



A chance for the next Government to support young people to overcome the challenges created by homelessness and achieve their full potential.

A CHANCE TO END YOUTH HOMELESSNESS:

Centrepont Manifesto for the next Government of the United Kingdom

**CENTRE
POINT**

**ENDING YOUTH
HOMELESSNESS**

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Centrepoint would like to express gratitude to all the young people who shared their experiences of homelessness with us, WPI Economics who supported our research examining Local Government funding and Oxera who provided cost estimates for our research looking at interactions between employment and Housing Benefit in supported accommodation.

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Centrepoint, 2024.

Executive summary

1. LOCAL GOVERNMENT must be better quipped to deal with youth homelessness

The next Government must commit to:

- A. Provide at least £330 million to Local Authorities to assess and support young people facing homelessness.
- B. Work with young people and the youth homelessness sector to add a youth-specific chapter to the Homelessness Code of Guidance for Local Authorities.
- C. Increase investment in youth specific supported accommodation.



2. Addressing the HOUSING CRISIS for young people

The next Government must commit to:

- A. Build at least 90,000 social homes a year over the next Parliament, including 40,000 one-bedroom social homes.
- B. Permanently fix the LHA rate to the 30th percentile, uprating the rates in line with rents at least annually.
- C. Target capital funding grants at enabling organisations to buy/rent land which can be developed into Stepping Stone Accommodation.



3. Improving access to EMPLOYMENT for young people in supported accommodation

The next Government must commit to:

- A. Reduce the Housing Benefit taper rate from 65% to 55% to bring it in line with Universal Credit.
- B. Increase the Housing Benefit applicable amount to £531.11 a month.



Introduction

Every year tens of thousands of young people face homelessness in the UK. In our 2022/2023 Youth Homelessness Databank, we estimated that almost 136,000 young people approached their council seeking support because they were homeless or at risk of homelessness.¹ This was the sixth year in a row that we measured an increase in the number of young people facing homelessness. Additionally, Centrepoin has estimated that youth homelessness costs society £8.5 billion every year. This figure includes Government expenditure for services to support homeless young people, such as healthcare and benefits, which are estimated to cost the taxpayers £2.5 billion every year. However, this number is dwarfed by the £6 billion per annum economic loss for our society linked to unemployment and economic inactivity caused by youth homelessness.²

These figures suggest that youth homelessness is both a growing and costly problem in British society. Yet, in the past five years, there has not been a commensurate Government response aimed at tackling the many issues that perpetuate the homelessness experienced by young people. Across the UK, we have seen how massive increases in private rents and a growing lack of social housing supply have pushed young people into housing instability and homelessness. We have also witnessed the challenges faced by young people in accessing employment, with increasing rates of economic inactivity and thousands of young people often relying on benefits to make ends meet. Finally, we have developed evidence of the increasing inaccessibility of public services and Local Authority homelessness support, leaving many young people facing homelessness to fend for themselves.

In previous research, we have evidenced the youth homelessness crisis and the daily challenges faced by thousands of young people in the UK. With this Manifesto, however, we propose a series of evidenced based approaches that address these challenges. While these approaches do not encompass everything that is needed to end youth homelessness, such as the roll out of Upstream Prevention programmes across the country, they comprise of three main asks that we believe will have the most significant, long-term impact. These asks are aimed at the next Government of the United Kingdom, and recommend that they:

- Provide Local Authorities with the resources to deal with youth homelessness;
- Address the housing crisis by developing more homes that young people can access;
- Improve employment accessibility for young people facing homelessness.

The next general election represents a chance for the next Government to support young people to overcome the challenges created by homelessness and achieve their full potential. If the next Government does not act, we are not only going to keep losing billions of pounds every year, but we will continue to waste the huge potential of the young people who represent the future of our society. It is time to act now, it is time to end youth homelessness.



1. Local Government



Our policy asks for the next Government

LOCAL GOVERNMENT must be better quipped to deal with youth homelessness

The next Government must commit to:

- A. Provide at least £330 million to Local Authorities to assess and support young people facing homelessness.
- B. Work with young people and the youth homelessness sector to add a youth-specific chapter to the Homelessness Code of Guidance for Local Authorities.
- C. Increase investment in youth specific supported accommodation.

In England, the Homelessness Reduction Act (HRA) came into effect in April 2018. This amended the 1996 Housing Act and changed the homelessness support model provided by Local Authorities. Through this, prevention and relief support were added as additional tiers of statutory duties regardless of intentionality or the applicant's priority need status. Moreover, if these prevention and relief duties were unsuccessful, applicants could then be assessed to determine whether they are owed a full housing duty. These changes to legislation have meant that single homeless young people, who would have previously received inconsistent support, should now all receive prevention or relief support depending on their needs.

In 2018, the Government also published a Code of Guidance that set out expectations for local councils in implementing the HRA. This document states that every person who presents to their Local Authority as homeless or at risk of homelessness will be eligible for an initial interview and that, "if there is reason to believe that they may be homeless or threatened with homelessness" within 56 days, the Local Authority must carry out an assessment to determine whether they meet the conditions for homelessness support.

