

Citizens Impact Assessment

Restricting Access to Housing Benefit for Young
People



Summary

The Government has proposed the removal of automatic entitlement to Housing Benefit for young people. The Conservative manifesto committed to restricting access to those claiming Jobseeker's Allowance (JSA) who are aged 18-21. It is vital that policymakers fully understand the potential impact of the change. Citizens Advice has been helping clients affected by the programme of welfare reform implemented over the last parliament. Our evidence therefore provides extensive insight into the challenges already presented, the issues affecting our clients now, and the likely impact of ongoing reform in the future.

- For those leaving care, at risk of abuse, with children of their own, or estranged from their families, returning to the family home will often not be an option. A blanket application of this policy could have a negative effect on the security and long-term prospects of such young people.
- It is therefore vital that policymakers fully understand the circumstances of young Housing Benefit recipients and the way this policy could affect their abilities and incentives to progress in life.
- Incorporating exemptions would reduce headline savings. However, if the policy increases homelessness or disrupts education or employment, costs to the public purse and to long-term outcomes for young people could be significantly higher.
- Young people with housing difficulties are likely to experience a range of other problems which these reforms may exacerbate. At Citizens Advice, one in five young people with a problem related to Housing Benefit or homelessness had a disability or long-term health condition.
- Advice and support services must be available to ensure implementation is safe, spending is not displaced to other services and the policy is fair to young people affected.

Context

In January 2014, the Chancellor announced that Treasury forecasts indicated a further £12 billion needed to be cut from the welfare bill in the next parliament. In justifying the decision to place the bulk of cuts on the welfare system, the contrast was drawn between the aim of a system that protected “the most vulnerable” with one that “offers up benefits as a lifestyle choice”.¹ The principle of ensuring fairness for both those in genuine need and to taxpayers was intended to guide decisions in this area.

This is one of a series of Citizens Impact Assessments, designed to clarify the detailed impacts of the policy proposals put forward so far. These are based on the extensive experience of Citizens Advice in working with many of the people likely to be affected by the reforms. It is vital that policymakers fully understand impacts before making decisions, that appropriate advice and support is provided to those affected by any change, and that the implementation process is safe and steady.

One of these policy proposals - included in the 2015 Queen’s Speech - was to limit the ability of young unemployed people to access Housing Benefit. The Conservative manifesto laid out the move according to the guiding principle that young people should be ‘earning or learning’, stating “it is not fair – on taxpayers, or on young people themselves – that 18-21 year-olds with no work experience should slip straight into a life on benefits without first contributing to their community.”² The measure set out in the Queen’s Speech proposed to end young unemployed people’s ‘automatic entitlement to housing support’.

¹G. Osborne (2014), *New Year Economy Speech by the Chancellor of the Exchequer*. At <https://www.gov.uk/government/speeches/new-year-economy-speech-by-the-chancellor-of-the-exchequer> (Accessed 30.06.15).

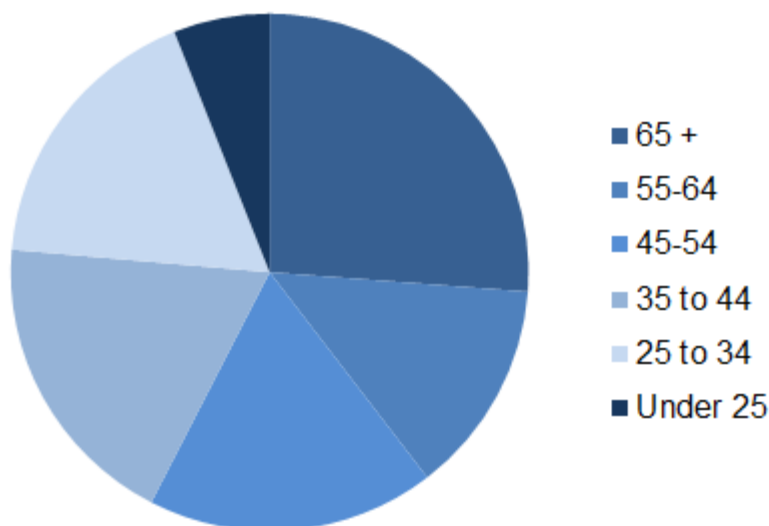
² Conservative Party (2015), *Conservative Party Manifesto 2015*, p. 18. At: <https://s3-eu-west-1.amazonaws.com/manifesto2015/ConservativeManifesto2015.pdf> (Accessed 30.06.15).

