

# TURN2US INSIGHT BRIEFING: JULY 2021

TURN2US

Younger people have undoubtedly borne the brunt of the financial shockwaves caused by the pandemic, with **40%** having either lost pay, lost their jobs or been furloughed. This is compared to one in four of the general working age population. Between February and April 2021. In this briefing we take a closer look at the impact coronavirus has had on 18-24 year olds, and what policies may hinder their recovery.

## SOCIAL MOBILITY FOR YOUNG PEOPLE

Through our research into how people felt the pandemic had affected social mobility, we learned that 70% of people believe the pandemic has limited people's life opportunities and social mobility. When we asked 18-24 year olds what impact the pandemic had had on their own social mobility over a third said it had impacted their ability to save up for a deposit, or leave their parental home, with nearly one in five said it had impacted their ability to pay off debt.

### HAS THE PANDEMIC NEGATIVELY IMPACTED YOUR ABILITY TO:



**40%**

of young people have either lost pay, lost their jobs or been furloughed, compared to one in four of the general working age population.



**70%**

of people believe the pandemic has limited people's life opportunities and social mobility.



**11.7%**

of 18-24 year olds (435,000) were unemployed, compared to an overall average unemployment rate of 4.7%.

# IS UNIVERSAL CREDIT WORKING FOR YOUNG PEOPLE?

Policies such as the Kickstart Programme and Youth Offer, which offer apprenticeships, training and employability coaching, are certainly supporting many young people to find work. However, other areas of social security may be holding them back.

## LOWER RATE FOR UNDER 25s

The Standard Allowance of Universal Credit for a young person under 25 is currently £79 a week (with the £20 uplift) compared to £95 for over 25s – 16% less. Analysis from our Benefits Calculator shows that the average total household income for the 332,552 18-24 year olds that have used the tool over the last year is £243.36 compared to £369.22 for over 25s.

Whilst over 25s are more likely to have dependents this isn't the case for everyone and goods and services don't automatically become cheaper for under 25s. The lower rate of UC is particularly unfair for single parents, but also makes it harder for young people to move on from homelessness or care.

## A FURTHER CUT OF £20 A WEEK

In October, after the £20 increase has been cut, this situation will worsen. Young people will only have a Standard Allowance of £59 a week to live on. When we surveyed Universal Credit claimants about the impact of the expected £20 per week cut to Universal Credit:



**46% of claimants said the decrease in income would negatively affect their ability to pay for food**



**44% said it would negatively affect their ability to pay bills**



**29% said it would negatively impact their ability to pay for rent**

## LOCAL HOUSING ALLOWANCE RATES

The housing element of Universal Credit for under 35s is normally based on the Shared Room Rate of Local Housing Allowance which is considerably lower than average and can leave many young people with a shortfall for rent. Analysis of our Benefits Calculator data shows that on average under 25s need to make up a shortfall of £33.70 a week to pay for their rent due to it not being covered by housing element.

When you combine this with the lower rate of Standard Allowance they receive and the £20 cut, young claimants of Universal Credit could be left with only £25.30 to pay for food, bills and anything else they need, if they have no other form of income. This is nearly a quarter of the original £95 over 25s receive (72% less).

**In total, 42% of Turn2us Benefits Calculator users who were under 25 had a shortfall where the LHA rate they are entitled to didn't cover their rent.**

UC standard allowance	£95
Lower rate for under 25s	-£16
£20 cut in September	-£20
Shortfall in LHA	-£34
<b>Left over</b>	<b>£25</b>

## CASE STUDY

Georgia is an 18 year old care leaver who finds it difficult to get by on the amount of UC she gets.

"By the time I've paid for bills and food there's nothing left over for anything else. Sometimes I end up short because I've needed to fix something or hygiene products."

"Once I couldn't afford the bus fare to get into town for an appointment so had to walk seven miles each way. I was running short of food at the same time so was pretty hungry by the end of it."

"It's frustrating that I get less support simply because I'm under 25. I have nothing to fall back on and it's hard. As a care leaver I don't have people around me to support me. I can't ask anyone to help out or borrow something to tide me over if I need it."

Georgia is starting college in September and hopes to go on to university to study biochemistry. She currently volunteers for two youth advisory boards and at her local church. She thinks the planned £20 cut to Universal Credit would be a disaster for her: "I'm struggling now and that's with £20 more than I'll get when the increase is taken away. It's already not liveable at the best of times"

## OUR RECOMMENDATIONS

- Keep the £20 per week increase to Universal Credit so that young people can keep up with the cost of living
- Pay 18-24 year olds the same rate of Universal Credit as over 25s
- Review Local Housing Allowance rates to ensure claimants aren't left with a significant shortfall.