Unfortunately, Centrepoint has found that more than a third of the young people who approached their Local Authority in England in 2022/23 were not assessed for eligibility. Moreover, since the HRA has been in force, there has been a significant decrease in the proportion of young people receiving an assessment, going from 79 per cent in 2018/19 to 65 per cent in 2022/2023.



While some of these discrepancies may be attributable to young people not meeting the threshold for an assessment and subsequent support, it is also apparent that gatekeeping, where Local Authorities actively or implicitly limit access to assessments and support, may play a major role in extending experiences of homelessness. This phenomenon occurs in a number of ways and at a number of points along the HRA journey, including when – and often before – young people reach out for support and during assessments.

Gatekeeping is defined as the denial of a homelessness assessment and support by Local Authorities to people who have a right to them.

Data obtained from the Centrepoint Helpline shows that 306 young people experienced forms of Local Authority gatekeeping in England between 19 June 2023 and 12 March 2024. This figure means that, on average, the Helpline reported more than 1 case of gatekeeping per day (1.14) in the 268 days in the reporting period. This means that, on average, one young person called Centrepoint every day asking for help because their Local Authority refused to provide them with homelessness support. The table below shows the different cases of gatekeeping identified by Centrepoint Helpline Advisers.



Figure 1: Frequency and percentages of Local Authority gatekeeping by type, 19 June 2023 – 12 March 2024.

Types of Local Authority gatekeeping	Frequency	Percentage
Wrongly considered to not be priority need	92	30%
Unable to contact the Local Authority (i.e. phone switched off, number not available on website etc.)	49	16%
Wrongly considered to be intentionally homeless	44	14%
Wrongly considered to have no local connection	39	13%
Local Authority unable to confirm homelessness	24	8%
Other reasons	20	7%
Wrongly considered to be ineligible for housing support	14	5%
Local Authority blaming scarcity of resources	13	4%
Local Authority passing responsibility to other services	11	4%
Total	306	100%



Of these instances, it is evident that intentionality and priority need were frequently used by Local Authorities as reasons to not provide young people with homelessness support. Analysis of these instances show that Local Authorities are often ignoring and/or misinterpreting guidance delineating the definition of intentionality and priority need as they relate to homelessness. This means that young people facing homelessness, who should have received support because of mitigating factors such as experiences of domestic violence, were wrongly blocked from receiving an assessment and, subsequently, accessing support. For instance, one young person was deemed to be intentionally homeless, despite them having experienced domestic abuse which caused them to flee their home. Another young person was told that ongoing physical abuse from a parent was 'normal' and were, subsequently, judged by their Local Authority to not have a priority without further enquiries being made.

Case study:

In December 2023, a pregnant young person had been to her local council office and had been offered a homelessness assessment the next month. This is despite her having slept rough prior to her presentation and having proof of pregnancy – which should move her up in the queue to receive an assessment. The council stated that they were not in a position to offer her an assessment before January.

The Centrepoint Helpline did a three-way call between the young person and the Local Authority to try and find an interim housing solution for the young person. In response to this, the Local Authority said that they have a policy of not providing interim housing options and that they would, instead, provide a list of local homelessness shelters that homeless people could access. However these shelter options were designated for the Severe Weather Emergency Protocol and were, therefore, unsuitable.



In a survey of 28 homelessness charities across England, 90 per cent agreed that the Homelessness Code of Guidance leaves too much room for Local Authorities to reject cases because of a lack of resources. For instance, many Local Authorities require a relatively high threshold for proof of homelessness, despite the Code of Guidance stating that anyone approaching a council should receive an assessment if there is any reason to believe they might be facing homelessness. Examples mentioned by these charities include a council asking a young person who had fled domestic violence to provide a police report to prove their homelessness. The young person could not provide this evidence, meaning that the council contacted their abusive partner – despite the young person asking them not to and the Code of Guidance stating “the victim must not be asked to return to their property to collect documentation if there is any chance that it could put them in danger”.

Limited resources and council discretionary powers were mentioned by most of the charities as reasons why young people are not considered vulnerable enough compared to other age groups when facing homelessness. Charities mentioned that Local Authorities had refused to provide interim accommodation on the basis that there was not enough evidence to substantiate the ‘reason to believe’, even though the Code of Guidance states that the threshold should be low and verifiable evidence of homelessness is not required. This is seen by charities as evidence of young people being considered less vulnerable and Local Authorities trying to optimise resources to prioritise those who they consider to be most in need.

