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Patron: Her Majesty The Queen
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Right Honourable
Dr. John Sentamu

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The Clerk,
Work and Pensions Select Committee,
House of Commons,
7 Millbank,
London
SW1P 3JA

27th September 2013

Dear Dame Anne Begg,

Support for housing costs in the reformed welfare system inquiry

The YMCA was established in 1844 and there are 121 YMCAs across England serving over 530 different communities. The YMCA is the largest voluntary sector provider of safe, supported accommodation for single men and women aged between 16-30 years old, with over 9,000 young people every night staying in YMCA accommodation.

Following the publication of the inquiry, the YMCA national body, YMCA England, carried out two consultations. The first was to ascertain the views of the service providers and addressed the 121 YMCAs across England and the second consulted our services users. Of this second group YMCA England received 86 individual submissions from young people, the majority of whom are currently living in supported accommodation.

Their comments and feedback form the basis of this response which sets out the current or anticipated impact on both young people and the YMCA, and the responses being taken. Finally the submission sets out a series of recommendations for consideration by the Work and Pensions Select Committee.

Yours faithfully,



Denise Hatton
YMCA England
Chief Executive



YMCA England Response

1. Local Housing Allowance

1.1 The awareness levels of the reforms taking place to the Local Housing Allowance amongst the young people surveyed was limited. Only 14% were aware that the age for the Shared Accommodation Rate had been raised to 35 years old, 19% that the Local Housing Allowance has been lowered and just under a third of respondents (31%) knew of the introduction of a Housing Benefit cap.

1.2 Having considered the reforms, very few young people felt the changes would positively impact on them. Only 5% felt that the raising of the Shared Accommodation Rate would have any positive implications, 9% for the Housing Benefit cap and 12% for the lowering of the Local Housing Allowance rate. The primary concern raised was the impact that these reforms would have in further limiting the housing options available to them when leaving supported accommodation.

1.3 Even before these reforms were implemented, young people's housing options were already extremely limited. As well as home ownership proving too expensive for young people, social housing was already difficult for them to access, even for those coming out of supported accommodation that traditional could have relied upon this form of housing. Given also that living with parent(s) is not an option for many of the young people that YMCAs work with, this has made the private rented sector the only 'non-supported' housing option available to many young people.

1.4 This penalises young people in a number of ways including; the higher cost of rent in the private rented sector, the competition and availability of lower rent and shared properties, and the reluctance of many private landlords to let to young people on housing benefit. Finally, YMCAs are seeing a resistance to moving on from some young people when properties in this sector do become available, due to both the quality of the property compared to the quality at the YMCAs and a reluctance to share with other individuals.

1.5 These factors plus to reforms have meant that moving people on from supported accommodation to appropriate housing within the community has become increasingly challenging for YMCAs. The slow-down in the move-on rates currently being experienced by YMCAs creates two negative consequences. The first is delaying young people's transition to independence. Something which the young people responding felt was further perpetuated by potentially being forced by the benefit system to live in shared accommodation up until the age of 35. The second consequence is that the young people who are not able to be moved on are creating a situation of 'bed-blocking', which is increasingly preventing young people in greater need from being able to access the accommodation and services YMCAs provide.

1.6 Another concern raised by the young people surveyed, which further compounds this 'perfect storm' situation, is the problems these reforms also create when they do manage to move out of supported accommodation. With the Local Housing Allowance being lowered and the extending of the Shared Accommodation Rate, the respondents felt that this increases the likelihood that the housing benefit they receive will not meet the cost of renting in the private sector, putting young people under greater financial pressure and subsequently increasing the risk of homelessness. Yet again the concern raised by young people surveyed is supported by what YMCAs are observing. A number of YMCAs reported beginning to see increased demand for supported accommodation from young people having difficulties accessing and sustaining private rented housing in their local area.



