

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

Findings Summary

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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 though 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

Authors: Ruth Webber, Katherine Hill and Donald Hirsch
Centre for Research in Social Policy, Loughborough University

The full report, *Living or surviving? Benefits, barriers, and opportunities for young people transitioning out of homelessness* can be found at <https://stbasils.org.uk/living-or-surviving/>