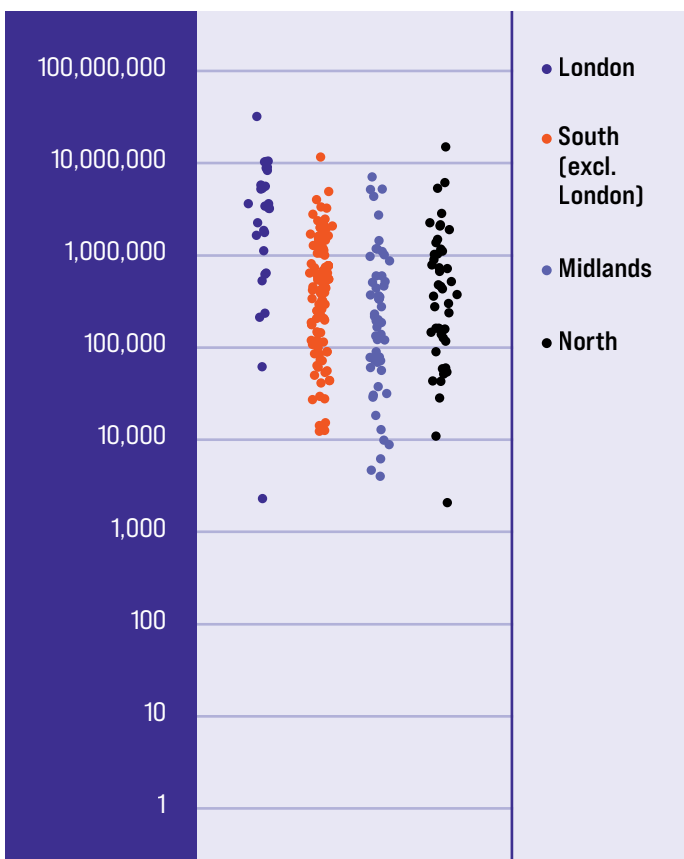
Considering the evidence provided, we recognise that there are issues in how the Homelessness Code of Guidance for Local Authorities is implemented. **We are, therefore, urgently asking the Government to work with young people and the youth homelessness sector to write and implement a youth-specific chapter in the Homelessness Code of Guidance.**

This chapter should clarify the obligations of Local Authorities at the presentation, initial interview and assessment stage to ensure that all Local Authorities are aware of what is and is not acceptable practice. In doing this, the chapter should delineate a) the factors a Local Authority must take into account and b) what constitutes a realistic burden of proof when the Homelessness Code of Guidance states that a Local Authority must only have “reason to believe” a person is homeless or at risk to get an assessment.

However, as mentioned already, many of the gatekeeping cases could be avoided if councils were better funded to deal with homelessness cases and had local accommodation to offer. In recent analysis conducted with WPI Economics, Centrepoint found that **the Government should provide an additional £330 million per year to Local Authorities in England to ensure that all young people who report to homelessness support services receive an assessment and support if required.** While this is a significant sum, it only represents a 15 per cent increase in current spending on homelessness support services for all age groups – estimated at £2.2bn per year.³ However, when focusing on the 16-24 age group, which represents around 19 per cent of the homeless population supported by Local Authorities in England, the additional £330 million represents a 79 per cent increase on the total expenditure for young people.

In these estimates there is significant variation between Local Authorities, with Newham requiring over £32 million a year, Liverpool requiring over £15 million a year, and Cornwall requiring over £11 million a year. By contrast, nearly four-in-ten (37%) Local Authorities would need less than £100,000 a year in additional funding because they are able to offer an assessment and support to most of the young people approaching them.

Figure 2: Increase in spending required to extend assessment to all young people presenting to homelessness services, baseline scenario, by Local Authority, 2022-23 (log-scale). Source: WPI Economics analysis.



These figures have been calculated using a mixed research methodology, incorporating:

- Qualitative interviews with Local Authority homelessness support service leads, aiming to understand the reasons why young people who present to homelessness support services may not receive the support that they wanted.
- Quantitative analysis, consisting of cost and scenario modelling estimating how much additional funding Local Authorities need to fully discharge their duties for young people under the HRA.

To reflect the uncertainty of the estimate on how much additional funding Local Authorities might need, different scenarios were created with the baseline scenario requiring an additional allocation of £330 million to Local Authorities in England. However, our modelling also shows that significantly more funding may be required if a greater number of the young people presenting to Local Authorities have higher levels of need – meaning that their homelessness cannot be prevented or relieved and they require the main housing duty (see pessimistic scenarios P-C).

Figure 3: Increase in spending required to extend assessment to all young people presenting to homelessness services, by scenario, for England, 2022-23. Source: WPI Economics analysis.

Scenario	Definition	Increase in spending required to extend assessments to all young people presenting to homelessness services	
		(£ million per annum)	(% of existing spend on all homelessness support services)
Optimistic Scenario C	Unassessed cases are more easily prevented (by 25%) and more easily relieved (by 25%)	260	12%
Optimistic Scenario R	Unassessed cases are more easily relieved (by 25%)	280	13%
Optimistic Scenario P	Unassessed cases are more easily prevented (by 25%)	305	14%
Baseline	Unassessed cases proceed in the same way as completed cases.	330	15%
Pessimistic Scenario P	Unassessed cases are less easily prevented (by 25%)	365	16%
Pessimistic Scenario R	Unassessed cases are less easily relieved (by 25%)	385	18%
Pessimistic Scenario C	Unassessed cases are less easily prevented (by 25%) and less easily relieved (by 25%)	425	19%

The modelling suggests that the main duty of the HRA is the most expensive by far, at £23,629 per case due to the costs of providing temporary accommodation. The estimated costs of all the stages of the HRA are reported in the table below.

