

The consequence of this is that young people's ability to improve their financial situation through increasing their hours while they are living in fully supported accommodation is hampered by the interaction between earnings, Universal Credit and Housing Benefit, and

can at a certain point make it less viable to increase working hours (Crisis, 2021; Raisbeck, 2019). The impact of this is outlined in more detail below.

This section illustrates the financial implications for young people as they move on from supported accommodation and highlights the impacts on their incomes as they experience changes in their work, income and/or housing situations. The following three observations relate social security policy to the adequacy of young people's incomes, as measured by MIS.

Someone who is not working has inadequate income, even if all their housing costs are covered.

Those who live in supported housing or in social housing will generally have rent fully covered by benefits. For those in fully supported housing, this can include communal energy costs, furniture, water and council tax. Other living costs have to be covered by the living cost element of Universal Credit, worth £265 a month or £61 a week at the standard rate for a single person under-25-years-old (unless they receive additional benefits related to health conditions, disability or having children).

This living allowance of £61 a week, amounting to less than £9 a day, is only around 22 per cent of the £276.73 a week or nearly £40 a day (excluding rent and Council Tax) calculated as being needed for a single person by the Minimum Income Standard research. Some of the MIS costs are for items such as home energy, household goods and council tax which may not be fully incurred by people living in supported accommodation, but even when all such home-related categories are excluded, the minimum is still £212 a week or £30 a day according to MIS. This suggests that young people without work have only between a quarter and a third of what is needed to cover things such as clothing, food, transport and leisure activities at a socially acceptable level. With such meagre incomes, young people will not be able to live at anywhere near the level identified by MIS – a level that allows someone to participate in society, rather than just survive.

Supported accommodation can provide an important springboard to independence, but this can be made difficult by the way that Housing Benefit is withdrawn when residents earn money from work.

For a young person living in fully supported housing, the high cost of the rents associated with this housing type is provided through Housing Benefit. This offers welcome security for those who are not working. However, it can create difficulties for young people in work due to the way in which this support is withdrawn as their earnings increase, which can ultimately mean that they are eventually liable for the whole of their rent – with no allowance built into the system to help manage the high costs of fully supported housing. This can affect work incentives and pathways towards independence. (The following does not apply to semi-supported housing, where rents are much lower.)

The first problem, summarised above, occurs as a result of the way that the Universal Credit and the Housing Benefit systems interact. Out of work claimants receive Universal Credit for their living costs, and Housing Benefit covers all the rent for supported housing. But once they are earning above £111 a week, and are no longer eligible for a Universal Credit

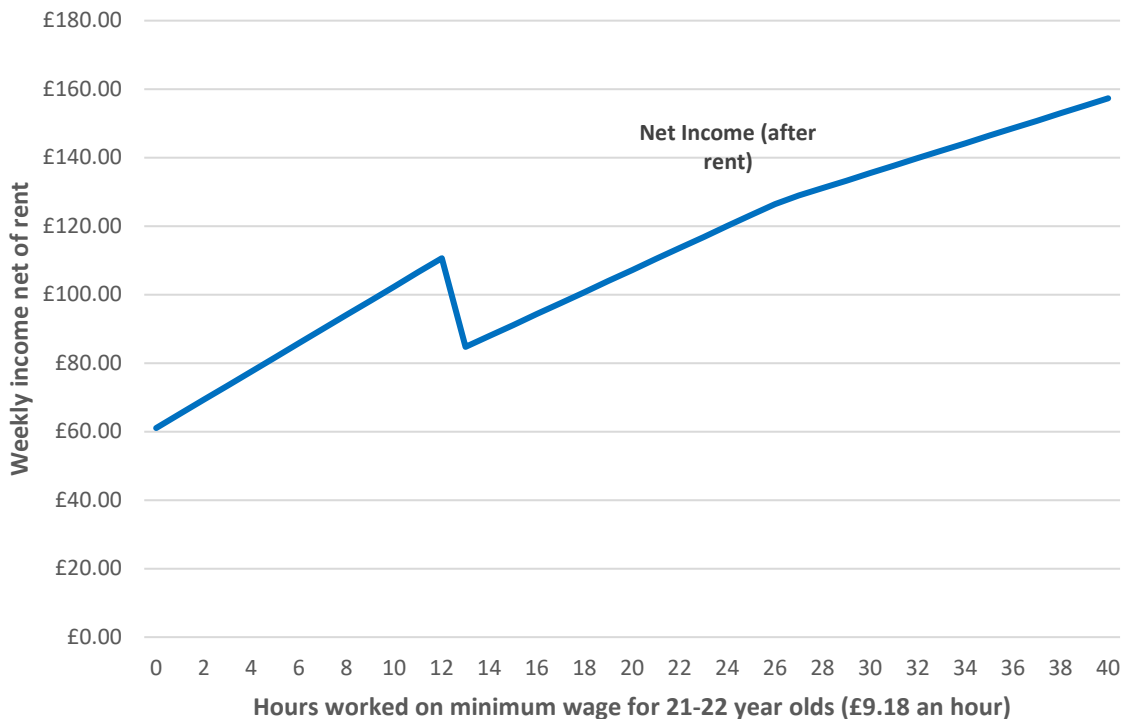
contribution to living costs, there is an immediate reduction in Housing Benefit support for rent through the taper⁷.

The second problem is that even those who work full time may still depend on some Housing Benefit support and are unable to escape the sharp tapering of state help. For those in fully supported accommodation where rents are high, this can limit potential rewards from work. Anyone earning above £12,570 a year, the threshold for paying tax and National Insurance, loses 76p in every additional pound that they earn.

Figure 1 illustrates both problems. By working about 12 hours a week on the minimum wage, a young person in supported accommodation can nearly double their very meagre income on out-of-work Universal Credit. However, this still leaves them with only about £110, barely half the £212 a week needed to cover MIS personal items and needs outside the home, let alone pay a contribution to energy costs and buy some household goods. As explained above, working a small amount more than these 12 hours is disadvantageous, because Housing Benefit is reduced by nearly £30 a week once Universal Credit eligibility stops. On the other hand, someone working full time ends up better off than this, with £160 a week rather than £110. This however is still well short of the £212 that they require for the acceptable living standard denoted by MIS. Overall, this means that earnings of £367 a week for someone working 40 hours only increases income by just over £100 a week compared to if they were just receiving Universal Credit, due to the extent of Housing Benefit loss and the rent they consequently need to cover in fully supported housing. So while it is true that they have more income overall than if not working at all, taking on full time hours may not be seen as attractive for a young person if they lose most of those earnings in reduced benefits.

⁷ As explained in Chapter 1, the taper is the rate at which a claimants' entitlement to Housing Benefit is taken away as they earn more. The Housing Benefit entitlement tapers off at a higher rate than Universal Credit (at 65p for every £1 earned, rather than 55p for every £1 as under Universal Credit).

Figure 1 Overall weekly income, after rent, by working hours, in fully supported housing



A crucial feature of this problem is that even those working full time are still dependent on Housing Benefit, because rents for fully supported housing are typically around £220 a week. Someone would need to earn about £480 a week or £25,000 a year to no longer be eligible for Housing Benefit, and to cover this level of rent from their earnings. This is well above full-time earnings on the minimum wage. As a result, few young residents of fully supported housing can expect to attain incomes significantly higher than shown in the graph. An alternative model that could ensure the necessarily high rents continue to be covered, even while young people increase their hours, is outlined in the recommendations in Chapter 8.

Where young people live independently, they are better placed to make ends meet through work if they can access social housing rather than renting privately.

Participants in this study had or were expected to move on from supported accommodation, with a preference for social housing, both due to being high on the priority list for this housing type, and because it was felt to be a more secure and affordable tenure than private rented accommodation.

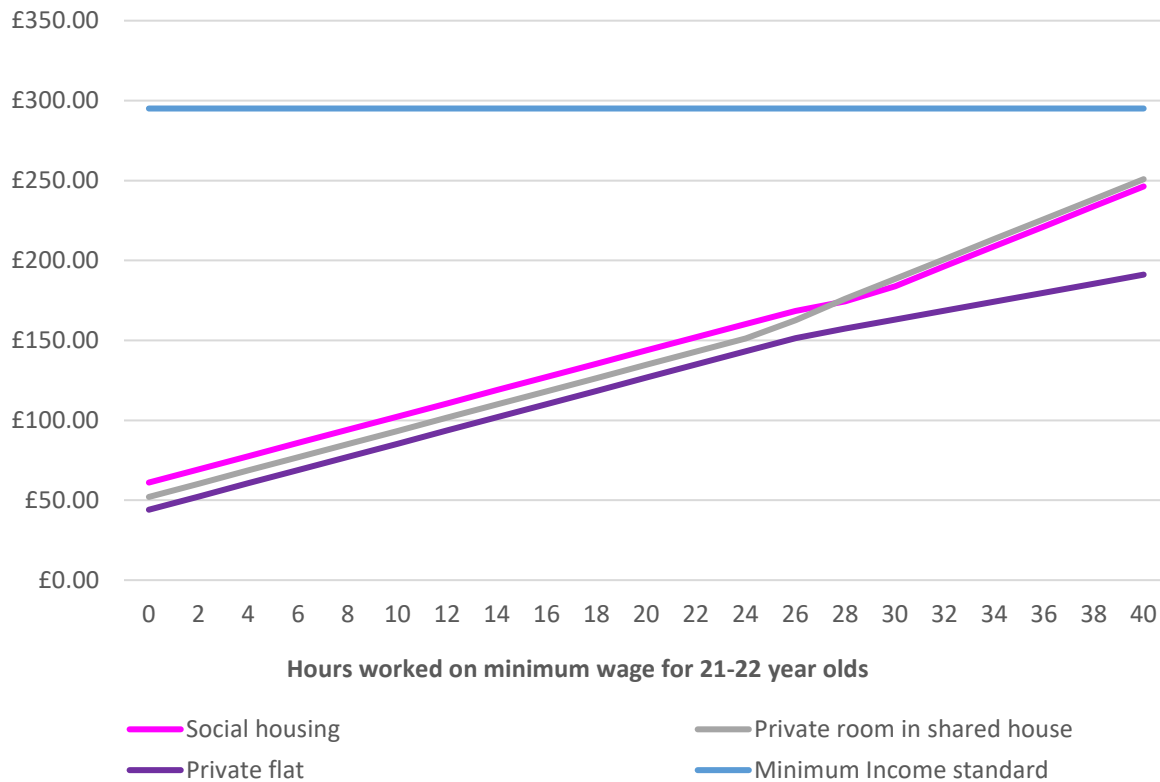
Both private and social renting bring their challenges. In renting privately, there is a strong risk that Local Housing Allowances do not fully cover the rent and tenants have to top it up, leaving young people with even lower income to cover everyday living costs than the £61 a week provided by Universal Credit. Not only are Local Housing Allowance rates substantially lower than most private rents⁸, entitlement for single people under 35 is usually paid at a Shared Accommodation rate (with some exemptions such as care leavers and people who have lived in hostels) leaving an even greater shortfall if people are renting a one-bedroom flat. Social housing is more favourable in this regard, with rent being covered in full for self-contained accommodation; On the other hand, in social housing, other costs may be incurred such as buying carpets and white goods, which tend to be provided by the landlord in private housing.

Of the two challenges identified in the previous section for supported housing, the first does not apply to independent rentals and the second is not as severe. First, the fact that all benefits for this group come from Universal Credit avoids the discontinuity in switching over to Housing Benefit: the tapering of benefits as earnings rise is continuous without this 'cliff edge'. Second, this taper is not only more modest than under the Housing Benefit system, but also the much lower rent than for fully supported housing means that someone in social housing or renting a room privately gets zero Universal Credit by the time they are earning an amount equivalent to about 29 hours a week on the minimum wage, and therefore keeps more of their earnings above this level, since there is no more benefit to taper.

Figure 2 illustrates the relationship between earnings (expressed in terms of weekly hours worked at the minimum wage for a 21 – 22 year old) and income available for living costs, after rent, in social housing and in privately rented housing. In both cases it is assumed that they claim Universal Credit where eligible. In these cases, where the young person needs to cover costs such as utility bills and purchase of household goods, the Minimum Income Standard budget (which includes these home-related items) is shown for reference. The MIS level corresponds to someone living in a flat in the private rented sector. For someone renting only a room, costs will be somewhat lower, while for someone in social housing, they will be somewhat higher because tenants will be responsible for items such as flooring and white goods that private landlords would normally provide.

