



Department
for Work &
Pensions

Ministerial
Correspondence **0207 340 4000**
Caxton House
Tothill Street **www.gov.uk**
LONDON
SW1H 9DA
ministers@dwp.gov.uk

Our ref: MC2020/26123

Rt Hon Sir George Howarth MP
george.howarth.mp@parliament.uk

21 July 2020

Dear George,

Thank you for your email of 29 May to the Secretary of State on behalf of your constituents about support for under 25s. I am replying as the Minister with responsibility for this policy area and I apologise for the delay in doing so.

Universal Credit is designed to replicate the world of work through the introduction of a range of measures such as monthly assessment periods. At its core is a focus on getting people into work and supporting their in-work progression. Setting a clear benefit rate for claimants under the age of 25 reflects the lower wages that younger workers typically receive. This is intended to maintain the incentive for younger people to find work. The Secretary of State considered the impact of Universal Credit changes on under 25s in the Equality Impact Assessment dated November 2011.

The lower rates for younger claimants who are under the age of 25 years reflects the fact that they are more likely to live in someone else's household and have lower earnings expectations. It also reinforces the stronger work incentives that Universal Credit creates for this age group. Universal Credit also includes separate elements to provide support for housing costs, children and childcare costs and support for disabled people and carers.

This is not new to Universal Credit. Under the legacy benefit system certain groups of under 25s, including lone parents, received a different allowance to the general rate for under 25s.

Managing a structure of different rates for different groups of younger people adds complexity and cost that cannot be justified in a simpler and more administratively workable system of benefits that is focused on getting people into and supporting them in work. Therefore, when designing Universal Credit, the benefit rates were simplified for under 25s into two separate rates, one for single claimants and one for couples.

I am committed to tackling homelessness and this Department is supporting the manifesto commitment to end the blight of rough sleeping by the end of the next Parliament. We know that there are varied and complex reasons behind a person's homelessness. That is why it is our priority to ensure that people experiencing homelessness, or at risk of it, get the appropriate support they need to stabilise their lives and move into work. The Department has earlier in the year announced a £3 million homelessness outreach fund.

We provide a range of support to help people who are homeless or at risk move closer to, or into, work. This includes safeguards to help people make a Universal Credit claim, access to the Jobcentre Plus employment offer with individual tailoring, priority access to the Work and Health Programme and job-seeking requirements can be temporarily put on hold whilst claimants find accommodation or stabilise their housing situation.

The principle that young, single people in the private rented sector should have their Housing Benefit limited to the rate appropriate for shared accommodation was introduced as early as 1996 and was known as the Shared Room Rate and applied to those under 25 years of age. The principle continued with the introduction of the Local Housing Allowance scheme in 2008.

The age threshold for the Shared Accommodation Rate was extended from under 25 to those under 35 from January 2012 as part of the package of reforms to the Local Housing Allowance scheme. This means that if a claimant is single, living on their own, under age 35 and renting privately, they will only be entitled to the Shared Accommodation Rate regardless of the size of property that they rent, subject to certain exemptions which are outlined below.

The important principle behind this policy is that the taxpayer should not be expected to pay rents that ordinary working people not on benefits could not afford. Housing Benefit and Universal Credit rules should reflect the housing expectations of people of a similar age not in receipt of benefits. Many young people who are not in receipt of benefits cannot afford to rent by themselves, therefore, we think it is reasonable to expect young Housing Benefit or Universal Credit tenants to also share accommodation. We want work to be people's first choice and have limited housing support for these single, working-age individuals who have recourse to public funds. I should also add that the purpose of Housing Benefit and Universal Credit is to help people on benefits and low incomes with the cost of renting accommodation.

The exemptions which apply to the Shared Accommodation Rate are:

- those in receipt of the Severe Disability Premium;
- care leavers up to the age of 22;
- those who have an extra bedroom for a non-resident carer providing overnight care;
- those who have spent at least three months, which do not need to have been continuous, in a homeless hostel/hostels specialising in

- rehabilitating and resettling within the community (those aged 25 to 34 only); and
- ex-offenders who present a risk of serious harm to the public and are subject to active multi-agency risk management under the Multi Agency Public Protection Arrangements to be rehabilitated back into the community (in Universal Credit this applies to anyone up to the age of 35 but in Housing Benefit those aged 25 to 34 only).

We announced at the recent Budget that we will be making changes to these exemptions from the Shared Accommodation Rate which will benefit many young people at risk of homelessness.

We will be extending the exemption for care leavers to age 25 and extending the exemption for those who have spent at least three months in a homeless hostel to those under 25 as well. In addition, we are introducing two new exemptions, providing crucial additional housing support for survivors of domestic abuse and modern slavery for whom shared housing is not always appropriate.

In the meantime, for other individuals who may require more support and whose circumstances may make it difficult for them to share accommodation, Discretionary Housing Payments are available. Discretionary Housing Payment funding (from 2011 over £1 billion to date) will enable local authorities to consider individual circumstances and provide longer-term support for more vulnerable claimants.

We have also just announced an extra £40 million for Discretionary Housing Payments in 2020/21.

I hope your constituents will find this reply helpful.

Kind regards,



Will Quince MP

Minister for Welfare Delivery