Figure 4: Average duty cost in £ per case, for England. Source: WPI Economics analysis.

Duty	Average duty cost (£ per case)
Stage 1: Initial Assessment	£216
Stage 2: Prevention	£1,076
Stage 3: Relief	£4,612
Stage 4a: Main Duty	£23,629
Stage 4b: Intentionally Homeless	£1,845

However, increasing funding may not wholly solve the problem if the availability of suitable, genuinely affordable housing stock continues to present a challenge to Local Authorities. As mentioned, providing temporary accommodation represents the largest cost for Local Authorities (estimated to be 88% of the total cost for main housing duty, compared to 10% for administration costs and 2% for support costs) and if they do not have access to a suitable housing stock, they will have to refer young people to expensive hotels and B&Bs. This has been widely reported by media outlets as one of the main reasons why many Local Authorities are facing bankruptcy.⁴

While increasing the stock of genuinely affordable housing is a long-term process that will require a committed national plan for development (see chapter 2), **the next Government should seek to reduce short to medium-term pressures on Local Authorities by increasing investment in youth specific supported accommodation.** Supported accommodation is a key resource in addressing homelessness – with recent National Housing Federation research showing that, were it not for access to supported accommodation, tens of thousands of people of all ages would experience or be at risk of homelessness.⁵

Young people are an important sub-set of this population, with supported accommodation services aiming to enable members of this cohort to develop the skills to move into independence and live meaningful lives.

However, while the Government has sought to improve standards in this sector, through the introduction of Ofsted inspections and the Supported Housing (Regulatory Oversight) Act (SHROA), there has not been a commensurate rise in funding aimed at enabling providers to maintain and increase the quality and quantity of provision. In fact, funding for supported accommodation has decreased significantly relative to the funding high-point of the Supporting People Programme in the early 2000's. Accordingly, the next Government should seek to reinstate consistent, ring-fenced funding for supported accommodation that is distributed via Local Authorities who, under the SHROA, are now responsible for ensuring that there is a sufficient quantity of quality supported accommodation to meet local need.



2. Housing



Our policy asks for the next Government

Addressing the HOUSING CRISIS for young people

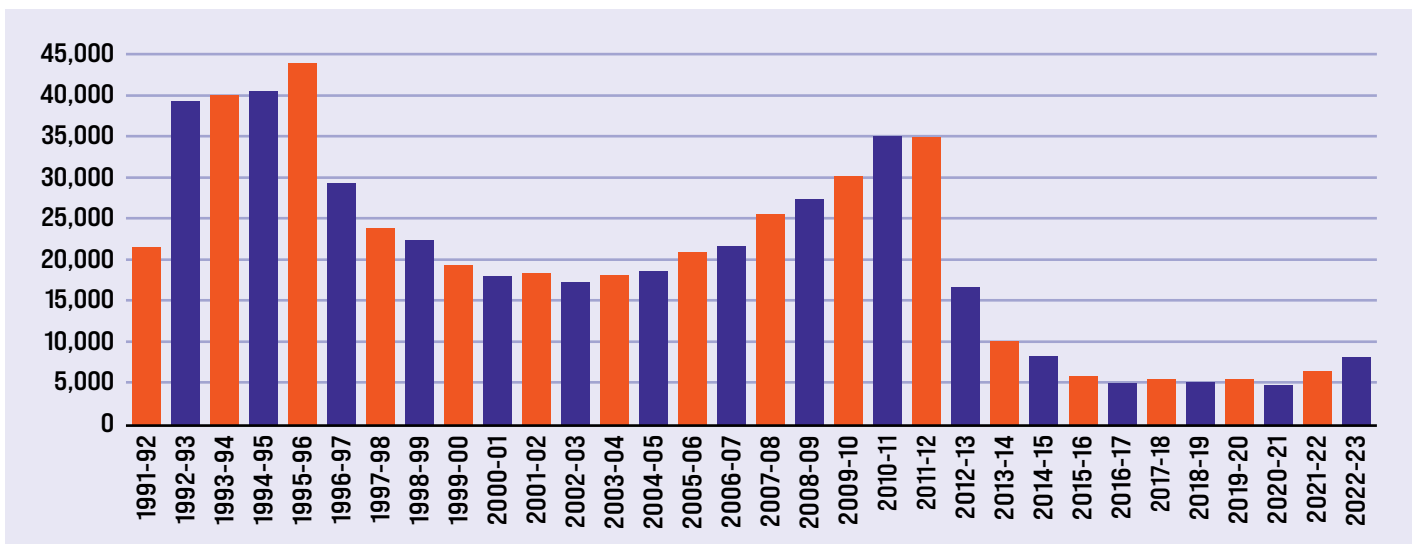
The next Government must commit to:

- A.** Build at least 90,000 social homes a year over the next Parliament, including 40,000 one-bedroom social homes.
- B.** Permanently fix the LHA rate to the 30th percentile, uprating the rates in line with rents at least annually.
- C.** Target capital funding grants at enabling organisations to buy/rent land which can be developed into Stepping Stone Accommodation.