⁸ Local Housing Allowance rates which had been frozen since 2016 were reset at the 30th percentile of market rents in April 2020 in response to the pandemic. However, they were subsequently frozen again in 2021 since when rents have continued to increase meaning that in the vast majority of cases there is a shortfall in the amount of rent covered by Local Housing Allowance.

Figure 2 Overall weekly income after rent, living independently



- As a starting point, for someone not working, private rentals often leave those under 25 claiming Universal Credit with less income for day to day living. This is because Local Housing Allowances have been frozen, and are usually below actual rents, leaving a shortfall that tenants have to cover from their own incomes. The figures in the graph assume that a contribution to rent needs to be made equal to the difference between rents at the current 30th percentile and the LHA, based on Birmingham. This leaves only £52 a week to live for someone renting a single room and £44 in a one-bedroom flat.
- Because Universal Credit has had no Work Allowance⁹ for single adults since it was abolished for this group in 2016, all earnings are subject to a 55% taper. For those renting a private flat, this taper combined with income tax means that someone working 40 hours a week and earning £367 on the minimum wage increases their net income by well under half this: an additional £147 on top of their £44 if they are not working. This is clearly a huge improvement but still falls well short of what they need for a minimum socially acceptable standard of living.
- For someone renting a room privately or someone in social housing, a relatively modest rent means that once they are earning above about £14,000 a year, equivalent to working three to four days a week at the minimum wage, the Universal Credit awarded drops to zero. Above this level, as shown in the graph, there is a

⁹ The work allowance is the amount that someone can earn before their Universal Credit is reduced. Under the current system it only applies if someone is responsible for a child or had a disability or health condition affecting their ability to work

steeper reward from work, and even at the minimum wage for 21-22 year olds incomes come much closer to the minimum required according to MIS.

- For anyone for whom house sharing is not a viable option, therefore, social housing presents the best route towards a decent income via work. This depends of course on appropriate social housing options being available. It also depends on a young person being able to find the resources to furnish and equip a flat.

4 Income stability and adequacy

A central part of the research is understanding the impact of low income on young people, and in particular the effect of the income provided through the social security system for those under 25. This is becoming even more pertinent given that rising inflation, especially for essentials such as food, is having significant consequences for living costs. This chapter focuses on the income sources of those we spoke to, the impact of stable or changing income, and participants' perspectives on the adequacy (or inadequacy) of their income.

Sources of income varied among participants in the study. Some were receiving income only from benefits, some were in employment with income from both benefits and work, some had income from work only and others were in full time education, so in receipt of a student loan in term time and Universal Credit outside of term time. These different circumstances significantly affected the level and stability of participants' incomes. A benefits-only income offered reasonable stability, although the level of income it provided was generally felt to be insufficient. Earnings from work sometimes provided stability, especially if they were regular and enough to lift people off benefits, however, fluctuating earnings could in turn lead to variation in income from benefits causing uncertainty.

Universal Credit: amounts and adequacy

Universal Credit was an important source of income for many young people in the study - including those in employment as well as those not working. There were different reasons for participants applying for Universal Credit. Some were prompted to do so because family members could not afford the additional costs associated with having a non-dependent adult living with them (see Hill and Webber, 2021, for further research on the costs of co-residing with parents in low-income households.) This was also the case for those living with foster families, when the foster parent(s) stopped receiving an income to provide care once the young person turned 18. For others, living independently was the key catalyst for claiming Universal Credit, as they were having to cover costs they had not had while living at home, such as food and bills.

Under 25 rate vs 25 and over rate

Universal Credit is the main source of income for young people not in work but, as outlined in the previous chapters, its low level does not bring under 25 year olds above the threshold of destitution (JRF, 2022). For young people who are unable to rely on financial or housing support from family – this includes those living independently in social housing as well as those in supported accommodation – the under 25 rate of £265.35 a month was perceived to be nowhere near enough. As one participant said:

'UC shouldn't be too nice, you're getting money for free so it should be difficult to live on, but it should be enough for you to not choose between gas, electric or starving. And that's where we're at. If I had to pay gas and electric, I would be done for.'

(Fully supported accommodation)

Participants in the study who were 25 were now receiving the higher Universal Credit rate of £334.91. In some cases this amount was reduced by deductions for advance payments, and some young people said that the increase in outgoings because of the cost-of-living crisis meant they didn't feel the benefits of this higher rate as much as they might have done in the past. The difference between the over 25 rate and the under 25 rate of Universal Credit was a central theme throughout the interviews. There was a clear sense from the young people and support workers we spoke to that the differentiation of income from Universal Credit along age lines was problematic if 17 – 24-year-olds were living independently and having to cover their own costs. All participants felt that the higher amount 'should be the standard', emphasising that their costs were the same as those aged 25 or over who were also living independently, and that the lower rate was not enough to cover basic costs.

Participants thought that the justification for the division along age lines was unclear and unfair and did not reflect the circumstances in which they were living. The different rates for different ages seemed to assume that younger people would be able to remain living at home, with financial support from family, and therefore lower living costs. However, the increased costs associated with living away from the family home are not impacted by age, but rather depend on someone's housing situation, and the costs that they are having to cover – for example whether their bills are included in any rent they are paying in their supported accommodation or not.

'I don't understand why people think that as an under 25-year-old I don't have to pay for the same things that you do. Like somehow everything's cheaper.'

(Semi-supported accommodation)

'What I don't understand is... why they can assume that a 25-year-old would have more expenses than a 21-year-old living independently. Like I could have the exact same outgoings as the 25-year-old, but they get paid... more because they're 25. Why is that a thing?'

(Fully supported accommodation)

Impact of receiving and losing the Covid uplift

During the pandemic, Universal Credit was increased by £20 a week to support claimants. This 'uplift' meant that under-25s were receiving £344 a month up to October 2021, putting them at slightly more than the current over-25 rate of £334.91 a month (although the over 25s rate also increased during this time). The uplift took some of the pressure off the budgets of those who received it, giving them £87 more a month to cover their costs. Young people had been able to use the additional resource in a variety of ways, such as being able to buy treats for siblings, buying clothes for themselves, paying for gym memberships, being able to comfortably afford their food bills, buying 'healthier' food and even managing to afford a few items they had not previously been able to, or go out with friends. Several participants explained that they had felt reasonably able to manage on the increased amount or at least were not having to make difficult choices and sacrifices as often. Some of those who had only been claiming since the uplift described how they thought that the higher amount was 'normal'. The impact of the subsequent withdrawal of the uplift in October 2021 was especially noticeable for these young people, having only ever experienced the higher rate:

'When I first joined, so it was alright because you got the extra bit obviously didn't you?... And I thought that was my normal money! And then obviously... they was taking the money off us then and I was like, 'oh my God'.'

(Social housing)

'That's what hit me hard, yeah. I joined... halfway through Covid, so I thought that was the normal. I was like, OK, this is fine, I can live off this, this is alright... And then when literally I moved in here, I was thinking... now I've actually got to pay bills... and then it dropped... just before I moved and I didn't realise, and ever since then I've been like, oh my God! (laughs)... I was thinking, oh why do people moan about Benefits? But I can see why, like, do you know what I mean?'

(Semi-supported accommodation)

'It just felt like they were punishing us for being poor... and... because they couldn't really justify, it was like, well it was never a permanent change, but why isn't it a permanent change, when all of us were saying it was helpful?'

(Semi-supported accommodation)

Some participants had received advance notice about the drop in Universal Credit, but several others had not been aware of the change and described the amount reducing overnight without warning bringing a sizeable shock to their finances. The removal of the uplift reduced Universal Credit income for under 25s by a quarter, leaving some struggling where they had previously been managing better. This included things like not being able to pay for phone bills, which created a barrier for applying for jobs if they were contacted by employers and were unable to call them back.

'It came out of nowhere really, honestly... things that I would be able to get before and like be able to afford, I wasn't able to anymore.'

(Semi-supported accommodation)

Participants who had begun claiming only after the uplift was reduced had never received the higher level of payment. They could only reflect on the difference the additional £80 would have made. One participant laughed and said:

'That is the difference between me eating for two weeks or not. Like, £230 a month is absolutely nothing. The money it costs to live now especially with everything that's gone up, you've got no chance.'

(Fully supported accommodation)

Deductions and sanctions

Another challenging aspect for recipients of Universal Credit was the impact of deductions, either from claiming the advance to mitigate against the five-week wait, or emergency cover if they had experienced sanctions. Some participants faced reductions of around £25 or more a month once the advance ran out, which could take a year or more to pay back. This left some having to manage on an even lower amount than the under 25-rate of £265.35, which was already felt to be insufficient to cover everyday living costs. For young people

without any financial resources to fall back on, the advance was crucial to get through the five-week wait for Universal Credit. However, the resulting decrease in the amount of money they received each month, led to some young people having an even harder struggle to manage in the longer term, and highlights the challenges faced by those relying on income from Universal Credit alone, even where their rent was covered by Housing Benefit.

Some participants had faced sanctions because they had missed appointments, including when they did not have enough money to afford to get there. Sanctions reduced an already constrained income still further and pushed these participants into greater financial difficulty. They were only able to manage through borrowing money where they could, applying for emergency advances, or using food banks.

'Like, you're on UC because you don't have a job and you've got no other source of income, why is it acceptable to just take that away from you? For an entire month? You can't make savings on UC! So... what else are you supposed to do? I just don't understand. It's so ... it's kind of disgusting honestly, the more I think about it, I get angry!'

(Semi-supported accommodation)

Deductions for repayments of the advance and sanctions put young people into a more precarious situation than they would have been having to get by on the under-25 rate of Universal Credit alone, destabilising what had been a stable, if very low income.

The value of Personal Independence Payments (PIP)

Some participants who had health conditions were also receiving income from Personal Independence Payments (PIP) which helped to top up their Universal Credit. They had all received support to help access this additional income, as it could be a daunting and complicated application process, that one person described as a 'nightmare'. The difference this additional and regular income made for these participants was really significant, boosting their Universal Credit income by hundreds of pounds – they expressed how this could make the difference in being able to make ends meet or not (see Chapter 7). However, it is important to note that PIP is intended to help with health-related costs, and the fact that it was drawn on as a crucial income source to help cover basic living costs highlights the inadequacy of the under 25 rate of Universal Credit on its own.

'I wouldn't know what to do, if I weren't getting PIP and I had to pay £200 a month I would literally have £40 to live on, so I wouldn't be able to live.'

(Fully supported accommodation)

Income from earnings: changes, stability, and the impact of fluctuating incomes on social security support

The range of employment circumstances and earnings levels among participants in the study varied (discussed in more detail in the following chapter). A stable income was crucial in enabling young people to manage outgoings, and precarious work contracts had upset the balance for some.

Several participants had experienced changes in their income from work for a variety of reasons including: fluctuating, casual or temporary work patterns, employers reducing their hours, job contracts or Kickstart schemes coming to an end, starting University and being unable to continue working, leaving jobs they were finding it hard to manage or were too far from where they were living. They noted that key implications of unstable or reduced income were having to make budgets stretch, struggling to cover all their necessary costs where they had previously been able to do so, and experiencing more 'worry' about their financial situation.

A further issue for young people working on zero hours contracts, or whose working hours and earnings fluctuated was the impact that changes in income had on benefits. As outlined in Chapter 3 the amount of Universal Credit and housing costs covered varied depending on earnings, and for some young people in the study this had caused difficulties if the benefits they received became unpredictable. They found that their monthly Universal Credit payments did not necessarily align with pay cycles or fluctuations in earnings resulting in uncertainty or lower than expected benefits.

'Depending on the cut-off date or the payroll for the job, I could get paid a month later or halfway through the hours that I worked and then those hours would be added on to the other month. So it would kind of be very difficult because I wouldn't know what I would be entitled to until I get the UC.'