1.7 In response to the impact that YMCAs are seeing from the reforms, they are introducing a range of measures. Given their limited knowledge of the reforms and just under half the respondents (49%) saying that they did not feel prepared for the changes, a number of YMCAs are beginning to deliver an increase in the provision of relevant training and explanatory information they provide to young people. YMCA Cornwall has begun running a Pre Tenancy Award training scheme as part of their Life Skills Project and a number of other YMCAs deliver similar schemes such as YMCA South Devon which runs a 'fit for life' scheme for 14-16 year olds.

1.8 Several YMCAs are also working in partnership at a local level with both public and private sector landlords to identify and develop suitable move-on accommodation for young people. An example is Crewe YMCA who have initiated a private sector floating support scheme across the borough and are seeking additional private landlords to enter the market and either reduce their rents to Shared Accommodation Rate levels or change their model to a shared one. A significant number of YMCAs from right across England, including Milton Keynes, Exeter, Grimsby, Cleethorpes and Humber Region, Birmingham and South London are also looking at extending the amount of move-on accommodation provided.

1.9 To help overcome the initial barrier that the cost of both the deposit and rent presents when looking to leave supported accommodation, a number of YMCAs are also beginning to deliver a range of schemes. YMCA Central Herts are encouraging saving towards a deposit by introducing an incentivised savings scheme for residents in partnership with their local Credit Union. Another example is the Accelerated Move-On Scheme introduced by Romford YMCA, where the non-housing businesses provide a charitable bursary and rent deposit to young people.

1.10 To address the issue of increasing demand for places, many YMCAs are running proactive schemes such as Eastbourne and Wealden YMCA which delivers homelessness prevention workshops in schools.

2. Direct Payment of Housing Costs to Claimants

2.1 Nearly half (47%) of all young people responding had heard about the introduction of monthly benefit payments, while a third (35%) were aware of plans to introduce the direct payment of housing costs to claimants. Again, YMCAs were identified as the main source of their knowledge on these reforms, suggesting shortcoming in how they have been communicated to young people by relevant local and national government bodies.

2.2 While awareness of these reforms is much higher than with the previous changes, the respondents remained concerned that the impact of introducing direct payments of housing costs would be negative. 15% of those surveyed felt monthly payments would be beneficial to them, while only 11% felt that directly receiving their housing costs would be positive. The main reason given by those questioned focused on the difficulties they find managing their finances, and the potential for these reforms to lead to increased levels of debt, rent arrears, evictions and eventually homelessness. The widespread reluctance and anxiety towards these reforms is demonstrated by 86% of those young people surveyed saying that if given the choice they would choose to have their housing benefit paid directly to their landlord.

2.3 The concerns raised by the young people surveyed were echoed by the YMCAs who are particularly concerned with the period when young people move-on into the community. These reforms, without a managed transition phase, were felt to have the potential to place unnecessary



extra pressure on this already vulnerable group during this critical period in their move to independence.

2.4 Firstly by delaying move-on rates, as YMCAs will be reluctant to move vulnerable young people into independent living if this could lead to them quickly going into arrears. Secondly, due to the predicted increase in the levels of arrears, evictions and homelessness resulting from vulnerable young people being unable to manage their housing costs, YMCAs expect to see an increase in demand for supported accommodation.

2.5 While issues around budgeting are the biggest concern of the young people surveyed regarding the introduction of direct payment of housing costs, the most pressing issue for the future of YMCAs remains their classification as 'exempt' or 'non-exempt' accommodation. Under the current arrangements, the majority of the accommodation provided by the YMCAs would be classified as 'exempt', however uncertainty remains around a number of YMCA managed schemes. An example is Supported Lodgings schemes run by YMCAs across England; where YMCAs recruit community hosts who have spare rooms to accommodate a young person in need as a 'lodger'. In these cases YMCAs receive the young person's housing costs, and then pay the community hosts for their room.