The UK is facing a housing crisis. The nation’s social housing stock has been depleted through policies such as the 1980’s Right to Buy Scheme, while not being replenished at a proportionate rate - with the building of social homes falling to an all-time low in the last decade. This has meant that demand for social housing now consistently outpaces supply, with 1,287,180 households on social housing waiting lists as of 31 March 2023, the highest level since 2014.⁶ As such, young people who have faced homelessness find it increasingly difficult to access safe, secure and affordable accommodation, with new social lettings to lead tenants aged 16 to 24 falling from 25 per cent to 17 per cent in the decade preceding 2021/22.⁷



Figure 5: new social homes built per year (Source: DLUHC)⁸



One key reason for the relative inaccessibility of social housing for young people with experiences of homelessness is the scarcity of the types of social homes to which they are frequently allocated. When applying for social housing, single people without children are usually only able to apply for studio or one bedroom properties. Over the last ten years, however, the rate of homelessness amongst young people has increased, while fewer than 15 per cent of Housing Association homes completed in England have been one bedroom properties.⁹ Moreover, single people who require a studio or one bedroom property have made up over 45 per cent of all social housing waiting lists in England every year since data became available in 2015/16.¹⁰

For these reasons, the next Government must commit to build a new generation of social rented homes. Specifically, we are joining other organisations in the sector in asking the next Government to build at least 90,000 social rented homes a year for the next ten years. **This target should include 40,000 one-bedroom social rented homes per year over the next Parliament to reflect the type of housing most needed by households on the social housing waiting lists, including young people with experience of homelessness.** This could be achieved by reinstating local housing targets and incentivising planners and developers to prioritise new social housing that reflects local social housing waiting lists.



Why 40,000?

Centrepoint estimates that, since 2015/2016, more than 45% of all households on social housing waiting lists in England have required a one-bedroom property, since they are single applicants and cannot access larger properties. Centrepoint supports the sector-wide target for the next Government to build 90,000 social rented homes a year. In doing this, Central Government and Local Government should pay attention to the composition of social housing waiting lists and reflect local needs in all decisions about the types of social homes that are developed. Therefore, Centrepoint are calling on the next Government to ensure that 45% of all new social homes are one-bedroom social homes for the period of the next parliament.

Figure 6: Statistics on social housing by bedroom type

Bedroom type	Social housing waiting list since 2015/2016	Current stock owned by social housing providers	Houses built by housing associations in the last 10 years
1-bedroom	46%	24%	14%
2-bedroom	28%	37%	53%
3-bedroom	16%	33%	29%
4+ bedroom	5%	4%	4%
Unspecified	5%	1%	0%

The target is crucial for people experiencing homelessness, in particular young people. As shown in the 2021 Census, homeless people are more likely to have never been married or registered in a civil partnership, compared to the rest of the population (83% vs. 38%). This is particularly true for young people who very often approach their council for homelessness support as a single applicant, having lost any family support. This is evidenced by the fact that family breakdowns represent the leading cause

of youth homelessness (54% of the cases in 2022/2023).¹¹ Moreover, 80 per cent of the young people supported by Centrepoint in the last five years were single people with no children. In addition, there are currently more than 30,000 single adults in temporary accommodation, making up almost a third of the total number of households, waiting to access alternative suitable accommodations and showing the need for one-bedroom social homes.¹²

In Centrepoint's research report "No Expectations" we found that there was a national 3 per cent shortfall between the average percentage of young people who were owed a main housing duty - and were, therefore, in priority need and entitled to social housing - and the average percentage of young people who were actually allocated to social housing between 2021 and 2023. However, this rate improved between 2021/2022 and 2022/2023, a change that may be explained by the 34,000 net increase in social homes in England over this period.¹³ In particular, there was a 9 per cent increase in one bedroom general needs social homes - the type of homes that the majority of young people with experiences of homelessness will likely access. This shows that the development of one bedroom social homes is likely to support homeless young people to find secure accommodation.

Currently, one-bedroom social rented homes represent 24 per cent of the total stock owned by registered social housing providers in England.¹⁴ By setting a target of building 40,000 one bedroom social homes a year over the next Parliament, the Government would close the development gap and ensure that supply moves closer to demand (45% of social housing waiting list). By building 90,000 social rented homes a year for the next ten years, including at least 40,000 one-bedroom type, the Government could take a decisive step towards ending youth homelessness for good.