(Semi-supported accommodation)

It also affected the support with rent that participants were receiving either from Housing Benefit or Universal Credit. One participant noted that their Housing Benefit 'fluctuated crazily' when they did a month's work, and another had been hit by a £10 a month deduction from their Universal Credit to repay benefits that had been miscalculated when they had been in work. There were also mixed experiences of receiving state support when working hours and earnings suddenly dropped. While one participant had received Universal Credit to supplement reduced income as well as Housing Benefit, another participant was struggling on reduced wages and trying to pay rent without any additional benefits. This irregular income from both earnings and benefits was harder to keep track of than when they knew how much Universal Credit they would receive and that their rent would be covered in full, with financial consequences in terms of keeping up with bills and rent, as well as increased stress and worry.

'Knowing that one month it's going to be this and the next month it's going to be this [different amount] and the month after it's going to be this [different again] and the month ... it's too much for me, I'm going to lose track.'

(Fully supported accommodation)

Those who had just started or were soon to start jobs or apprenticeships were expecting to experience increases in income. It is important to note that participants in our study who were on or about to start apprenticeships (which were generally organised with help of their housing provider) were on wages of £8.65 an hour which is much higher than the standard £4.81 an hour National Minimum Wage for an apprentice. Some participants who were

about to move into work were uncertain about the impact this would have on their Universal Credit and Housing Benefit, while others anticipated earning enough to stop claiming benefits altogether. Overall, these participants were positive that they would be better off – they felt that their income would cover all the costs they needed it to and still leave them with some to manage. This could provide a welcome ‘safety net’ that they had not had in the past, and for some even the opportunity to save and to feel that they could plan for their futures in ways they could not before. The key factors that increased these young peoples’ confidence were that they were moving into work that felt secure and stable, with a guaranteed monthly income, and that they were living in semi- supported accommodation or social housing with rent levels they could cover from their earnings.

‘Having this job, I know for a fact that I’ve got that security...I know then I’ve got a stable income, I don’t have to worry about for example, oh like where’s my next meal coming from or how am I going to pay this, how am I going to pay that? ... Because I’m going to start working, I’m going to have a steady income, it’s going to be a lot easier for me and less stressful for me to worry about certain stuff that I do not need to worry about.’

(Social housing)

‘I will be able to manage all my bills for definite. Rent shouldn’t be a problem really. Probably just more shopping... I’m guessing I’ll have more freedom to do that. And I can look at saving towards a car. Those are the main aims at the moment, but obviously I won’t know until I’m in that situation.’

(Social housing)

5 Employment: Opportunities and the challenges of moving into work

For young people who have experienced or been at risk of homelessness, supported housing can meet an essential need and some participants felt it had offered respite following challenging periods in their personal lives. However, it was seen as part of a step towards independence, and for many a significant aspect to this was moving towards or into work. This chapter looks in more detail at employment as an avenue for increasing incomes and independence. Participants who were in work included those in part-time, full-time, and zero hours contracts, as well as apprenticeships, and people working alongside full-time education. Young people generally saw moving into work as a goal, with potential for improving financial circumstances and eventually not having to claim benefits. However, there was some uncertainty about the interaction of earnings with benefits and the financial viability of working, particularly among those in fully supported housing.

Support with looking for work

Young people talked about various sources of support with moving towards employment and looking for work. These included help from support workers at their housing provider, 18+ workers for those who were care leavers, and work coaches, either through their local council or through the Job Centre. Some participants noted that the support provided through supported accommodation not only provided them with skills, for example through an Employability course and access to training, but also encouragement: 'they made me believe in myself'. For some of those in apprenticeships, their support workers had played a vital part in getting them onto the apprentice route, which was described as 'life changing'. Support workers with local connections and contacts could provide avenues into work that young people would struggle to find on their own. Furthermore, having someone to vouch for them made a huge difference, as they came to employers with a positive reference from a trusted connection.

Some participants had positive experiences with work coaches through Universal Credit. This included coaches proactively sending them opportunities tailored to their interests and priorities with work, helping them get onto Kickstart schemes, carrying out Better Off Calculations to make sure they wouldn't be worse off by entering into work, and signposting support with housing and opportunities for further education. One young person described having an 'amazing' relationship with their work coach, while another reflected:

'I would definitely say because of that work coach I basically am where I am today because of his help, but not all work coaches are like that, I've had some other ones in the past that haven't been great really.'

(Semi-supported accommodation)

Others felt less supported through the Job Centre, where they experienced meetings as being more of a tick box exercise than helpful discussion, or felt that work coaches did not necessarily take account of their interests or needs. Several felt that the extent of support and relationship with Job Centre work coaches 'depends on the person you get', although

one person noted that under the current system there were limits to what work coaches could do in terms of the financial viability of working when living in fully supported housing.

'Things obviously come down to circumstances, not much a coach worker can do for you... they don't give you money.'

(Fully supported accommodation)

A small number of participants were able to find work through family or friend connections. Finding work independently could be a challenge, particularly without qualifications or experience or a sense of what kind of work they might be suited to:

'No-one here I know has been able to find a good consistent job and stay in it just off their own back.'

(Fully supported accommodation)

It is clear from the experiences of young people in the study that having appropriate support, including that offered through supported accommodation, could make the task of finding secure, well-paid work much more straightforward than for those without such help. One participant described the feeling of being 'out there fighting for the whole world', where experiences of rejections and not hearing back from applications could be 'demoralising'.

Implications of and for health and wellbeing

A few participants faced challenges related to health and work. Both physical and mental health could impact a young person's thoughts about work, the appropriateness of working at times, and their ability to work consistently. Young people had often experienced challenging situations before coming into supported housing, and several explained that they had needed time to focus on their mental health initially before thinking about work. Those who felt their employers were able to be flexible in accommodating their health needs expressed the difference this made to them:

'I think it's so beneficial to have not only a flexible schedule but being able to work from home, because I was very upfront about my mental health issues and how sometimes I am just lying in bed and can't really get up but then I can just bring my laptop in bed with me and do it from there!'

(Semi-supported accommodation)

A lack of adequate understanding from employers could exacerbate health conditions, and lead to a decline in mental health, as well as frustration if employers did not believe that they were struggling. Employers' awareness of, and responsiveness to, challenges young people face in relation to their health can have a huge impact for young people in this situation looking to move into work (Murphy, 2022).

Participants also described the positive links between working and improved mental health, saying that working was 'better mental health wise... it gets me out', that the certainty of work following the completion of an apprenticeship 'is really helpful with my anxiety'. One

participant living independently explained that although they were not left with much money after all their bills had been paid: 'I can't be out of work because my mental health will have a big impact on it'. Several young people who were not working but wanted to expressed 'boredom' at staying at home or an awareness that this could risk being pulled into drink and drugs 'throwing your life away'. There was also frustration because their income from Universal Credit was insufficient to afford to do things outside the home. However, it was also important to consider what was appropriate and manageable, for example, someone who was working for little reward in a physically and mentally 'draining' job felt that ultimately it was not beneficial for their wellbeing.

Childcare

Some young people in the study were single parents and faced the additional challenge of needing work to fit around childcare, especially if they did not have informal support from family that could help. Finding work to coordinate with nursery hours was seen as 'like a jigsaw puzzle, trying to fit it all together'. Zero hours' contracts made this unmanageable, if they had to commit to childcare on particular days, without knowing what hours they would be working from week to week. One participant explained that they felt 'stuck' with regards to childcare options, as Universal Credit wouldn't pay for more childcare than their child was already receiving unless they were working, but they were unable to work unless they had childcare in place. The additional challenge of having to make advance payments to nurseries, could make the working lives and prospects for young parents difficult. For this group, flexibility, or 'leniency' of employers became even more pertinent, particularly during the period between starting work and Universal Credit covering childcare fees.

Transport

Getting to work could also be an issue. Being able to work from home or walk to a workplace not only made life easier but saved money on travel costs. A few young people we spoke to had given up a job as it was too difficult to manage using public transport where it involved unsocial hours or a lot of travel between shifts. The costs of travelling to work could also eat into earnings, for example if paying bus fares for only a few hours' work. Free bus passes made a huge difference to a few of those in the study who were managing the costs associated with entering work, taking a 'weight off', reducing worry and maintaining their ability to commute to work.

'The bus pass has just been like ... I no longer have to be like, right, do I have to walk forty five minutes with my bad back and my asthma to work in order to go And especially in that first month of work where it's a bit unsettling, you're getting your footing and things like that, just having those things in place just puts me at ease a little bit more.'

(Semi-supported accommodation)

These were paid for either by employers or through local initiatives, such as the West Midlands based Work Wise scheme¹⁰. Those who did not have this support faced the challenge of covering this cost themselves or having to walk long distances to work until they started getting paid.

Interaction with the benefits system – uncertainty, complexity and financial viability influence decisions around working

The complex way that earnings from work interacted with income from benefits (outlined in Chapter 3) often influenced participants' perceptions about whether it was 'worth' working and ultimately their decisions about moving into work. A key issue was concern about losing benefits and that they would become liable for their rent. The interviews highlighted that the way the social security system operates for young people wanting to work while living in supported housing was not necessarily clear to them, which meant that it was hard to make informed decisions, and crucially it could limit the financial incentives to working for those in this situation.

The young people we spoke to (whether in or out of work) were generally aware that if they moved into work their Universal Credit would reduce as earnings increased, however, there was uncertainty about the point at which this would start to impact on their Universal Credit and support with rent costs. Some understood that it depended on earnings (as outlined in Chapter 3). Others thought it related to how many hours someone worked, with 16 hours often thought of as a tipping point where Housing Benefit could be affected. This led some participants to limit their working hours to a certain level. However, given that it links with earnings rather than hours, they sometimes experienced unexpected drops in Universal Credit. One participant who had been working varying part-time hours explained how they had been taken aback by the reduction in their benefits:

'I thought that as long as I keep under sixteen [hours], nothing will get reduced, but unfortunately when I was working fourteen, UC didn't like that. That was a big no no to them.... Working knocked it back to the point where it said zero and they weren't going to pay me, , so it wasn't worth the job alongside the money.'

(Fully supported accommodation)

The amount of rent that they would become liable for once Housing Benefit was affected by earnings was also at the forefront of peoples' minds when making decisions about work. This was particularly salient for those in fully supported housing who feared having to pay high rents (which could be over a thousand pounds a month) as well as other ongoing costs, either once the 'tipping point' was reached, or if they worked full time.

'I would happily pay £43 a week and actually work as much as I can and just pay that, I'll be happy. But if I work today, I have to pay, what £900 [a month]'

(Fully supported accommodation)

¹⁰ The Workwise scheme offers free or discounted travel for up to three months for people starting a new job after being unemployed, or increasing their hours.

'I can't take on a [full time] job like I'd love to at the moment. I just physically can't because I wouldn't be earning £400 a week, but that's what I'd have to be paying [in rent], you know what I mean? So it's kind of hard at the moment, but I think when you move on to the other place, I don't think it's that much.'

(Fully supported accommodation)

As shown in Chapter 3, Figure 1, Housing Benefit is withdrawn on a taper, and people working part-time or on minimum wage would be unlikely to face having to cover the *entire* high rent level typical of fully supported housing. Nonetheless there is a point where working a few more hours would not be advantageous, and people would still need to pay increasing and significant amounts of their income in rent as their earnings rose. A few participants had experienced having to contribute to rents for periods when they were working in fully supported housing which had caused difficulty. The prospect of having to cover such large outgoings meant that young people could be deterred from entering work at all, or felt that it would only be viable to work full time if they moved to housing with a lower rent. Some participants who were now working had done this (see Chapter 6). There was a feeling that the 'system' was stacked against them and hindered rather than supported their desire to work and improve their financial situation because it does not take account of the particular financial challenges facing young people in fully supported accommodation. As several participants explained, no matter how much they wanted to work, they had to balance decisions with financial viability, and felt there was little point if they would not be much better off.

'They want us to get on our feet but then they want us to pay like two thirds of our wages to just live here..... I'm petrified because I know after the excitement's gone that I've got my first job and I'm actually getting paid, I'll still have no money. Then I'll be working my arse off every day for nothing.'

(Fully supported accommodation)

'Even if you're working, you're still only earning what UC you were getting anyway, so there would be no point.... There's literally no point in doing it, I'd just be working for nothing.'