Policy rationale and objectives

The removal of automatic entitlement to Housing Benefit for young adults has two objectives. The first is to ensure young people are more likely to move into employment or further education. The second is to realise savings for the taxpayer. However, the exact details of the policy remain unclear.

Looking at the average number of Housing Benefit claimants aged 18-21 claiming JSA, this proposal would affect around 19,000 young adults, with a saving of just over £0.1bn.³ It is important to note that the numbers involved are likely to be small in the context of overall welfare and Housing Benefit bills. Only 6% of Housing Benefit recipients - and 8% of those contacting Citizens Advice with a Housing Benefit problem - are under the age of 25. Even removing access to Housing Benefit for all under 25s claiming Jobseeker's Allowance (JSA) would only save just over £0.2bn on the most recent figures.⁴

Housing Benefit claimants, by age



Source: DWP Stat-Xplore

³ DWP statistics: average for December 2014 - February 2015

⁴ Ibid.

These savings are based on the assumption that all young people would be included in the new restrictions. Considerations around creating exemptions to the policy are discussed below.

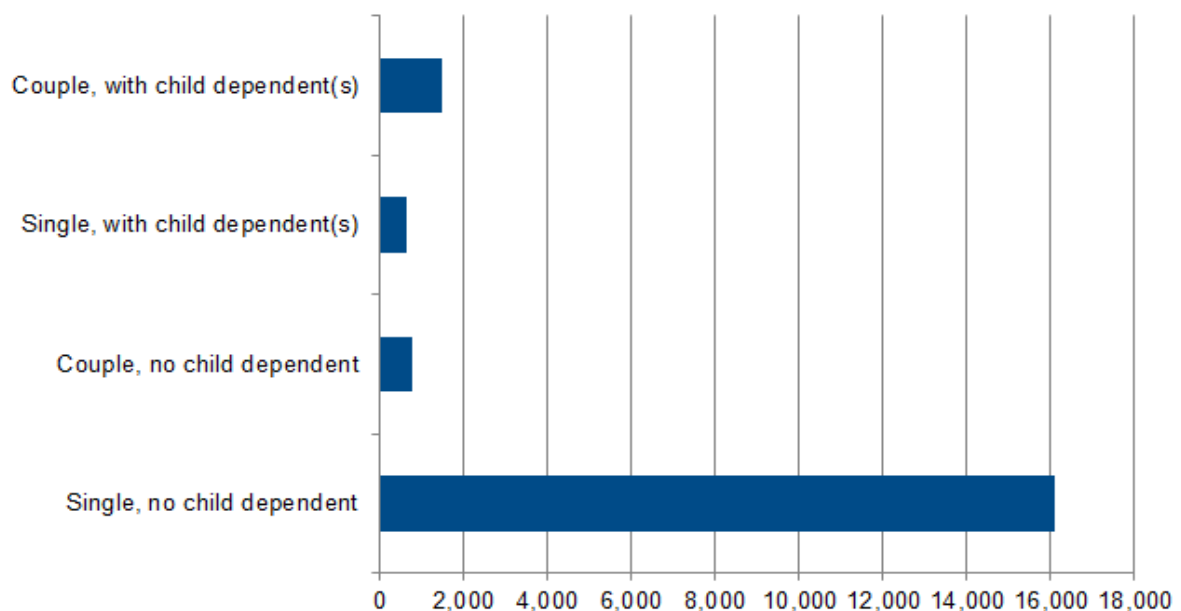
Who will be affected?

It is important to note that there is very little large-scale information on the characteristics of young people likely to be affected by the new legislation. However, we do know that there are a number of factors which can make young people vulnerable, and these must be addressed to avoid detrimental impacts.

Impact on families with children

The limited information we do have on young Housing Benefit claimants is the numbers who have children. Looking at the most recent figures, this is a relatively small proportion of young JSA claimants in receipt of Housing Benefit, at 11% of the total. However, this group will have particular needs and any detrimental impacts they experience will have knock-on effects for their children.

Housing Benefit claimants aged 18-21 in receipt of JSA, by family type



Source: DWP Stat-Xplore

Given that the Government's manifesto included a commitment to 'working to eliminate' child poverty, exemptions should be carefully considered for young people who have children of their own. Remaining within the family home is unlikely to be a viable option due to risks of overcrowding. Housing families is a statutory priority; insecurity and potential homelessness risks detrimental impacts not only for the young person themselves, but also young children.