Case study

Layla* became homeless at 18. She had a serious falling out with her mum over finances. She was working as a cleaner and despite already paying her share for her upkeep, her mum asked her for more money or threatened to throw her out. Having experienced a family breakdown, the most common cause of homelessness for young people, Layla found herself in a situation many young people experience, being homeless and alone with no family support. She approached her local council who put her in contact with Centrepoint Helpline who were able to arrange an assessment with the Homeless Prevention and Relief Service in Manchester. After receiving an emergency accommodation for the first three nights, Layla was able to access a self-contained flat managed by Centrepoint in her home town, nearer to her friends and support network. Layla's hopes for the future are simple, as she explains, "I don't want for much. I just want a stable, comfortable life where I can make ends meet without worrying all the time."

*Name has been changed

However, social homes alone will not solve the housing crisis affecting vulnerable young people. Rather, the Government must also commit to reforming the increasingly unaffordable private rented sector. Private rents have increased significantly in the last few years, with the latest data showing a 6.1% increase in the year preceding October 2023.¹⁵ Moreover, single people under 35 are usually entitled to the shared accommodation rate for Local Housing Allowance (LHA), which is lower than other LHA rates. Some exemptions are provided in legislation, for instance if you are a care leaver or if you have lived in a hostel for at least three months. However, many young people experiencing homelessness do not fall within these categories, having slept rough or sofa surfed. Additionally, the affordability of the private rented sector has been affected by the fact that LHA rates were set at the 30th percentile of local rents in April 2020 and were not uprated with inflation or rising rents for four years.¹⁶ While the Government announced an end to this freeze in the 2023 Autumn Statement, it is vital that the next Government commit to permanently fixing the LHA rate to the 30th percentile, uprating rates in line with market rents on an annual basis.

Of course, improving the accessibility and affordability of the social and private rented sectors are not the only policy levers the next Government can pull. Targeted capital funding grants aimed at enabling organisations to develop innovative housing products should also be introduced as a means of enabling registered providers of social housing and charities to fill gaps in local housing need and promote partnership working between the public, third and private sectors. To do this, the next Government should seek to learn from and support existing providers of innovative products like Stepping Stone Accommodation. This is a housing model that provides genuinely affordable, fixed-term housing to young people who would otherwise struggle to access tenures in the private and social rented sectors. Rates of rent for Stepping Stone Accommodation are sub-market, meaning that they are deflated below LHA or social rent levels. Moreover, tenants living in Stepping Stone Accommodation have to be in work or an apprenticeship as a condition of their tenancies. Through this, tenants experience the impact of working and paying rent through their earned income, as well as the financial planning that this requires, while not indefinitely trapping them in artificially deflated rents.

Examples of Stepping Stone Accommodation include Centrepoint's Independent Living Programme and St Basil's Live and Work Scheme. Staff working in Centrepoint's Independent Living Programme suggest that Stepping Stone Accommodation has the potential to "change the story for young people experiencing homelessness", and that when young people access Stepping Stone Accommodation they "feel a sense of relief, safety and security" as "if they have been through the supported housing system, having their own key for their own front door is huge for them". In suggesting this, staff highlight that Stepping Stone Accommodation gives young people who would otherwise be unable to access their own independent accommodation, the opportunity to have "their own space and privacy, and really focus on what they want from life".

3. Employment in Supported Accommodation



Our policy asks for the next Government

Improving access to EMPLOYMENT for young people in supported accommodation

The next Government must commit to:

- A. Reduce the Housing Benefit taper rate from 65% to 55% to bring it in line with Universal Credit.
- B. Increase the applicable amount to £531.11 a month.

In Centrepoin’s recent research “Human costs and lost potential: the real cost of youth homelessness” we estimated that the total annual cost of youth homelessness amounts to more than £8.5 billion, an average of £27,347 for each young homeless person.¹⁷ In doing this, we found that approximately 70 per cent of this total amount can be attributed to unemployment or economic inactivity experienced by young people facing homelessness. This means that society loses £6bn every year – a figure that is more than twice the amount that Government spends on services for homeless young people per annum.

The current economic situation looks dire for young people, with younger workers having been hit hard by the rising cost of living, just after the economic downturn caused by the COVID-19 pandemic. Overall, the number of young people in employment in October to December 2023 was 143,000 less than pre-pandemic levels, while the number of inactive young people was 371,000 above pre-pandemic levels.