2.6 For YMCAs providing accommodation and services that are not classified as being 'exempt', vulnerable residents will be paid their housing benefit directly. This would mean that the cost of additional support services offered in these types of accommodation would not be covered. Also, claimants receiving their own housing benefit may also put their tenancies at YMCAs at risk if they are not able to pay their rent in full. At present, residents in most YMCAs are responsible for the payment of a small personal service charge, which is manageable for the majority, but YMCAs still incur arrears on these payments of around 10% of the total amount due. If this was translated into an equivalent loss against the total rent, this would represent a significant sum.

2.7 The current lack of clarity provided by the government at a national and local level on the issue of 'exempt' classification puts the viability of many YMCAs at risk and makes any long-term planning difficult. YMCAs, along with YMCA England, have been working with and making representations to local councils and the Department of Work and Pensions over the last year to seek further clarification on this matter.

2.8 In response to the impact that YMCAs are expecting to see from these reforms, they are introducing a range of measures. The young people surveyed suggested that their greatest need in preparation for these reforms was more information as well as additional training to help them manage their finances. To address this need, YMCA England and YMCAs have produced a range of materials and training aimed at informing young people of the reforms. An example is 'Your Guide to Universal Credit' which was circulated widely across the YMCA movement.¹

2.9 To support young people with their financial management, last year YMCAs provided 10,693 young people with basic life skills training. Taking North London YMCA as an example, they run a 'My Bank' money management scheme for their residents and South London YMCA have introduced a new process which sets clear expectations on rent payments which has assisted them in reducing their overall arrears from 14% to 2% per year.

¹ YMCA England – Your Guide to Universal Credit (2013)
<http://www.ymca.org.uk/newsmedia/latest/879-young-peoples-guide-to-universal-credit>



3. Localised Council Tax Support

3.1 A significant number of the young people questioned (42%) were aware of the removal of Crisis Loans and Community Care Grants, however only just over a quarter (28%) were aware of the introduction of Council Tax Support. The main sources of information on these were the YMCA and in the case of the removal of Crisis Loans and Community Care Grants their local Job Centre.

3.2 Once again there were very few young people responding that felt these reforms would have a positive impact on their lives. 10% felt the introduction of Council Tax Support would have a positive impact on them, while only 8% felt that the impact of the Localised Social Fund would be positive. The key concern raised by the young people was the difficulties the removal of Crisis Loans and Community Care Grants had made in being able to access finance, in particular capital, when in situations of need. A number of the respondents also raised the problems they were having or would have in paying Council Tax on already limited budgets.

3.3 The views expressed by the young people surveyed were supported by findings from the YMCAs, who are seeing young people that are now eligible to pay some form of Council Tax finding it more difficult for to manage financially. Again the move-on stage was identified as being critical, with both the lack of access to finance and the burden of paying Council Tax putting additional financial pressure on them at an already difficult time.

3.4 As with the other reforms, the Localised Council Tax Support was again identified as contributing to a decline in move-on rates and an increase in demand for supporting accommodation amongst young people.

4. Household Benefit Cap & Social Sector Size Criteria

4.1 The introduction of both the Household Benefit Cap and Social Sector Size Criteria have to date only had a limited impact on the YMCAs and the young people they work with. This is reflected in the responses received by those young people surveyed, with a significant majority believing the Household Benefit Cap (78%) and Social Sector Size Criteria (65%) would have no immediate impact on them.

4.2 However, a number of YMCAs are seeing the introduction of the Social Sector Size Criteria as further exacerbating the problem of moving young people on from supported accommodation. Firstly due to people 'downsizing' to avoid the financial penalties further limiting the number of appropriately sized social housing available to young people. Secondly, young people who are fortunate enough to be offered a place in social housing are less likely to take this up if it is not appropriately sized and would mean being instantly hit with a financial penalty.



5. Recommendations

5.1 Based on the findings set out in this response, the YMCA wishes to make the following recommendations to the Work and Pensions Select Committee.

