**Universal Credit (Housing Costs Element for claimants aged 18 to 21) (Amendment) Regulations 2016***February 2017*

The homelessness sector welcomes the Department for Work and Pensions’ continued commitment to protect vulnerable young people through the process of welfare reform. We remain concerned, however, that regulations due to be laid by the Secretary of State for Work and Pensions – which restrict entitlement to the housing costs addition of Universal Credit for some 18 to 21 year olds – undermine the Government’s wider homelessness prevention agenda.

In this briefing we set out the sector’s preferred options with regard to this policy.

1. **Abandon the policy altogether**

As the Department has encountered through its positive efforts to put together a comprehensive list of exemptions, there is no simple or reliable way to protect young people who cannot return to the family home. The policy cannot therefore be implemented without putting some at risk of falling through the net.

We estimate that the policy, as it currently stands, would mean that 9000 young people will be unable to access accommodation and could be at risk of homelessness.

The policy would have a negative impact not just on those who lose their right to housing support but on all 18-21 year olds by making it more difficult for young people to find a landlord willing to let to them. From April 2017, many of those young people who would be entitled to housing support through the ‘inappropriate to live at home’ exemption could be placed in a ‘catch 22’ situation; where landlords are unwilling to give a young person a tenancy because they cannot provide proof of income (e.g. proof of entitlement to housing support), but they are unable to claim housing support as they have no tenancy and therefore cannot provide any evidence of rent liability (e.g. a tenancy agreement). Please see the appendix for more detail.

While this is potential problem for all client groups, a landlord can generally be confident that if a person over 21 is a UK citizen then they will be entitled to housing support if they are unemployed. However, this policy will create additional uncertainty for 18-21s and mean that a young person will have to reassure a landlord that they will pass an ‘inappropriate to live at home’ test in order to access housing support.

This is not only an issue for those making an initial claim, but will also potentially affect those moving on from supported housing and young people when they have their ‘inappropriate to live at home’ exemption reviewed every 12 months. This could lead to a backlog in homelessness services, making it harder for young people to move on with their lives and preventing newly homeless people from accessing support.

We also believe that the policy will fail to save money. Research by Heriot Watt University found that any initial savings from reductions in Universal Credit payments would likely be engulfed by knock-on costs to local authorities and other public services from increased homelessness.[[1]](#footnote-1)

As a result, we strongly oppose the imposition of this policy in any form.

1. **Delay the policy until the Homelessness Reduction Bill is enacted**

If the Government is minded to push ahead with the policy with its inherent problems, there is a strong case for delaying the implementation of the policy to coincide with the introduction of new duties to prevent and relieve homelessness.

The new duties being introduced under the Homelessness Reduction Bill will transform the way that homelessness teams within local authorities work. All homeless people presenting to local authorities should be assessed under these new duties which will provide a useful framework for picking up young people who should be eligible for an exemption. However, this Bill is still going through parliament so will not be in force until well after the planned implementation date for the 18-21 policy of April 2017. Until these new duties come into effect, many single people will not qualify for statutory support under the existing system.

We would therefore strongly encourage the Department to delay the implementation of this policy until after the Homelessness Reduction Bill has passed and the new duties have come into force. Otherwise there will be many 18-21 year olds who are homeless but not being assessed by their local authorities, thus increasing the chances of them falling through the net.

Delaying the implementation date in this way will have the added advantage of allowing the Department time to properly design and test the exemption system to ensure that it is effective at picking up young people who cannot return home. We would be happy to work closely with the Department to design and test a suitable assessment, perhaps through a pilot in partnership with the London Youth Gateway. Staff from the Gateway are skilled at assessing and advising young people who are homeless or at risk of homelessness so would be well placed to determine how best to approach what is likely to be a difficult and sensitive conversation with the young person.

1. **Mitigate the impact on homeless young people through an enhanced series of exemptions and operational safeguards**

If the Government is minded to push ahead with the policy without such a delay, a number of reforms to the current proposals are needed to mitigate the worst impacts.

**Exempt homeless young people**

We understand from the Department that the intention is for homeless people to be caught under the ‘inappropriate to live at home’ exemption. However, we believe that specific exemptions for homeless people should be included in the regulations to avoid homeless young people falling through the net. This should include all statutory homeless young people (not only those in temporary accommodation as in the draft regulations), young people supported by local authorities under their homeless prevention and relief activities, homeless young people placed by a local authority into any form of accommodation including supported lodgings or a private rented access scheme, young people living in and moving on from supported accommodation, and young people sleeping rough.

Existing assessments of a young person’s ability to live at home – particularly through homelessness assessments – should be accepted by DWP as evidence of eligibility for an exemption and ‘passport’ them without the need for a further assessment. This will not only help to ensure that vulnerable young people are picked up and avoid them having to repeat their often painful stories, but it will also help to save government resources by preventing duplication.

**Prevent young people from facing a ‘catch 22’**

In order to address the ‘catch 22’ problem of being unable to access a tenancy without first accessing housing support, we believe that there must be some form of advance confirmation of eligibility built into the Universal Credit system for this age group, that would give young people verification that they could show to a landlord to prove that they are entitled to housing support. For new claimants, this assessment could be done as part of the intensive package of support under the Youth Obligation which is due to affect the same cohort. For existing claimants who need to start claiming housing costs (for example when leaving supported housing), this will need to be done through an assessment with their work coach, perhaps as part of one of their regular meetings to reduce the impact on resources.

**Exempt young people for whom it is inappropriate to live at home until they turn 22**

We strongly urge the government to abandon plans to review ‘inappropriate to live at home’ exemptions every 12 months. This additional level of uncertainty about long term entitlement will make it even harder for young people to find a landlord willing to let to them if there is a risk that they will lose their entitlement in a few months’ time. It could also hinder a young person’s progress. Some young people are able to rebuild some form of relationship with their families once they have moved out which can have a positive impact on their outcomes, such as their ability to find work and sustain their accommodation.

However, this does not mean that they would be able to successfully return home. In many cases, these improved relations are only possible when young people and their families have space from each other when they are living apart. It is therefore crucial that this policy does not force them home again when they are not ready, which would likely lead to another breakdown in the relationship with their family and make them homeless again.

Also, young people are less likely to be in touch with support services 12 months on and they may struggle to navigate the assessment process alone, increasing the chances of young people in need falling through the net. Given that this policy will only affect a fairly narrow cohort anyway, we strongly believe that any young person who is found ‘inappropriate to live at home’ should receive an ongoing exemption unless there is clear evidence that it is no longer necessary.

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1. Heriot Watt estimated that even with exemptions in place, the knock-on costs due to increased homelessness will reduce savings from this policy to a maximum of £3.3 million: <https://centrepoint.org.uk/media/1716/housing-benefit-exec-summary.pdf> [↑](#footnote-ref-1)