(Fully supported accommodation)

While young people in this situation should actually have more overall income than if not working at all, as outlined in Chapter 3, the sharp tapering of state help reduces the relative rewards of working. Participants expressed frustration at this potential barrier to employment, explaining that although they were able and wanting to work, they did not perceive it to be viable in their current circumstances and felt 'stuck' on Universal Credit with limited means to improve their financial situation.

'I'm healthy I'm fit to work, but it all comes down to my circumstances, where I'm living, I can't do that.'

(Fully supported accommodation)

'Living in here, if you go out and get a job to be honest you're still gonna be broke and starve, it's really hard to have that motivation to make your life better if I'm being honest.'

(Fully supported accommodation)

Participants living in semi-supported or social housing felt that they had more options with regards to work. Those who were in or about to move into full-time employment that took them off benefits generally did not have the same extent of worry because rents were lower. However, this very much depended on having a reasonable and stable income. As noted in Chapter 4, a key difficulty was the impact of fluctuating earnings on benefits, which could really throw peoples' finances off course. Those who were looking at part-time work, zero hours, or temporary employment therefore had to weigh up whether to risk the instability of variable earnings and Universal Credit payments, as well as the uncertainty about whether it would affect their housing costs.

'So right now, I can kind of know what's coming in and what's going out and I can budget for it, but if I was to start working now, it would be very difficult...It's very difficult to just go from Benefits to then work and then back on Benefits, it's insane.'

(Semi-supported accommodation)

'One of the things why I ain't gone for this job, even though I know I said I don't like it, I'd put myself through it because it's better than not having money, but then it's that fear of earning too much and being like, right, you're on your own.'

(Semi-supported accommodation)

Some participants had received advice about the financial impact of working from support workers, Job Centre or council staff. A few of those moving into work had received 'better off' estimates and were confident that they would be earning significantly more than when on Universal Credit, even if they had to pay rent. Some participants in fully supported housing mentioned that they had been advised not to work more than a certain number of hours to avoid earnings impacting on Housing Benefit. Support workers we spoke to stressed that while they encourage young people to work, it is important to check the impact it will have on their benefits, although sporadic work and zero hours contracts make this difficult to ascertain. Participants felt that advice about the impact of work on benefits including housing support was or would be valuable.

'We did a better off calculation with UC, and I think I'm better off by like £600 a month which is really good. So at the moment we're in the process of working out how much of that would go towards paying off my bills and stuff, which should stay the same, apart from my rent.'

(Social housing)

The difficulties one young person experienced after moving into work and not being prepared for losing their Housing Benefit, reiterates the importance of being fully informed about the financial impact before taking on employment.

'I knew that I had to pay rent when I was working but no one spoke about how much rent I needed to pay or like gave me more information really I didn't know how to do it, and then I waited and then they was like, you need to start paying rent. I was like, oh? They told me a bit too late to be honest.'

(Semi-supported accommodation)

While employment could provide participants with a route to independence in the long-term, in the immediate term, the interaction with the benefits system could present some serious financial challenges. Support workers and young people we interviewed felt that under the current system if they were going to be working full time and having to cover the costs themselves it was worth postponing starting work until they had transitioned into semi-supported accommodation or social housing, where the rents would be more manageable. For the participants who had managed to do this, moving into full-time work with reliable, stable hours provided the opportunity to move forward

'It [the difference has made] is immense because it's just like this is my first full-time job, full stop, so already this apprenticeship has given me like a stepping stone... But then also being pretty much guaranteed a job after it which is just like such a sigh of relief'

(Semi-supported accommodation)

These participants' perceptions and experiences have highlighted some of the barriers to work that young people face when living in supported housing under the current social security system. Making some crucial changes to how the social security system works and capping rents in supported housing would avoid young people losing so much of any earnings in rents. This could help to support them to transition into work where they feel ready, including while still living in fully supported accommodation, rather than being held back from working or feeling that they have to move to make it viable. A suggested Rent Simplification model for doing this is outlined in Chapter 8.

6 Housing transitions: Moving towards and into independent living

There was a general understanding among participants in the research that supported housing was more than just a temporary solution to alleviate a precarious housing situation, but was part of a step towards living independently, ultimately in general needs housing. The young people we spoke to were at different stages along this path and provided insight into the financial and broader implications of their housing situations, interaction with work and benefits and thoughts about future housing transitions.

The interaction of housing and employment transitions

Housing transitions could be time related where someone was living in supported accommodation or in a specific scheme which housed young people up to a certain age (in this study, generally under 25s), or there was an expectation that they could live there for a limited length of time, for example two years, during which they could prepare to move on. These young people were not necessarily concerned that they would be ‘kicked out’ if they exceeded this point, and some had agreement to stay longer, which ‘takes a bit of pressure off’, but there was a sense for some of looking towards moving within a certain time frame.

The ultimate goal was to feel settled in stable housing, and young people were mindful of the need to look ahead – with an importance placed on going forwards into more independent living.

‘I don’t want to go back to where I was, I don’t want to be in that situation again and I’d rather kind of move out of here and into a council place or whatever and go from there, not go backwards, if you know what I mean.’

(Fully supported accommodation)

Young people often saw moving into work as part of the transition towards independence and improving their financial circumstances. However, as noted in the previous chapters, there was concern about the financial viability of working full-time in fully supported accommodation because of the fear of losing housing benefits and being liable for high rent levels.

Housing and employment transitions were often linked as young people felt that they needed to be living in independent or at least in semi-supported accommodation where rents were lower before taking on (the level of) work that would result in this scenario. Several participants who had moved from fully to semi-supported accommodation had since moved into full time work or apprenticeships which they would not have considered previously. Some were in the process of co-ordinating a housing move with starting work including into accommodation specifically for young people in work – a scheme providing subsidised rents for young people who are working and not claiming benefits. The more manageable rent levels provided them with more options to improve their finances, including coming off benefits. As noted in Chapter 5, securing stable work and income is

hugely important, and where this was possible it could be transformative compared to living on Universal Credit only, even when rent was covered.

Conversely, it could be frustrating for young people in fully supported accommodation who wanted to move into full-time work and improve their finances but were waiting for social housing or alternative supported housing to become available rather than starting working full time in their current accommodation. Being in this situation can mean that young people who may feel ready to work full time but would still benefit from being in fully supported housing could feel it necessary to move out sooner than they would if the Housing Benefit system enabled them to keep more of their earnings in their current accommodation. Given the essential function that supported accommodation serves, moving into less supported accommodation may not always be most appropriate for some young people, especially if there are heightened risks of isolation and negative impacts on mental health.

Living in semi-supported accommodation with lower rents than fully supported accommodation was also more suitable for young people who were at university and not receiving Universal Credit or support with housing costs in term time. This was because they had to cover all of the rent themselves, which again made it more viable if they moved from fully to semi-supported accommodation because of the rent level.

Moving towards independent housing – options and challenges

Young people's options and the extent of 'choice' they felt they had when moving to independent housing were often shaped by financial and structural factors. Moving into independent living can be challenging for young people generally, but options for those moving out of supported accommodation could be further affected by not having the financial resources or family support that others had. Participants who had experienced moving into independent housing or were looking ahead to potential options generally saw social housing as a more feasible option than private renting. Support workers too felt social housing was more appropriate for young people moving from supported housing to avoid further precarity and instability that private renting could bring, particularly when work and income could be sporadic.

Private renting – unaffordable, insecure, unsuitable and unobtainable

While generally a greater proportion of young people who live independently are in private rather than social renting (DLUHC, 2022), this study highlights the particular circumstances and needs of young people who have faced homelessness and been through supported housing. Participants in the study outlined a range of barriers to private renting, some of which are particularly pertinent to young people in this situation, especially given current policy expectations and increased reliance on private sector housing among people in the social security system.

- **'It's way too expensive'**. Rental charges were seen as far higher than social rents: *'the prices are very extreme. For flats, you're looking at 800, 600, 700, and it's very expensive nowadays in private rented'*. Such high costs were seen as unaffordable from anticipated wages. It was also pointed out that for anyone depending on benefits, social security support with housing costs (Local Housing Allowance in the private sector) generally falls short of actual rents, leaving a gap which would have to

be met from their Universal Credit standard allowance – which would cause particular hardship for those on the lower under 25 rate (as outlined in Chapter 3).

- **Prohibitive up-front costs.** Participants often discounted the prospect of private renting as the lump sums commonly required for advance rent and deposits could be thousands of pounds putting them out of reach of people on Universal Credit and those on low wages. One person was aware that their current housing provider could help with a deposit but generally this was seen as a prohibitive cost.
- **Lack of a guarantor** as people in this situation do not necessarily have family who can provide financial back up. Because of their age and circumstances they were also less likely to have a credit history. Not only did this limit their chances of getting accepted by a landlord, but it left them at risk if their tenancy didn't work out.

'Privately renting is a bit difficult because you would have to have the money there, you would have to have I think references, then you would have to have a guarantor and stuff like that, I don't really have family like that, so it's just a bunch of things that you just have to think of. And then as well it's like we need to have a deposit, we need to be able to ensure and prove that you can maintain that tenancy and then if anything happens, you know the unexpected, can you be able to kind of like support yourself during that period?'

(Semi-supported accommodation)

- **The need to share.** Where participants were considering renting privately the key enabler was the potential to share with a group of friends or a partner as being able to split the costs could make independent living more financially viable.
- **But sharing with strangers was not always tenable.** Some young people had poor experiences of sharing in the past, for example in temporary accommodation. Not only did they associate sharing facilities with 'disgusting' conditions, or things going missing, but there was the risk to personal safety in sharing with 'dodgy' people and a potential negative impact on their mental wellbeing. Social security support with housing costs in private rentals restricts eligibility to shared accommodation rates for those under 35 (although exemptions apply for care leavers and those who have lived in a hostel), which may force people into unsuitable accommodation. However, past experiences (even if they were in temporary hostels rather than private rented accommodation), could foster concerns about sharing at all, with several participants dismissing the prospect of sharing again.

'From what I've experienced, when I've been in them, you've got a lot of drugs happen, a lot of alcohol abuse, a lot of drug abuse, and it seems to be that they are more targeted and more issues and violence and danger happens there, they are more dangerous than having your own flat.'

(Fully supported accommodation)

- **Insecurity.** There was a general feeling that you could 'get kicked out for no reason' from private rented accommodation, with several participants experiencing this with their families when they were children. Future housing security was really important to young

people in this situation who had often moved around a lot in the past and expressed a fear of being made homeless again and being ‘back to square one’.

- **Discrimination.** Several participants felt that it would be hard to find a private landlord willing to accept them. As well as the perceived disadvantage of being young or a student and considered a ‘flight risk’, the key issue was ‘discrimination’ against people claiming benefits. One single parent had been turned down for numerous properties before coming to supported housing. Another pointed out that even if they were working when they moved in, they could jeopardise their tenancy if they lost their job and had to return to benefits.
- **The benefit of being furnished.** A few participants highlighted the advantage of being able to move into a furnished private rented property which would reduce the initial outlay and stress – in contrast to social housing which is generally unfurnished (see below).

Social housing – affordable, secure, stable, but with limited availability

The key benefits of affordability, security and stability associated with social housing contributed to it being considered the most suitable tenure by young people and support workers in this study.

- **Lower rent levels.** Lower social rents meant not only that living independently in social housing was more manageable for young people in work, but if they were not working their housing support from benefits (Universal Credit housing element) should cover the rent.
- **Secure tenures.** Participants really valued the security of social rented tenures. Knowing that they were there for as long as they wanted gave a sense of control and feeling that the property was their own which was particularly important for young people who had experienced precarious housing situations in the past.

‘I feel peace of mind because I know for a fact that I’m not going to get kicked out...It’s just nice to stay in one place. Moving from one house to another house, another house and then now I’ve finally got my own, I don’t have to worry about moving or being worried about like not having somewhere to live and I’ve got my flat and my own tenancy.’