5.2 Communicate with young people on the reforms

5.2.1 As the response demonstrates, young people's knowledge of the reforms taking place to housing support is extremely limited. For significant changes such as the reduction in the Local Housing Allowance and the raising of the age for the Shared Accommodation Rate, fewer than 20% of the young people questioned were aware that these had been introduced. Even for the most recognised change (The Social Sector Size Criteria), less than half of the respondents were aware of its introduction.

5.2.2 These figures are even more concerning when considering that the majority (90%) of the respondents live in supported accommodation and are benefit recipients. This indicates a failing by national and local government to effectively communicate these changes to young people, denying them the opportunity to prepare and respond effectively to the reforms.

Recommendation 1: The YMCA proposes that the Government work with service providers to ensure that information about the reforms to the support for housing costs is tailored to young people.

5.3 End discrimination against young people in the support arrangements

5.3.1 As highlighted in this response, young people are already finding it disproportionately more difficult to find housing and they are seeing the choices available to them becoming increasingly limited. The feeling amongst the young people surveyed is that the reforms to the support for housing costs is not going to improve this situation, with no more than 15% thinking that any of the changes will positively impact on their lives.

5.3.2 The support available for housing costs should not perpetuate this problem, especially based on a false assumption that all young people can remain living at home. The welfare system should be primarily based on 'need' rather than actively discriminate against people based on 'age'.

Recommendation 2: The YMCA strongly opposes any moves towards the removal of housing benefit entitlement for under 25s.

Recommendation 3: The YMCA proposes that the shared accommodation rate be removed.

5.4 Offer protection for vulnerable young people

5.4.1 As the evidence in this response demonstrates, the overwhelming preference (86%) of young people living in YMCAs is to continue to have their housing benefits paid directly to their landlord. The Government needs to exercise caution in its desire to pay housing benefit direct to claimant and respond to the views being expressed by vulnerable young people.

Recommendation 4: The YMCA proposes that people living in supported accommodation remain exempt from directly receiving their housing benefit payments.

5.4.2 Linked to this, the potential loss of funding for additional support services along with the risks associated with paying vulnerable people their benefits directly mean the future viability of many



YMCAs across England and the valuable support they provide to young people depends on the decision made on what constitutes 'exempt' accommodation.

Recommendation 5: The YMCA proposes that the Government work with service providers to broaden the definition of 'exempt' to ensure it reflects the different models of supported accommodation delivered across the sector.

5.5 Encourage a successful transition of vulnerable young people into independence

5.5.1 Moving from supported accommodation to living independently is already a challenging time for vulnerable young people, both financially and emotionally. Young people felt having to begin managing their own housing benefit immediately upon leaving supported accommodation had the potential to put additional pressure on them, increasing the likelihood for their transition to independence failing.

Recommendation 6: The YMCA proposes the introduction of progressive pathway for people leaving supported accommodation, whereby they can choose to continue to have their housing benefit paid to their landlord for an agreed period of time while they receive a tailored package of relevant training and support.

5.5.2 With the replacement of Crisis Loans and Community Care Grants with 'cashless grants', the Government has significantly reduced young people's access to capital in situations of need. This lack of capital can be particularly critical when young people are looking to move out of supporting accommodation in paying for a deposit and other related costs.

Recommendation 7: The YMCA proposes that the Government work with relevant organisations to develop and promote financial products targeted at young people, in particular to help them access capital when moving from supported accommodation.

5.6 Tackle the housing shortage

5.6.1 Finally the reforms to the support for housing costs should not be seen as a substitute to the urgent need in England to build more homes, an issue which underpins all the points raised by the young people surveyed. As part of its Housing Strategy, the Government needs to focus on the housing needs of young people, particularly those in most need.

Recommendation 8: The YMCA proposes that the Government, private sector and social landlords work together to invest in house building and increase the availability of social rent models and affordable private sector rentals.