Lauren approached Barrow-in-Furness Citizens Advice with housing problems. She was 22 years old and pregnant, claiming JSA and had fled an abusive relationship. Due to her inability to apply for a Discretionary Housing Payment, as she was not previously claiming Housing Benefit, she was unable to afford the fees on a rental property and had been forced to move in with her parents and two teenage brothers. She was sleeping on the sofa, 20 weeks pregnant and concerned that there was no room for her baby once she gave birth.

Equality considerations

There are a range of characteristics and circumstances that mean it is either not possible for young people to remain with a parent or carer, or that doing so would have adverse effects. First there are young people who have not been residing in the parental home as children: those who are leaving care, have parents in prison or have been in prison themselves, or who are orphans. There are no current figures on the numbers likely to be affected by the reform who will fall into these categories. However, the Government already acknowledges the vulnerability and significant support needs of those who have been in the care of the state; the Care Leaver Strategy published in 2013 highlighted Government's 'unique relationship with those leaving care' and the need for 'holistic and quality support', including in housing services.⁵ Local authorities currently have a duty to house young prison or care leavers who have become homeless, but this cannot be used as a preventative measure. An exemption would ensure services could always respond fairly to personal circumstances

⁵ HM Government (2013), Care Leaver Strategy: A cross-departmental strategy for young people leaving care. At: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/266484/Care_Leaver_Strategy.pdf (Accessed 30.06.15).

and that the already elevated risks of vulnerable young people becoming homeless could be avoided wherever possible.

Secondly, there are young people for whom remaining in the family home would be potentially harmful. Some young people will have experienced a breakdown in relationships with their family; once they are over the age of 16, they can legally be sent out of the family home by parents. Others may have experienced abuse in the family home (although not all will be willing or able to prove this). Again, full figures are not collected, but research has indicated that relationship breakdown is the most commonly cited factor leading to young people becoming homeless - with all of the associated costs this brings to young people and the state.⁶ Young people in these situations may already be residing in temporary or emergency housing, and will not feel they have the option of returning home. Local authorities already hold a responsibility to house victims of domestic abuse, but as recent Citizens Advice research has highlighted, this service is already stretched and often not materialising on the ground.⁷

Finally, there are questions of the fairness with which the principle behind the reform is applied. The aims are clear that young people should not be able to opt for 'a life on benefits'. However, this does not account for those young people who have been living independently while working or studying, but who happen to become unemployed. Those starting out in the labour market will be more likely to begin in temporary or insecure forms of work. In keeping with both the spirit of the reforms and the contributory principle, there is an argument for offering these young people a grace period in which to seek new employment, rather than force them into a potentially disruptive process of moving home and risking their progress in the labour market.

⁶ C. Leishman and G. Young (2015), *Lifeline not Lifestyle: An economic analysis of cutting Housing Benefit for Young People*, p.11. At: [http://centrepoin.org.uk/media/1354146/Housing%20benefit%20exec.%20summary%20FINAL%20\(website\).pdf](http://centrepoin.org.uk/media/1354146/Housing%20benefit%20exec.%20summary%20FINAL%20(website).pdf) (Accessed 30.06.15).

⁷ I.Parker (2015), *Victims of domestic abuse: Struggling for support?* London: Citizens Advice. At: https://www.citizensadvice.org.uk/Global/Migrated_Documents/corporate/domestic-abuse-victims---struggling-for-support-final.pdf (Accessed 30.06.15).

Abby came to Citizens Advice Torfaen in financial trouble. She was a 21-year-old who had been living alone since the age of 16 due to domestic abuse within her family home. She was employed as a carer, but had found the work stressful and had been struggling with mental health problems. Her GP had diagnosed depression and anxiety, but her income was too low to qualify her for Statutory Sick Pay and she was in rent and Council Tax arrears. She was struggling to access Housing Benefit and advisers were helping her with her claim.

Impact on advice and support services

The impact of this reform on demand for advice and support services should be factored into any calculations of costs and benefits. This is particularly important when we do not have details on possible exemptions, or the numbers of young people who may experience detrimental effects as a result of the changes. If the changes are carried out without sufficient consideration of the circumstances of those affected, if implementation is rushed and support mechanisms are not in place, and if this results in complications and increasing demands on other public services, then the reform risks failing in both its aims to be fair and beneficial to young people and to achieve savings for the taxpayer.

The National Audit Office (NAO) recently published its findings on the roll-out of welfare reform during the last parliament. This stressed the importance of “a more structured approach to phasing in programmes”.⁸ The implementation risks of this policy suggest careful consideration is needed of the 19,000 unemployed 18-21-year-olds currently living independently and claiming Housing Benefit and how any transition to a new, more restrictive system will take place for them.