More specifically:

- The unemployment rate for 16 to 24 year olds was 11.6% in October-December 2023, almost three times higher than the unemployment rate for the general population (3.8%).¹⁸
- In October-December 2023, the number of young people not in education, employment or training (NEET) reached 851,000 or 12 per cent of the 16-24 population.¹⁹
- As of December 2023, more than 720,000 young people were on Universal Credit. While this has been decreasing since the peak of more than 900,000 during the pandemic, this figure is still way above pre-pandemic levels - around 455,000 in December 2019.²⁰

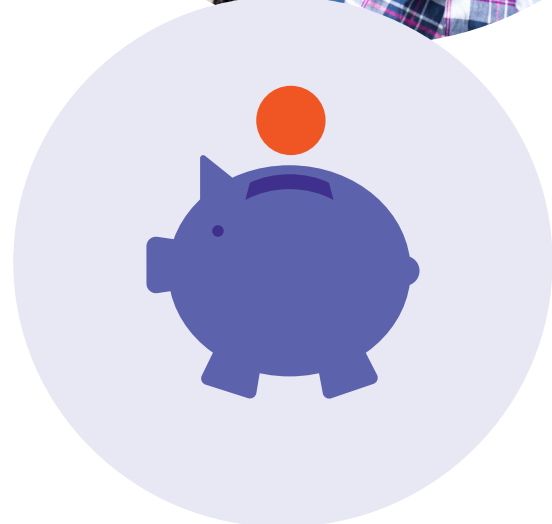
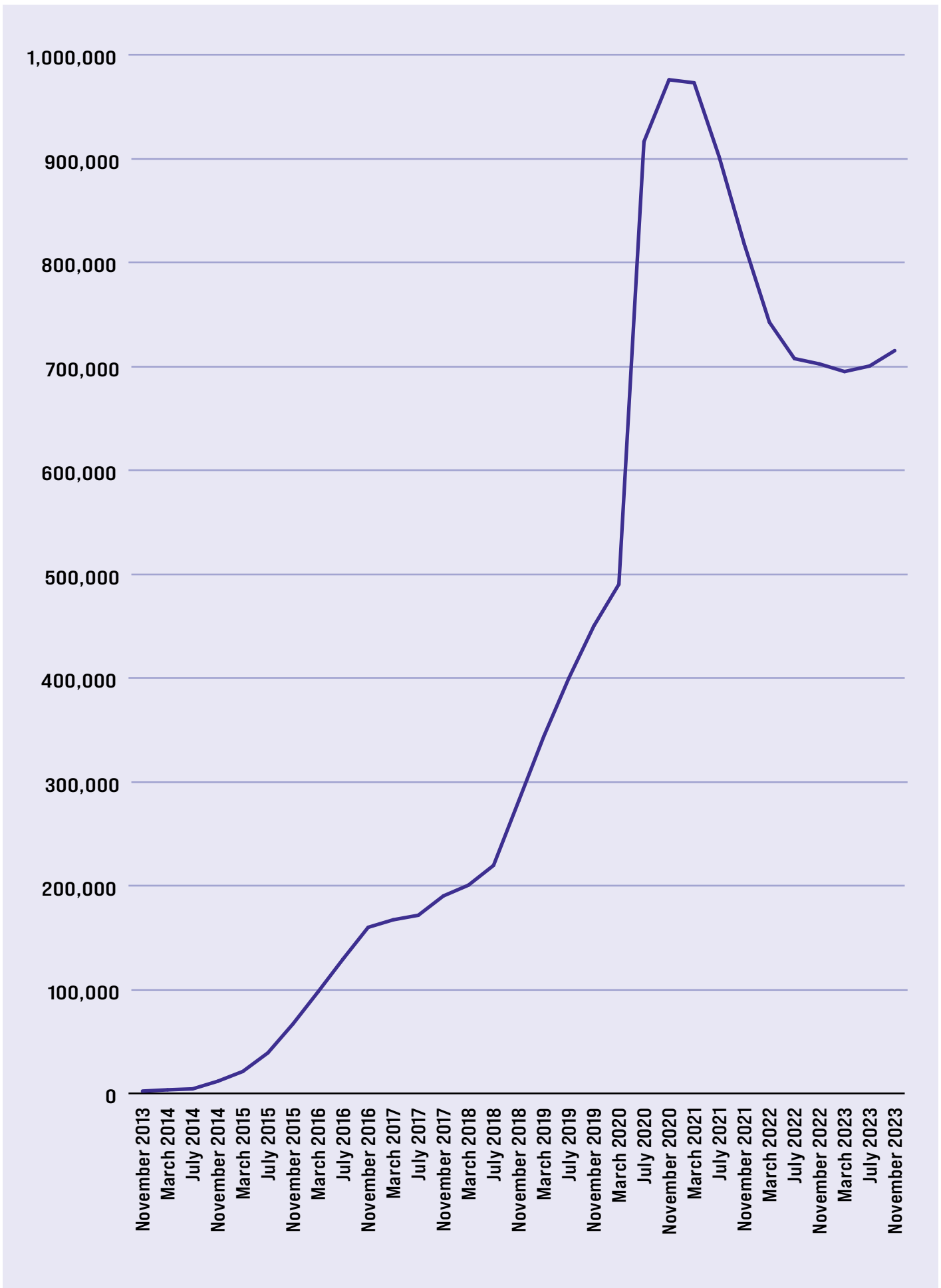


Figure 7: Young people 16-24 on Universal Credit (Source: DWP)



Centrepoint knows that one cohort of young people who face particular challenges in accessing employment is those living in supported accommodation. In supported accommodation, housing is provided alongside support, supervision or care to help people live as independently as possible in the community. For young people living in supported accommodation, such as care leavers and those who have experienced homelessness, access to employment can be a critical step in their journey to independence.