(Social housing)

- **Availability and a long unwieldy process.** Given the national shortage of social housing, it was unsurprising that participants often discussed having to wait a long time to access social rented property – some mentioned it could take a year, but it ‘depends on your luck and priority’. It meant that participants needed to start the process some time before they expected to move out of their supported accommodation. Such a delay had implications if someone was living in fully supported accommodation, were reluctant to take on full-time work (given the high rent level), and were therefore constrained in their ability to improve their financial situation. Participants noted that being in supported accommodation enhanced their priority in the social housing process. This was also seen as a reason not to take private rented accommodation even if it was available more quickly, as they could lose their ‘priority’ making it much harder to access social housing in the future. The ‘bidding’ system (which involves regularly applying online for available properties and being considered alongside others on the waiting list) could also be

daunting, stressful and time consuming. Several participants valued help from support workers in navigating the system and helping them not to give up when frustrated at the process.

The need for choice

Participants in the study were well aware of the difficulties finding independent housing with scarce supply but also raised the need for choice – for example in relation to location, young people emphasised the importance of being near their family and friends as support networks were vital when setting up home on their own. Having to avoid a particular area due to difficulties in the past could also be an issue. Being near to work or college was important for convenience and to limit travel costs, as was feeling comfortable in a certain area or housing setting. This could be especially important in relation to the acceptance of someone’s sexuality where living in an area where they could feel unsafe or encounter abuse could ‘add another layer of trauma’. This sometimes led to a young person waiting longer if property available wasn’t seen as suitable, as it was felt important to consider these factors if they were moving to a long term home.

The desire for financial stability and the ability to save to move out

Participants who were looking to move often spoke of wanting to save in preparation for setting up their own home. However, this was more feasible for some than others depending on if they were managing on Universal Credit only, had income from work, the extent of their current outgoings, or if they planned to share costs with a partner. Those who were not working were sometimes struggling to manage to get by on Universal Credit, given the under 25 rate, let alone save. A few participants who had accrued rent arrears, were behind on bills, or had outstanding debts felt that this could inhibit their ability to move and set up new household finances.

‘If you are in supported accommodation and you don’t have the money to move, you’re basically stuck, it’s a vicious cycle’

(Semi-supported accommodation)

A few participants who were in semi-supported accommodation and had moved into work had been able to save and were looking ahead to moving on. Several spoke of wanting to have financial stability as a precursor to independent living and hoped the key to this was stable employment and earnings which they had just moved into.

‘Right now it’s all about building credit, it’s all about building job security and kind of having that saving as to where like we can pay for a deposit in whatever place we want to look at and go to.’

(Semi-supported accommodation)

Moving into and managing in independent housing – what makes a difference

Young people in the study outlined the range of challenges moving into their own homes entailed for them and what had made a difference to their experiences of moving into and managing in independent housing. This included direct financial support, supplying furniture and help with setting up bill payments. Ongoing access to support could be crucial not only to transitioning into independent housing, but also to sustaining the transition successfully.

Help with the costs of moving in

Social rented housing is generally unfurnished. Concerns were raised by some participants thinking about moving in the future who were mindful of the potentially substantial cost of furnishing a property – especially if everything had been provided in their current accommodation – but also the ‘daunting’ prospect of having to deal with it all. Support from housing providers was often crucial to help with these costs.

‘The thing with moving into a council property is they can be so bare bones and I don’t think that my mental health can take that! I don’t think my wallet can either!’

(Semi-supported accommodation)

With low levels or likelihood of savings or financial back up, this expense could be hard to meet for young people moving from supported accommodation. Participants who had moved to social housing had sometimes received help to get furniture, carpets and white goods, which had made a huge difference, as the accommodation was usually unfurnished. Help included support workers accessing grants and purchasing items, and grants for care leavers to furnish a property. Someone who had received similar support in moving into their semi-supported accommodation expected to take household goods with them which would help financially when they moved to general needs? housing. Young people really valued the support they had received as they would not have been able to afford to furnish the property otherwise, and the stress of moving was eased, knowing that ‘you are not having to do everything on your own’.

Setting up and managing household bills

A key difference for those moving from supported housing where some paid a service charge, to more independent housing, was being responsible for all household bills. Some young people had welcomed a support worker or housing provider helping them get set up when moving to independent or semi-supported housing. This included making calls to energy companies, showing them how to use a prepay meter and topping up the card, or actually putting some credit on the meter. They explained that facing this for the first time could be overwhelming, so this support was invaluable to start them off on the right foot.

‘At first I was thinking, oh I’ve got to phone everybody and set everything up, I don’t even know where to start, and she helped me like set all my bills and stuff, so I didn’t have to stress about none of that, I just had to just pay like my first month, and then obviously after that then I just knew what I had to pay and where it was all going and stuff like that.’

(Social housing)

'He gave me the confidence to be independent and it helped me like settle myself in to my apartment.'

(Social housing)

Bills were generally substantially higher than a service charge, which could be a shock and put greater strain on young people's budgets. Again, advice when they moved in could help prepare them. How participants dealt with the new responsibility of having to manage their household budgets and how it affected their lives varied but was largely influenced by the level and stability of their income (see Chapter 7).

'When I was living there I noticed I had a lot, lot more money. Like for example like obviously because I didn't have to pay [rent, bills] I'd still have like over £100 left. But now, living on my own, living in my own property, it's a lot different because I've got bills to pay, like my bills normally come out at £160 odd. And I don't have much money left over after buying like you know all the certain essentials for my house'

(Social housing)

Ongoing or 'floating' support

Beyond the initial move into independent housing, young people generally had access to 'floating support' for several months or until they felt they no longer needed it. Participants saw this as a valuable resource – one participant observed that they would miss seeing their support worker but was realising they could manage on their own and it was reassuring to know they could contact them if they needed to. Changing circumstances – moving into work or changing hours and the implications for benefits – were areas where advice was particularly useful. One participant had been surprised to lose their benefits after moving into work resulting in rent arrears and wished they had been better informed before making their decision. Access to such information is important to help prevent problems for tenants, and potentially help sustain tenancies. However, several participants noted it wasn't always easy to ask for advice.

Young people moving from supported to independent living faced particular challenges, with options and choices limited by having fewer financial resources to fall back on than others might have when looking to set up home. Their finances were constrained by the under 25 Universal Credit rates and low fluctuating earnings made it harder to save money and build resources to put towards moving into independent housing.

Help from housing providers and supported housing staff was often crucial for young people in finding and settling into independent living – in particular accessing social housing. Several young people in the study described themselves as 'lucky' to have received such support and couldn't imagine making this transition otherwise. An issue raised by this research and indeed by some participants, is that other young people may well be in difficult situations, and struggling to find or maintain independent living on their own, if they are not aware of such support to help with accessing and funding a move to affordable accommodation.

7 Managing to make ends meet – ‘living’ versus ‘surviving’

‘Living is basically just like living your life really, ... like being able to go out and have fun with your friends and enjoy the little things in life. Surviving, it’s just like being able to pay your bills and have like food and water.’

(Fully supported accommodation)

This chapter looks in more depth at the impact of income on young peoples’ living standards and what this meant for their everyday lives. It highlights the challenges young people faced when trying to get by on the under 25 Universal Credit rate or with low and unstable earnings, as well as the (material and emotional) difference it made if their financial situation improved.

Across the study, there was a mix of people who were struggling to manage on Universal Credit only, as well as some who found it difficult make their finances stretch although they were working. This meant it was hard to meet essential costs and keep up with bills, and a few were paying off debts. Others with more stable income, including from secure work, were able to manage more comfortably. This included being able to afford ‘luxuries’ like going to the cinema with friends, going out for drinks, or buying new items of clothing for work. Participants drew a clear distinction between costs they needed to pay in order to ‘survive’ (for example, payments that prevented them falling into financial hardship and debt) and things that enabled them to ‘live’. Trying to manage on only Universal Credit could make the latter category feel out of reach:

‘It doesn’t allow people to live it just allows people to get by.’

(Social housing)

‘All of that fun stuff I had to cut off just for me to pay for my electric and survive.’

(Fully supported accommodation)

‘I don’t really get to go out and buy what I want, it’s just always stuff that I need.’

(Fully supported accommodation)

While the interviews captured one moment in the lives of the young people we spoke to, some highlighted significant changes in their circumstances in recent times. They contrasted their current situation to more difficult periods in the past when they had been struggling to manage on Universal Credit alone. Others hoped that future changes would improve their financial situation. These changes could mean moving from just surviving to having greater financial freedom and having a wider range of choices about how to spend money, without the constant worry.

‘Now I can just have fun, and the big thing is being able to live, instead of just survive. Sometimes it has just been about getting by the month and counting

down the days until I'm next paid... and I still do that but it's way more comfortable than it was before. I feel so much freer, I genuinely feel like a weight has been lifted off my shoulders... now I can just breathe and live my life the way I want to live it.'

(Semi-supported accommodation)

Covering the essentials: 'surviving'

Covering essential costs including rent, energy bills and food was a key priority among the young people we interviewed but could be a source of worry and stress for those whose finances were more constrained or unpredictable.

Rent

Rent costs varied depending on young people's housing and employment circumstances. Those whose rent was paid primarily through Housing Benefit, or Universal Credit were having to spend minimal amounts on housing costs. The Universal Credit housing element covered rent in full for those living in social housing. Some in supported housing were paying a service charge, which they tended to think of as 'rent' but covered personal energy costs ineligible for Housing Benefit, and saved them the cost of some household bills (see below). Support with housing costs made a huge difference to the extent of outgoings and how well people were able to manage:

'It gives you a chance... knowing that I've got something that's paying something off for me that I don't have to pay is a bit of a relief off my shoulders, because I don't have to stress and work myself up.'

(Fully supported accommodation)

Participants whose housing costs were covered through Universal Credit or Housing Benefit generally preferred payments to go directly to the housing provider as opposed to being paid to them and paying rent themselves. They felt that there was less chance of dipping into it 'by accident' and 'one less thing to worry about':

'I'd rather it that way because then it's not in my bank, it just gets paid and I just know that every month I ain't got to stress about my rent, and I know that it gets paid like done, every month.'

(Social housing)

Participants who were not claiming Universal Credit did not receive such support with rent costs. Being in semi-supported or social housing with reasonable rent levels helped, but the ability to manage rent costs depended on their earnings. Those with a steady income from full time work or an apprenticeship generally felt confident they could keep up with rent payments. It could be more challenging where incomes were irregular. One participant chose to pay three months of rent, as well as pay some bills in advance, when they received their student loan each term, knowing that they would have little other money coming in. However, it was hard to manage where people experienced sudden or unexpected income drops, for example where someone on a zero hours contract was ill and lost over a week's wages.

Participants stressed the importance of trying to keep up with the service charge or rent payments. One parent explained how ensuring they 'have a roof over my head' became even more significant since having a child. However, a few were, or had in the past been in arrears with their rent, often related to benefit payments changing and confusion about how much rent they should have been paying when they were working. This had implications, not only for their finances as they were trying to cover more housing cost each month to make up for this shortfall, but also with the strain having the arrears hanging over them.

'Well, the rent and everything, like what happens if you don't pay it, what happens ... they're just saying pay it, pay it, but I'm struggling myself and I can't really do it.'

(Social housing)

Those in supported accommodation who had experienced arrears noted a degree of flexibility from their (commissioned) housing provider and understanding of the difficulties they might be facing. However, they anticipated that general needs social housing providers and certainly private landlords would be less lenient where arrears could jeopardise their tenancy.

Energy and food bills – and the impact of rising costs

Household bills could swallow up a large portion of young peoples' incomes. Participants in supported accommodation who paid a service charge which included energy costs and some utilities explained that this was a lot cheaper than if they were living independently and having to cover the costs of these bills separately. For those paying energy bills themselves this was a major outgoing, and keeping up with household bills as much as they were able to do so, was generally a priority. Regular income from work – if this was stable – or from PIP helped some participants to manage these costs however, keeping on top of bills could prove a real struggle, especially where people were managing on Universal Credit alone or where their income from work had reduced.

'We do not have enough income for us to pay for our electric... we are not like other people getting full wages... I have pressure, it puts a lot of pressure on me.'

(Fully supported accommodation)

Some participants discussed how they cut back on energy use where they could through wearing more clothes to keep heating costs down, cooking two days' worth of food at a time, and turning appliances off to minimise consumption. Even so, some young people had accrued arrears, which in their current challenging financial situations they could not see a way to repay.