There should also be awareness of the behavioural changes which may result and the support needs these will generate. Those young people who have not been residing in the family home, such as care or prison leavers, risk homelessness. Local authority duties in this area may lead to them moving into

⁸ National Audit Office (2015), *Welfare reform - Lessons learned*, London: NAO, p.6. At: <http://www.nao.org.uk/wp-content/uploads/2015/05/10724-001Welfare-reform-Book.pdf> (Accessed 30.06.15)

more expensive, supported accommodation. Others will seek employment, but those entering low-paid work may require advice on in-work benefits to stay afloat financially. Families subject to overcrowding when a young person is forced to return home will need support and advice on options for larger accommodation, which may increase their Housing Benefit requirements. The labour market implications of changes should also be considered, particularly if this forces young people to leave, or prevents them from moving to, areas with better employment prospects.⁹

Young people with housing difficulties are likely to experience a range of other problems, which reforms may exacerbate. For example, at Citizens Advice, one in five young people who came to see us with a problem related to Housing Benefit or homelessness had a disability or long-term health condition. Research from the charity CentrepoinT also found that young people with housing problems often have health issues, most commonly mental health problems, and some have substance abuse problems.¹⁰ Guaranteeing access to appropriate support and guidance for anyone likely to be affected by the changes will therefore be a vital element of implementation.

Jo came to Cambridge Citizens Advice for help. She was 19 years old and had depression, anxiety and fibromyalgia (a musculoskeletal condition). She was claiming JSA and had been sanctioned when she failed to turn up for a Jobcentre appointment. This was because confirmation had been sent to her previous address as she had moved in the last eight weeks. The adviser helped her speak to Jobcentre Plus, who agreed they had made a mistake and that the sanction would be overturned. However, this did not happen and she was later informed by a different adviser at the Jobcentre that she would need to go through a standard appeal procedure, taking 10-14 days. She had no money and had to apply for a hardship payment and borrow money from friends. She was concerned that her Housing Benefit would be stopped and had spoken to the hostel where she was living about her situation.

⁹ See Chartered Institute of Housing (2015), *Ticking the Box for a Welfare System that Works*. At: http://www.cih.org/news-article/display/vpathDCR/templatedata/cih/news-article/data/Cutting_benefit_cap_and_removing_housing_benefit_for_18_to_21-year-olds_a_dangerous_move_says_CIH (Accessed 30.06.15)

¹⁰ C. Leishman and G. Young (2015), *Lifeline not Lifestyle: An economic analysis of cutting Housing Benefit for Young People*, p.11. At: [http://centrepoinT.org.uk/media/1354146/Housing%20benefit%20exec.%20summary%20FINAL%20\(website\).pdf](http://centrepoinT.org.uk/media/1354146/Housing%20benefit%20exec.%20summary%20FINAL%20(website).pdf) (Accessed 30.06.15).

What are the main risks and assumptions?

The recent NAO report on welfare reform found that, under the last parliament, while the Department for Work and Pensions (DWP) had clear high-level visions about policy reform, it had also “relied too heavily on uncertain and insufficiently challenged assumptions without understanding what it means for programme risks”.¹¹ At Citizens Advice, we saw much of the fall-out of poorly-managed transition, with benefits and tax credits overtaking debt in 2011-12 to become the largest category of advice issues we dealt with. As a result, it is vital that full consideration is given to all of the risks *prior* to the implementation of further reforms.

On the face of it, a move to prevent young people on JSA from claiming Housing Benefit appears to fulfil both the aim of getting young people ‘earning or learning’ and that of saving taxpayer money. Yet there are a number of significant risks. The first is that this policy will not assist young people if it is not administered carefully, with full regard to the circumstances of those likely to be affected. As set out, there are a range of reasons why young people may not be able to remain in the family home, or why it would be dangerous for them to do so. For those leaving care, at risk of abuse, with children of their own, or estranged from their families, a uniform application of the policy would in fact be more likely to have a negative effect on their long-term prospects, denying vulnerable young people and their children the security needed to progress in life.

If negative outcomes for such young people are to be avoided, a blunt application of the policy will not be suitable. However, attempting to define some of the issues in legislation - for example, whether or not a young person can be considered to be estranged from their family - will be extremely complicated. In cases such as these, a degree of discretion for decision-makers will be preferable, allowing them to take particular circumstances into consideration. Guidance could be compiled in collaboration with the voluntary

¹¹ National Audit Office (2015), *Welfare reform - Lessons learned*, London: NAO, p.6. At: <http://www.nao.org.uk/wp-content/uploads/2015/05/10724-001Welfare-reform-Book.pdf> (Accessed 30.06.15).

sector, who have direct insight into the lives of young people likely to be affected.