However, the current benefit rules disincentivise young people living in supported accommodation from accessing employment, working more hours and becoming financially independent. This happens because of the following process:

“Homeless young people are disadvantaged by intergenerational social immobility, and very few experience upward occupational mobility - not because they are not capable but because the tools and resources are not afforded to them. They are surviving the trauma of homelessness from a young age, which makes them resilient and resourceful. They require a basic support package, which includes the financial considerations that would allow them to be on par with young people living at home with their parents. Youth homelessness is not the fault of the young person, they should not be penalised for this.”

Centrepoint Works staff member

Universal Credit and Housing Benefit taper rate process for young people living in supported accommodation

1) Young people living in supported accommodation receive benefits through Universal Credit (UC) and Housing Benefit (HB) - while only UC, which include a housing element, is applied to those living in the private rented sector.

2) When a young person living in supported accommodation starts working, a 55% taper rate is applied to their UC entitlement.

3) When this young person earns more than £132.78 per week – roughly equivalent to 13 hours of work at the minimum wage for a 21-22-year-old (17 hours for an 18-20-year-old or 24 hours for a 16-17-year-old) - their UC will be tapered to nil.

4) Following this, the young person’s income is reassessed under the HB rules; meaning that the young person’s HB award will be tapered at a higher rate of 65% when their earnings move beyond their applicable amount of £67.20, minus a £5 disregard.

5) This creates a marginal effective tax rate (METR) well in excess of 100%, meaning that young people living in supported accommodation are frequently unable to make up the shortfall caused by their lost benefits through their earned income and, thus, cannot pay their rent.

6) For many young people, the prospect of losing their entitlement to UC and HB and being unable to pay their rent means that they are advised to or choose to not access employment/work additional hours.

UC Entitlement

=

UC Personal Allowance

-

Monthly Earnings

X0.55

HB Entitlement

=

Full weekly rent

-

Weekly earnings
- £5 disregard
- £67.2 applicable amount

X0.65

According to Centrepoint internal data, in the last five years 83 per cent of the young people living in Centrepoint supported accommodation and who have started working entered into rent arrears because of these benefit rules. On average, their rent

arrears amount to more than £1,400 per young person. These figures show how current benefit rules for young people living in supported accommodation do not incentivise work and promote financial independence.

The next Government must change the benefit rules to make work pay. **Therefore, Centrepoin are asking the next Government to:**

- A.** Reduce the Housing benefit taper rate from 65% to 55% to bring it in line with Universal Credit.
- B.** Increase the applicable amount to £531.11 a month.

Young people living in supported accommodation should always benefit from additional hours spent in work, as this will help them to successfully transition to independence.

Overall, in collaboration with Oxera, Centrepoin estimated that these policy recommendations would have a net positive impact for the Treasury, by saving £4 million a year. This is the result of the increased tax revenues and decrease in benefit payments generated by young people working more hours.

Figure 8: Potential costs and savings from our combined recommendations (Source: Oxera, based on 2023-2024 benefit rates)

Employment status	Age group	Additional costs (-) / savings(+)
In employment	18-20	-£1,648,000
	21-22	-£1,480,000
	23-24	-£1,526,300
Not in employment	18-20	+ £3,487,300
	21-22	+ £2,694,200
	23-24	+ £2,530,700
Total for those currently in employment		-£4,655,100
Total for those currently not in employment		+ £8,712,300
Total		+ £4,057,200

Working in concert, the policy proposals have the potential to save the UK Government a significant amount per year, due to the large number of people claiming HB and UC who are currently unemployed. While the proportional drop in unemployment is small (averaging 5% across age groups), this is more than sufficient to offset the increased costs. This is because the amount of benefits which are now tapered for those moving into employment are much larger than the additional benefits paid to those currently employed. In addition to the direct savings to the Treasury, Oxera estimated that there will be wider socio-economic benefits for the Government, through savings to the health and justice systems (estimated at £8 million per year).

Case study:

Chloe* was 21 when she came to Centrepoin. Whilst living in our supported accommodation, she was able to take the first steps into a career she enjoyed, working in property. She loved her job – but as she didn't have any prior knowledge about how Universal Credit or Housing Benefit operate, she was completely taken aback by the impact of working on her benefits. She noted that the more she worked and the more she earned, the more she had to pay towards her rent: “[it] made me wonder if my hard work was even worth anything.” She also felt frustrated by the long delays in getting responses from Housing Benefit staff to urgent queries.

Chloe loved her job so much that she would have been willing to work 45 hours a week had it not been for the impact on her benefits. She wants the Housing Benefit taper rate to be lower, to help young people like her to stay in work.

*Name has been changed

End notes

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