The impact of rising energy costs varied. Where energy costs were included in the service charge for supported accommodation, participants had not (at the time the research took place) experienced an increase in charges. However, for those who covered the bills themselves, energy price increases were more noticeable. One participant paying by direct debit noted that their monthly payment had nearly doubled, whereas someone using a prepayment meter was having to top it up more often. Some felt that while they had

previously been able to cover their costs, they were now struggling to do so or were only managing with the help of partners chipping in. Participants discussed taking further measures to try to keep costs down.

'Now that the cost of living has gone up it has made things difficult again, I'm in debt by £200 on my electric.'

(Semi-supported accommodation)

'It was going up and up, it just would not stop. We were like turning off lights and putting candles on all night and minimally using all of the electronics and it just would not go down.'

(Semi-supported accommodation)

The research took place during the summer and participants generally anticipated things getting tougher over the winter which was a real concern. A few said that they were not thinking about it until it was an issue, because they felt there was nothing they could do.

'It impacts me when it impacts me, I try and not stress about it. For me it's the first time I've had to deal with a price increase ever. I would stress more if I knew more about them.'

(Social housing)

The difficulty for some young people who had moved into a property over the spring or summer was that they had not been through a winter paying their own bills and did not yet have a sense of the costs they might face. This could add further uncertainty for someone still getting used to managing their bills, as one participant who had recently moved into social housing noted:

'I don't exactly know how much it's going to be going up by: so that's going to be a bit difficult to estimate how much money I'm going to have to put on to it and how much money it's taking. It's going to be complicated'

(Social housing)

Where peoples' finances were on a tight-rope they sometimes had to make tough decisions between essential costs, for example prioritising energy bills and rent over food. While food costs are essential, it was something that participants had to restrict when finances were tight *'I make my food stretch and make it last.'* They discussed various ways of keeping costs down: shopping at budget supermarkets, cooking from scratch where they could and avoiding takeaways.

'I hate when people say ... ooh getting a chippy? You're like no, because with that £5 or £6 that you're spending, I could get at least two meals. So I'm fed for two days, where you're fed for one.'

(Semi-supported accommodation)

But at times it could mean having to cut back even further, shopping less often, eating smaller portions and skipping meals. For a young person with a child this could entail going without in order to feed their child.

'If I ain't got enough money to feed me, then I won't feed me, I'll feed my son. That's how it goes. As long as my son's fed, that's all what matters to me'

(Social housing)

In addition some had had to rely on food parcels, food banks, or the food that was provided in some of the supported accommodation which limited the choice of food they had.

However, a restricted diet can get wearing, as one person explained:

'I'm tired of eating the same stuff every day. Like Iceland's hotpots are not hitting the same that they used to like a couple of months ago!'

(Fully supported accommodation)

Most participants had noticed food prices increasing which put even more pressure on already stretched budgets. Some had tried to cut back further, or switched where or how they shopped, but despite these strategies, they found that food costs were rising across the board and their money would only go so far.

'The shopping, oh my God! I used to go to Asda but that's just silly... So then I started going to Aldi. But then like the last couple of months I've noticed, like there's little things like the yoghurts and the cheese and stuff like that, it's like extra 10p's on them taking the prices up. I know it's only like 10, 20p on things but it's an extra £20 on your shopping.'

(Social housing)

'Before this, I used to do £25 roughly and that would sort me out for a week. That's just food. But, it's gone up to about £40. You do the multi-buys. I'm proper stressed out about my money, I will sit there with my calculator and be like, well normally I only get one, so what's this saving me? But it's still spending more than I originally was anyway! It is a lot of strain.'

(Semi-supported accommodation)

Those who had received the Cost of Living Payment (first instalment of £326 in July 2022) appreciated this extra one-off payment. Occasionally, participants had saved it, but for those who were finding it harder to make ends meet there was a sense that it was a bit of a 'sticking plaster' for a potentially longer-term problem. Some participants explained that it had helped to cover their costs for that month, or temporarily alleviated some of the financial strain they had been experiencing – allowing them to buy extra groceries, or put it towards paying an outstanding bill or rent arrears. However, they noted that the following month they were in the same situation they had been previously, having to manage higher costs on the income they had. One participant observed that it 'didn't make a dent' given the scale of arrears they were dealing with.

'It was a bit of a bonus obviously when I had like no money. I don't really get to buy myself much, I just put it back into the house and bought shopping and stuff with it. It does seem, like a lot like £300, and then like literally within two minutes it can vanish like that, like literally gone!'

(Social housing)

For young people already struggling to manage on Universal Credit, the rising costs of essentials made it increasingly difficult to cover basic needs, with the inadequacy of the under 25 rate becoming even more stark.

I don't understand why they're not increasing it [Universal Credit], because it is unliveable. You shouldn't have to be using a food bank every week in order to survive, and if you have to be on Universal Credit, then that money should reflect how much things are costing now.'

(Semi-supported accommodation)

Those who were in stable work and/or received PIP had more to spend on food which gave them greater options, and where participants' incomes were about to or had recently increased, they commented on the difference this would make; not being restricted to a budget supermarket, being able to afford a 'treat', and have a meal out sometimes. Buying and eating 'better food' as well as having the option to afford takeaways if they didn't have the energy to cook was also given as an example of what additional income might allow participants to afford. Parents explained that if they had more money it would enable them to treat their children without having to cut back on other costs including food for themselves

Travel costs

Transport was an essential need. Young people were using public transport, generally buses, to travel to work, the Job Centre, do grocery shopping, or visit friends and family. Meeting these costs could be challenging on a constrained income and this could mean young people having to walk or cycle sometimes long distances to work rather than take the bus. A bus pass could cost around £50 a month, taking a sizeable chunk from a stretched income, and where anxiety prevented someone from using public transport the cost of using taxis was even higher. Participants had sometimes faced sanctions when they had not had the money to get to their Job Centre appointments, which had knock-on consequences for their finances.

'I'm buying Day Savers every week to go to the Jobcentre... so £20 a month goes on Jobcentre only.....But then that £20 could be my whole week's worth of food.'

(Fully supported accommodation)

Those who received a free bus pass noted the difference it made to their budgets and was crucial in enabling them to get to work, college, and maintain social connections. Some participants really wanted to learn to drive, to open up opportunities and provide independence, however, covering the cost of driving lessons was generally out of the question unless someone was in stable work. A few participants who received PIP were

considering using the Motability¹¹ scheme to access a car which would have been unaffordable otherwise.

Constrained choices or having the money to 'live' - implications for wellbeing

The extent of financial freedom or restrictions on choice was an important part of young peoples' experiences of having to make ends meet. Constrained budgets meant that 'choice' about spending involved participants having to prioritise certain costs over others and make sacrifices:

'Before going out before doing all of the fun things make sure you have a place to live... I wouldn't do anything that would jeopardise that... As long as that is out of the way and that's secure then I can do the other things.'

(Semi-supported accommodation)

'Like it's new trainers or it's my food shop for the week or it's my daughter's milk, do you know what I mean? So I do have to make sacrifices like that. Like yeah it does get me a bit sad sometimes.'

(Social housing)

'It's my birthday next month and I can't really celebrate it if I'm paying all my rent.'

(Social housing)

A number of young people pointed out that because their finances restricted what they could do, they were potentially 'missing out' on experiences of being young compared to their peers who were not having to manage on a very low income, which could impact on their mental health.

'As a young person, seeing people being able to do certain things and me not being able to do them, it makes me feel bad.'

(Fully supported accommodation)

'At this age I should be going out with my friends, going out for meals and stuff like that...I'm only young, I don't want to be like missing a childhood because of money.'

(Fully supported accommodation)

Conversely, some participants whose income had increased either through work or gaining health-related benefits had money left over to 'live'. They had more choices, and rather than just struggling to cover their basic needs, they were able to meet some 'wants', and spend on things they enjoyed. This meant being able to afford things like takeaways, nights out, or new clothes, and feeling able to do the same things as other young people. Having enough money to spend on things they wanted to do was important for mental health. Getting out or meeting with friends was seen as really valuable to emotional wellbeing.

¹¹ The Motability scheme enables someone who receives the mobility element of PIP to exchange their allowance for a lease car.

'I'd probably feel a bit better in myself, with my mental health and stuff like that... I don't really like to be stuck in the house a lot.'

(Fully supported accommodation)

Several participants noted the importance of the gym for physical and mental health. It was often beyond young people's budgets, but was sometimes prioritised including through cutting back on other costs to be able to afford to go.

'When I started the gym, I stopped spending on my phone because I save money from that for the gym, you know. I've got internet at home, so if I need anything, I'm going to use it at home. But the gym, it's important because when I go to the gym, I feel happy, when I come back I sleep good.'

(Fully supported accommodation)

The ongoing stress of not having enough money was reiterated as young people talked about the challenges of trying to make ends meet. This meant being constantly on edge – having to always watch their money, 'worry' about how to pay for things, 'panic' if an unexpected cost comes up – which was emotionally 'draining'. This was most stark for those who were trying to get by on an income from Universal Credit alone and /or had got behind with bills or rent payments.

'It's all a mess, everything's all a mess and I just can't think straight ... hopefully it will get better ...I'm trying to keep calm, I try not to stress about it. I'm just waiting until my next pay. Hopefully by the end of a few months it will be all sorted and then I'll have a clearer mind and be less stressed.'

(Social housing)

One participant explained that with so many demands on their money, most of it was accounted for as soon as they received their Universal Credit, and discussed the pressure they faced trying to keep some back to live on before it disappeared from their bank account.

'Everything comes out so quick and I've got to try and snatch it before everyone else snatches it. On payday I'm up till three o'clock waiting for it [Universal Credit] to come in, and the minute it's come in, I'm like right, leave 100 in there for them to scabble and fight over and then the rest is going on me, my daughter, food, and that's what I have to do.'

(Semi supported accommodation)

Where participants' incomes had increased some young people emphasised the sense of 'freedom' and 'relief' they felt. It also had positive impacts on their mental health, reducing the constant stress of trying to get by on an extremely low income. This related to eased pressure of not having to always monitor and worry about their finances, the security of knowing they can cover their essential costs, having a little back up or leeway in their budgets, alongside having more agency and being able to spend money on things that they enjoyed – 'it gives me a better mindset'. As one participant noted: *'being able to live instead of just scrape by is so beneficial for mental health'*.

'It would give me something to fall back on just in case. I could pay a bill without any stress... It would give me that safety net, which I've never had, ever. Not having to stress about what happens if I don't have any money.'

(Fully supported accommodation)

'[I can] treat myself to a takeaway and not think about what that's going to impact on my bank. It's been such a relief, it makes me feel more adult and more independent.'

(Semi-supported accommodation)

Investing in the future

Some participants noted that if they had more money in their budgets they would prioritise putting it towards their future and 'things that would get my life going'. This included: driving lessons; saving and buying furniture for moving into their own place; getting ID which would help with verification for banking and employment; and doing things which would improve their mental health – all of which could be impeded by their low income. Participants who were living in supported housing were aware of the need to look ahead towards moving into independent living. However, the inadequacy of the under-25 rate of Universal Credit meant young people whose only income was from Universal Credit were struggling to afford what they needed to live, let alone being able to save up, for example to make preparations for their lives beyond supported accommodation.

What makes a difference – tools for managing and support to help plug the gap

Budgeting strategies

Many of the young people we spoke to were highly organised and disciplined with the money they received, particularly those trying to manage on incomes from Universal Credit alone. This included using budget sheets and folders, or writing detailed lists, to keep track of their income and outgoings.

'I got a budget binder off Amazon that has like these pockets in, and I can put all my money in it, and I've got labels on, like bills, groceries. So I take my money out the bank and then apart from the things that are direct debits, like my rent and phone bill, Council Tax, they all stay in my bank and then whatever's left I put into the different sections. And then I budget that way. And I find it easier to do that.'

(Fully supported accommodation)

A couple of participants explained that they gave their Cost of Living Payment to a partner or friend to look after until they needed it, to make sure they didn't spend it, and another regularly gave some of their Universal Credit to their mother to hold onto each month which helped them to manage their money. Some participants had received support with managing personal and household finances. This included advice from their housing provider or support workers and undertaking life skills courses on budgeting, managing bills and banking which had helped them monitor their finances. This was particularly helpful for

those who were new to managing their finances. Others were already used to managing their finances, sometimes having had this responsibility from a young age.