Incorporating any exemptions will have cost implications, meaning the headline savings associated with the change would be reduced. For example, if young people with children were exempted, savings would fall to around half the original figure of £0.1bn.¹² However, failing to allow for appropriate exemptions could ultimately lead to far higher spending. As discussed, there are likely to be many cases where young people cannot or do not simply return home. Where this leads to actual homelessness, costs to the public purse are likely to be significantly higher.

In 2012, the Department for Communities and Local Government reviewed the evidence, estimating the annual costs of homelessness to government ranged from £24,000 - £30,000 (gross) per person each year.¹³ These were based on additional costs to health and support services (including higher rates of substance abuse and deteriorating mental health amongst those who become homeless), costs to criminal justice and policing, and costs to local authorities linked to statutory homelessness functions. Housing costs, particularly the high rates associated with temporary accommodation and emergency shelters, the legal costs associated with evictions and the need for housing providers to write off rent arrears, are also significant contributors.

When it is young people who become homeless, these costs are likely to be even heavier. Periods of adversity early in adult life tend to have strong knock-on effects. As well as poorer physical and mental health outcomes, young people who experience housing instability or homelessness are significantly less likely to be in a position to access employment or further education.¹⁴ This situation leads to well-documented 'scarring' effects; periods spent unemployed or failure to gain basic qualifications reduces employment prospects much later in adult

¹² R. Joyce (2014), *Benefit Cuts: Where might they come from?* London: Institute for Fiscal Studies. At <http://www.ifs.org.uk/publications/7762> (Accessed 30.06.15).

¹³ Department for Communities and Local Government (2012), *Evidence Review of the Costs of Homelessness*, London: DCLG. At: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/7596/2200485.pdf (Accessed 30.06.15).

¹⁴ Shelter (2005), *Young People and Homelessness Factsheet*. At: http://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/policy_library_folder/young_people_and_homelessness_factsheet (Accessed 30.06.15).

life.¹⁵ The costs fall on not only to the young person themselves, but also on the Exchequer through lost tax and benefit costs.

More broadly, the risks of focusing restrictions to Housing Benefit on a relatively small group can distort the incentives facing young people. Some may indeed be pushed towards work or study, but those who struggle to simply return to the family home may look for alternatives. There would be stronger incentives to move off JSA and claim ESA or Income Support if possible. Those forced to leave the family home before the age of 18 are currently eligible for housing support through local authority homelessness duties, even while similar support would not be available for those aged 18 or over.

Conclusions

Ultimately, the savings resulting from this policy are likely to be very limited at best. Granting exemptions for vulnerable young adults and ensuring appropriate advice and support as the policy is implemented would reduce headline savings to some degree. However, the costs associated with young people becoming homeless, or unable to progress in education or employment due to housing instability, far outweigh this. Given the low wage rates and sometimes short-term nature of employment opportunities for those starting out in their careers, providing support to those for whom periods of unemployment are unavoidable and temporary is also a key issue in ensuring reforms do all they can do to facilitate young people's transitions.

Achieving true savings for the taxpayer and positive outcomes for young people is unlikely to be achieved through cuts alone. As the IFS points out, under the coalition government cuts to the generosity of Housing Benefit totalled around £2bn per year. Yet the failure to address more serious underlying trends (the growth of private renters and the rise in private rents relative to earnings) meant that real spending on Housing Benefit in 2015-16 will still be £1bn higher than it was in 2010-11.¹⁶ In just the same way, neglecting to address the advice and

¹⁵ R. McQuaid (2014), *Youth Unemployment produces multiple scarring effects*. At: <http://blogs.lse.ac.uk/politicsandpolicy/multiple-scarring-effects-of-youth-unemployment/> (Accessed 30.06.15).

¹⁶R. Joyce (2014), *Benefit Cuts: Where might they come from?* London: Institute for Fiscal Studies. At <http://www.ifs.org.uk/publications/7762> (Accessed 30.06.15).

support requirements, access to opportunity and basic safeguarding needs of young people in more challenging circumstances, mean cuts of this nature are likely to fail on the key principles of fairness and cost-saving they set out to achieve.

www.citizensadvice.org.uk

Citizens Advice is the operating name of the
National Association of Citizens Advice Bureaux

Registered charity number 279057
© Citizens Advice 2015

Produced by Citizens Advice
Published July 2015