Nonetheless, for those managing on Universal Credit or fluctuating earnings their income level dictated how far their money went. Although many did what they could, the tools for managing were limited, and short of cutting back on essential items such as food and electricity, they felt that there was little else they could do to make their money stretch further. No matter how skilled a budgeter someone might be, the key problem was not having enough money in the first place: *'If I've got no money, what am I budgeting?!'*

Additional income from Personal Independence Payments

Some participants who were receiving PIP reiterated the difference this income made to their budgets and quality of life. They felt able to cover their essential costs more comfortably and had money left over which made a huge difference to their living standards – meaning that they could do more, had more choice about spending and were less worried about making ends meet. They sometimes compared their situation to the prospect of having to manage on Universal Credit alone.

'It [PIP] allows me to go out and spend time with my friends.... to enjoy and actually have fun. If I just had the UC, I think I would be mainly paying bills, paying bills, paying bills, and that would be about it.'

(Fully supported accommodation)

The crucial role of PIP in raising living standards for young people who would otherwise be only receiving income from Universal Credit highlights the importance of claiming PIP for anyone who is eligible. However, the fact that participants felt that PIP was *so* vital to their budgets reiterates the insufficiency of the under 25 rate of Universal Credit. In meeting the needs of young people.

Support from housing providers

Financial support or grants from housing providers had helped some young people during times when their finances were tight. This ranged from help funding household items when people moved in or on from supported housing, to ongoing support when needed. Participants described receiving support with accessing food and cookware, grants for costs like clothing when moving into work, a phone or a laptop and books for studying, vouchers for taking part in training or research and in one case access to additional funding towards rent when someone was studying and not receiving housing support through the benefit system. Knowing this help was there when they needed it was 'amazing' and lessened the risk of falling into debt or going without. One participant explained the impact being given a £50 food voucher made when they were trying to manage on Universal Credit:

'It's a month's shopping saved isn't it? And I couldn't be more thankful to them for doing that. It was just really, really useful. And it meant I could have a lot of stress taken off my shoulders, because I didn't have to worry about feeding myself then, knowing that I'd be fed for the month.'

(Social housing)

Family and friends support networks

Being able to turn to family for help when their finances were particularly stretched allowed some young people to cover some essential costs that they would otherwise have struggled to afford including phone bills, food, and travel. Some also valued having family members that they could share costs with, or who could help with managing money. However, this was not necessarily comfortable for participants who noted how they really wanted to be independent rather than 'depend' on others, but sometimes had little choice. Some explained that having to ask family for help was indicative of how strenuous their financial situation was, given the challenges in their relationship with those they were contacting.

'They always tell me not to pay them back, so it's not really like borrowing, it's like they're giving it me but I will always try my hardest to give it them back..... I just try not to ask, because it always seems like I'm asking for money. If I call or phone, it's like oh what are you here for, money, I'm like no, but always asking made me look like a certain type of person, and I ain't that person.'

(Fully supported accommodation)

Those who were able to draw on family help sometimes noted that they felt lucky to have family back up. Other participants did not have this option. Young people who have been homeless or are at risk of homelessness are less likely to have such resources to fall back on and have to manage on constrained finances alone. Furthermore, several participants in the study noted that they helped family members out from time to time, highlighting the two-way nature of support, and for some added sense of responsibility and indeed demands on their income.

Friends could also provide a valuable support network. Participants talked about the importance of having friends, sometimes living in the same supported housing complex, that they could spend time with, and who also understood their financial situation as they were in similar circumstances *'we've been through the same stuff and kind of get each other'*. As well as moral support, they sometimes helped each other out with lending and borrowing money between themselves to get them through until they received their next Universal Credit payment.

'So we all kind of rely on each other a lot. Because we all get paid different times so when I get paid something and they need some things I'm always going to help them, I can borrow it them and it's quite nice to do that then as I know I won't spend it, and I'll have money coming back in the week.'

(Fully supported accommodation)

This chapter has illustrated the material and emotional impacts of low income on the living standards of young people who are living in or have moved on from supported housing. Restricting food or heating, missing out on doing things other young people could, and the stress of constantly worrying about money are some of the negative consequences, particularly when having to survive on the under 25 Universal Credit rate of income. In contrast, when incomes improved, the implications of being able to afford the things that helped young people to feel they were 'living' went further than allowing a little 'fun' from

time to time – it meant being able to maintain social networks, look after their physical and mental health, worry less, and move forward with their lives.

'Being able to live, instead of just scrape by is so beneficial for mental health because when people are just surviving their brain is in survival mode, and they're in crisis because they're just like, what have I got to do so that I am fed and I'm housed? And that is no way to live. Like it's just doing the basics to get by. Whereas when you're in a safer place financially, it just makes everything a bit more easier to live by, so you can relax, and be more yourself. I think honestly the biggest thing is an increase in UC.'

(Social housing)

8 Conclusions and recommendations

Young people who have experienced or been at risk of homelessness, and are living in and wanting to move on from supported accommodation, face significant challenges. Living on a very low income impacts not only their current living standards and ability to get by day to day, but also on being able to move forward in their lives. This report provides an insight into the barriers and opportunities young people experience in trying to access the work and housing stability they seek when moving towards living independently, rather than just surviving.

The key factors that young people were looking for were suitable and affordable housing; benefit rates that they can live on; and, when ready, to be able to move into stable and financially viable work. However, they faced a range of interacting challenges in meeting these needs. These included: being dependent on the social security system which has lower benefit rates for those under 25; the complexity of the interaction between benefits and earnings, particularly when living in supported housing; the difficulty of gaining secure and stable employment that generated a steady income, made working worthwhile and didn't jeopardise their benefit and income stability; and access to affordable housing.

The research highlights how low incomes impact significantly on young peoples' ability to make ends meet, and those reliant on the under-25 rate of Universal Credit have to make sacrifices in order to 'survive', which can impact on their wellbeing and ability to make plans. A stable income from work could make a vital difference in managing costs that had previously been out of reach for some participants, allowing more room in their budgets to 'live', having a positive impact on their mental health, and providing opportunities to move on. However, the way that the social security system interacts with earnings could make a move into work seem counter intuitive for young people living in supported housing.

Based on this research, the following recommendations outline what could make a difference in both young people's current situations and their ability to transition into work and independent living.

Pay the Universal Credit 25 or over rate (£334.91 a month) to anyone not living with parents/carers.

Access to benefits can help young people who have experienced or been at risk of homelessness to plug the gap left by family support - an adequate social security system is therefore crucial to support those in and moving on from vulnerable situations. It is clear that the needs of young people living independently do not differ by age; those under 25 face the same essential living costs such as bills, food and transport, as those who are over 25, and those who have faced homelessness are less likely to have the option of help from family members. However, currently Universal Credit levels are determined by age for young people living independently - where the current rate for under 25s of £265.35 a month is nearly £70 a month less than the standard rate for those aged 25 or over. The detrimental effects for young people struggling to manage on the Universal Credit under 25 rate (and with even less money if they face deductions), can mean living below destitution level

(Schmuecker et al., 2022). There are limits to what can be cut further from budgets and the constant battle to make ends meet on such low incomes impact heavily on young people's wellbeing. Furthermore, the costs of energy and food are increasing sharply, putting even more pressure on already stretched incomes.

The £20 a week uplift to Universal Credit introduced for a period during the Covid pandemic demonstrated the difference an additional amount (not far off the under/over 25 Universal Credit difference) made to young people during that time. It helped to cover essential costs with less stress and pressure, and increased the ability to afford things that enhanced wellbeing.

There is a clear need to bridge this disparity by age through bringing the under-25 Universal Credit rate in line with the 25 or over rate for all young people living independently. This could go some way towards helping them to manage costs on a low income, allow a little breathing room in budgets, and potentially help them to move towards brighter futures. It is also vital that benefit rates are linked to inflation, to reflect rising living costs and maintain young people's abilities to make ends meet.

Make work more viable with less complex interaction with the social security system

A security system that supports rather than deters young people wanting to move into employment, not only benefits individuals, but could also bring broader economic benefits in the context of current UK labour shortages.

Work was a goal and seen as a way of improving financial circumstances for young people in the study, but the complexity of the interaction between the social security system and working can cause uncertainty and confusion. Young people were hesitant about working or increasing hours if they would not be much better off, they were worried about facing high housing costs if they lived in fully supported housing, and the prospect of earnings destabilising their benefits and overall finances was seen as an enormous risk. There was a feeling that the 'system' thwarted their ability to improve their financial situation while living in fully supported accommodation – with their options being to move to social housing or semi-supported accommodation with lower rents otherwise face being tied to Universal Credit.

People need more certainty about the consequences of earnings on their benefits before they take up work or change hours. The role of support workers or Job Centre staff can be vital in carrying out 'better off' calculations (though this can be hard to determine if hours and earnings fluctuate). But crucially, greater clarity and leeway in the social security system is needed - the two suggestions outlined below could directly help young people seeking to move into work and have some financial stability in doing so.

Reinstate the Work Allowance in Universal Credit

A work allowance sets a level up to which someone in work and on Universal Credit can earn, and keep those earnings before their benefits are affected. The reintroduction of the work allowance, which was abolished for single adults in 2016, would increase the amount

that people can earn before their Universal Credit payments start being reduced, and provide more certainty and stability for those earning up to this level. A work allowance could help to mitigate against the rate at which Housing Benefit is reduced for those working while living in supported housing, providing young people with a slightly higher rate of income on which to manage. Reintroducing it at the £111 a month that it was set at in 2016 and uprating it by inflation would bring it to £133 in 2022/23.

Simplify the rent and social security system in supported housing for working tenants

St Basils propose a rent simplification scheme which would enable young people who need support to remain living in fully supported housing, while being able to work without having to cover the high housing costs associated with this type of accommodation. Those earning over a certain point would be left with more overall income under this scheme than under the current system (illustrated below, Figure 3). It would entail capping the rent at LHA or social rent levels for a period of time when people move into work, and the tenant would pay the capped rent to the landlord from their earned income. The difference between the capped rent and the actual regulated rent would be paid directly to the landlord from Housing Benefit. This would: reduce complexity and risk for tenants; increase incentives to work; avoid young people feeling they need to move out of fully supported accommodation in order to move into work; enable move-on options; help reduce debt for tenants and landlords; and lower social security costs.

Figure 3 Comparison of the situation for a young person in work under a 'simplified rent scheme' based on LHA room rate compared with the current system

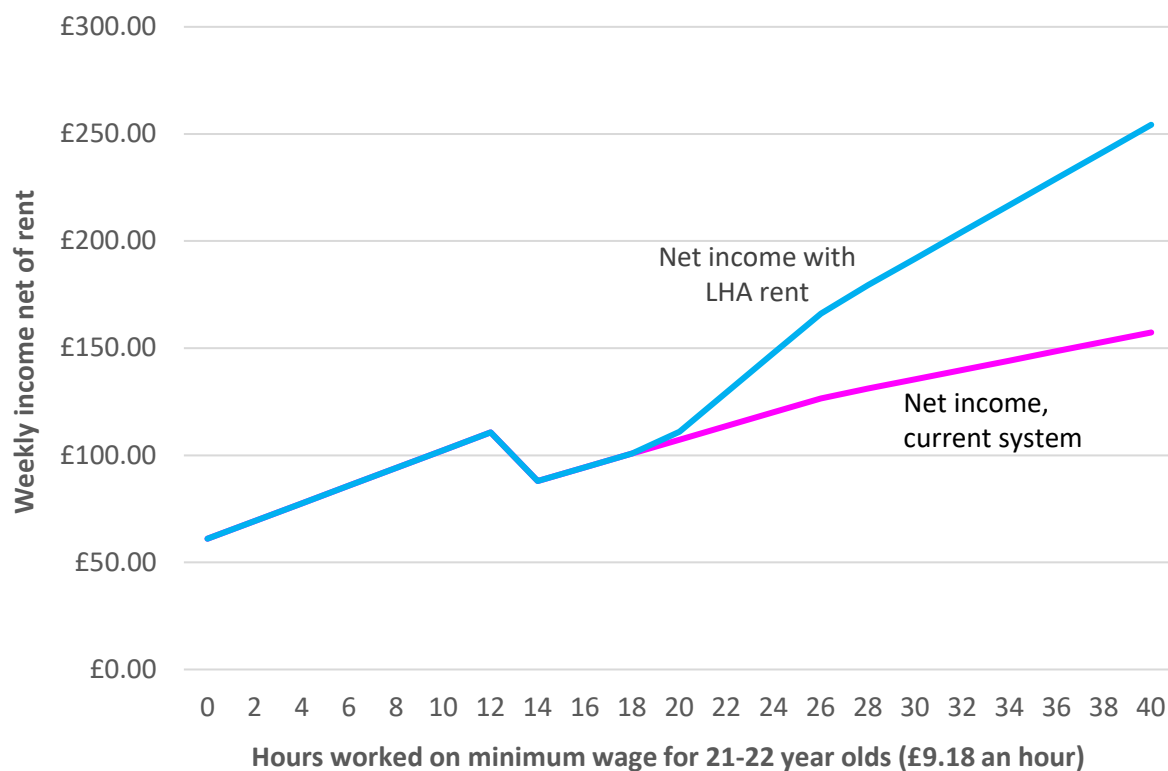


Figure 3 illustrates the impact on the overall weekly income of a young person living in fully supported accommodation and earning a minimum wage for a 21-22 year old under a

simplified rent scheme, compared to the current system. In this example the rent that the tenant is liable for under the proposed scheme is set at the normal Housing Benefit rate for a single room in the private sector under Local Housing Allowance (LHA) regulations¹², rather than the usual high level of rent in fully supported accommodation under the current system. It shows that under the rent simplification scheme with the lower LHA rent level there would be a greater financial advantage when working over 20 hours a week, on the minimum wage, compared to the current system. In this situation someone would no longer receive Housing Benefit, they would pay their rent up to the capped level through earnings alone and retain their additional earnings. Figure 3 outlines the overall income benefit compared to the current system where tenants rely on Housing Benefit to support the much higher rent, and have to continue to pay a contribution towards rent, even if they work full time. As shown in Figure 3, there would not be any difference when earnings are lower (under the equivalent of working fewer than 20 hours a week on the minimum wage) because they would still receive Housing Benefit equal to their rent level, minus a tapered amount, so their contribution towards rent and their overall income would remain unchanged, even with the reduced rent level. This means that under the simplified rent scheme, those working full time could bring income to above £250 a week, compared to around £160 under the current system (as set out in Fig, 3, above). This is still £40 below the Minimum Income Standard for a single working age adult living independently in a one bedroom flat, but people in fully supported accommodation (where some furniture and communal utilities are included) will not necessarily incur the same level of home-related costs as someone living in a general needs flat. As referred to in Chapter 3, personal costs (such as food, clothes, transport) which are not linked to the home amount to £212 a week, so an income of £250 would provide a reasonable margin to pay for some household goods, and a contribution towards energy costs.

Improve access to affordable and suitable housing

Supported housing was seen as a stepping-stone towards living independently in general needs housing. But young people who have experienced or been at risk of homelessness may have few financial resources to set up a home. The following suggestions could improve access to both private and social housing or lower cost semi-supported housing and help young people in this situation.

Increase the supply and access to social housing and commissioned semi supported accommodation.

Social housing was seen as more appropriate due to its affordability and security compared to private renting but with shortages of social housing this can involve long waits. Access to such housing with affordable rents provides young people at risk of homelessness with better opportunities to make work financially viable and move off benefits.

- An example is St Basils Live and Work housing scheme, where rent levels are set below LHA rates which enables young people to enter into work and pay their rent through earned income rather than benefits¹³.

¹² The average in 2022 for this LHA rate among West Midlands rental market areas is £72.55 a week

¹³ See <https://stbasils.org.uk/projects/live-and-work/>

Realign Local Housing Allowance with actual rents and commit to uprating them annually in future.

Realigning LHA rates (which determine the amount of housing costs covered by Universal Credit in the private rented sector) with actual rents could open up private renting as a potential option for some young people, particularly those who want to share accommodation with partners, family members, or friends. LHA rates need to reflect the realities of rising private rent costs, in order not to discriminate against those on lower incomes. As above with Universal Credit rates, maintaining LHA rates at a level that corresponds to rent rises would be crucial for this to continue to support people at the intended level.

Help with up-front costs in private rented accommodation.

Support with deposits or advance rent could help young people on low incomes without financial back up for whom these initial costs can remain potentially prohibitive.

Subsidise travel for young people

Free or subsidised public transport could significantly ease the financial pressure on young people and increase their opportunities. Ad hoc examples of bus travel costs being covered by colleges, employers, housing providers or through local schemes to support young people in the first few months of a new job, made a big difference for the budgets of some young people in the study, giving them more leeway and money to spend elsewhere. Furthermore, it would help ease the risk of facing sanctions for being unable to afford to attend appointments at the Job Centre.

Ensure access to and increase awareness of advice, information, and support for young people.

It is essential that young people living or wanting to live independently are aware of and able to tap into the help that is out there while they are trying to get back on their feet. They also need access to ongoing support to help sustain independent living and deal with any changes or shocks that may arise.

Supported accommodation can offer young people who have experienced or been at risk of homelessness with a stepping-stone into work and independent living. This research has focussed on the experiences of young people living in commissioned supported housing which has a better track record for prioritising support for tenants in their trajectory to living independently than some non-commissioned supported accommodation. Support accessed through housing providers can make a significant difference to young people, in helping them to access work, steady incomes, and moving towards, accessing and managing in independent living.

Some participants described feeling 'lucky' to have had the help they did, and a few highlighted the fact that young people not in the homeless system, but yet in vulnerable housing and work situations, without financial resources or family help to fall back on, might

not know about or be able to easily access the support available that could massively benefit them too.

'Before I moved to St Basils, I didn't know about St Basils, about Women Aid, about Mind, about Healthy Minds, and about ... I didn't know about none of these things. I feel like even though there's young people that are not in my position, they just need to be aware of all the services that they have around them.'

(Fully supported accommodation)

Young people's reflections on policy

The voices of young people themselves are central to this research. The 21 individuals who took part shared valuable experiences and insights into the issues which for them are a part of day to day life. Participants were asked what they felt politicians needed to be doing more or less of to help young people living in and moving on from supported accommodation. Key themes reflected in this report included: lowering the cost of housing, improving access to good, stable jobs and subsidising travel for young people. The importance of mental health support was also raised given the link between financial situation and mental health, with one participant noting that *'Financial problems and mental health I feel like are very close ... I feel like they're cousins maybe.'*

However, there was a feeling among participants that those making the policies that were affecting their lives had no understanding of the challenges of living in their situation and trying to make ends meet. Young people repeatedly emphasised the inadequacy of the lower Universal Credit under 25 rate and expressed total bemusement about the decision behind this amount, particularly in light of increasing costs. They felt that such policy decisions were based on 'assumptions' rather than understanding or experience, and noted the detachment of policy makers from the realities they and others faced: *'they need to see things from the ground up, what a young person is going through.'*

The recommendations raised in this report offer an opportunity to make significant changes to the lives of 16 – 25 year-olds living in and seeking to move on from supported accommodation. Policy needs to recognise that young people who are no longer living at home face challenges regardless of whether they are over or under 25, and the social security system should reflect this in order to enable young people to live, rather than just survive, which has implications for their wellbeing. Offering young people more opportunities and overcoming barriers to them having a decent standard of living is in the Governments' interest. It enables young people to become sustainably independent, with a better chance of success in planning for a more secure and brighter future. Allowing young people to realise their potential is not only morally desirable, but is of benefit to society as a whole, for example in the context of current concerns about falling employment rates and labour shortages. Listening and taking on board the experiences and valuable insights of young people themselves must be central to pursuing this aim.

References

- AKT (2015) LGBT Youth Homelessness: A UK National Scoping of Cause, Prevalence, Response & Outcome (The Albert Kennedy Trust, 2015)
- Barnardo's and St Basils (2019). Care leavers accommodation and support framework.
- Boath, M., Baker, E. and Wilkinson, H. (2010) 'Exempt' and Supported Accommodation. London: Department for Work and Pensions.
- Centrepont (2021). Benefits to Society: Homeless Young People's Experiences of the Social Security System. London: Centrepont
- Centrepont (2022). Young, homeless and hungry: The impact of food insecurity on vulnerable young people. Centrepont
- Crisis (2021). Crisis Policy Briefing: Tackling problems with non-commissioned exempt housing. October 2021.
- Davis, A., Stone, J., Blackwell, C., Padley, M., Shepherd, C., & Hirsch, D. (2022). A Minimum Income Standard for the UK in 2022.
- DLUHC (2022). English Housing Survey data on social and private renters, FA3101_demographic_and_economic_characteristics_of_social_and_privately_renting_hou seholds.ods (live.com)
- Garvie, D. (2017). BAME homelessness matters and is disproportionately rising – time for the government to act. Shelter, 11 October 2017. Available at: <https://blog.shelter.org.uk/2017/10/bame-homelessness-matters-and-is-disproportionately-rising-time-for-the-government-to-act/>
- Heath, S. (2008). Housing choices and issues for young people in the UK. York: Joseph Rowntree Foundation.
- Hill, K., Webber, R. and Hirsch, D. (2021). Staying home and getting on: Tackling the challenges facing low to middle income families where young adults live with their parents, abrdn Financial Fairness Trust.
- Homeless Link. (2021). Young and Homeless 2021. Available from: https://homelesslink-1b54.kxcdn.com/media/documents/Young_and_Homeless_2021_Final2_copy.pdf
- House of Commons (2022) Exempt Accommodation, Third Report of Session 2022-23, London, Levelling Up, Housing and Communities Committee.
- Joseph Rowntree Foundation (2022). JRF analysis reveals energy bills will be virtually impossible for poorest to pay next year without considerable support. 17th July, 2022.

Available from: <https://www.jrf.org.uk/press/jrf-analysis-reveals-energy-bills-will-be-virtually-impossible-poorest-pay-next-year-without>

Mullins, D., & Murie, A. (2017). *Housing Policy in the UK*. Bloomsbury Publishing.

Murphy, L. (2022). *Not working: Exploring changing trends in youth worklessness in the UK, from the 1990s to the Covid-19 pandemic*. Resolution Foundation, June 2022

ONS (2022) *Labour market overview, UK: October 2022*, Office for National Statistics, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/october2022>

Ortega-Alcázar, I., & Wilkinson, E. (2021). 'I felt trapped': young women's experiences of shared housing in austerity Britain. *Social & Cultural Geography*, 22(9), 1291-1306.

Schmuecker, K., Matejic, P., Bestwick, M. and Clark, T. (2022). *Going without: deepening poverty in the UK*. York : Joseph Rowntree Foundation. <https://www.jrf.org.uk/report/going-without-deepening-poverty-uk>

About the authors

Ruth Webber, was a Research Associate at the Centre for Research in Social Policy, Loughborough University, and is now a Research Fellow at Bradford Institute for Health Research.

Katherine Hill is a Senior Research Associate, at the Centre for Research in Social Policy, Loughborough University.

Donald Hirsch was the Director of the Centre for Research in Social Policy, Loughborough University from 2012 to 2022.

The Centre for Research in Social Policy is an independent research centre that conducts applied social research and policy analysis on issues related to poverty, living standards and income adequacy. For more information, visit: www.crsp.ac.uk or email: CRSP@lboro.ac.uk

The West Midlands Combined Authority Homelessness Taskforce brings together organisations, people and resources across sectors and across the region to tackle homelessness. The Homelessness Taskforce's central aim is to **design out homelessness**, in all its forms, by identifying gaps in strategies, policies, procedures, laws, structures, systems and relationships that either cause or fail to prevent homelessness. The purpose of the Taskforce is to identify conditions for systems change by addressing these gaps. www.wmca.org.uk/C2CToolkit

St Basils works with young people aged 16-25 who are homeless or at risk of homelessness, to enable them to find and keep a home, grow their confidence, develop their skills, increase opportunities and prevent homelessness. www.stbasils.org.uk