

EQUALITY ANALYSIS

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

Introduction

1. This document records the equality analysis (EA) undertaken by the Department for Work and Pensions to enable Ministers to fulfil the requirements placed on them by the Public Sector Equality Duty (PSED) as set out in section 149 of the Equality Act 2010. The PSED requires the Minister to pay due regard to the need to:
 - eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
 - advance equality of opportunity between people who share a protected characteristic and those who do not; and
 - foster good relations between people who share a protected characteristic and those who do not.
2. In undertaking the analysis, where applicable, the Department has also taken into account:
 - the United Nations Convention on the Rights of the Child (UNCRC) and, in particular: Article 2 (the duty not to discriminate); Article 3 (the duty to treat the best interests of the child as a primary consideration); Article 6 (the right to life and to develop to the maximum extent possible); Article 9 (the right for children not to be separated from their parents against their will); Article 16 (prohibition against arbitrary or unlawful interference with private life, home and family); article 26 (social security); and article 27 (standard of living).

- the Convention on the Elimination of all forms of Discrimination Against Women in particular articles 2 (policy measures), 3 (Guarantee of Basic Human Rights and Fundamental Freedoms) and 13 (economic and social benefits);
- the UN Convention on the Elimination of all forms of Racial Discrimination; and
- the UN Convention on the Rights of Persons with Disabilities.

Brief outline of policy

3. From April 2017, some 18-21 year-olds will not be entitled to the housing element in Universal Credit (UC). The policy will apply to those making a new claim to UC and it will apply only to those making such claims in UC Full Service areas. The policy will not apply to Housing Benefit claimants, nor claimants with an existing UC award with the housing element awarded. It will also not apply to claimants who move from Housing Benefit to the UC Full Service, nor to those moving from UC Live Service to UC Full Service as it rolls out (where the award on the Live Service includes the housing element immediately before it moves to Full Service). However, if there is a break in a claimant's entitlement to the housing element of UC when on the UC Full Service, the policy will apply to them.
4. The policy will apply only to single claimants, who are not responsible for a child, and will not apply to those who sit outside of the All Work Related Requirements (AWRR) conditionality group. Universal Credit claimants are subject to varying degrees of work-related activity dependent upon the barriers they have to securing employment. Those in the AWRR group have the fewest impediments to employment and are expected to make the maximum effort to secure an early return to work. Thus, claimants with limited capability for work, due to health problems for example, and those subject to no work-related requirements will be exempt.
5. Additionally, not all of those within the All Work Related Requirements conditionality group will be subject to the new policy. There will be exemptions for other categories of claimants as explained on pages 10 to 13.

Rationale for change

6. Under current arrangements a young adult on benefit can choose to leave the parental home and simply pass the additional costs of their rental liability on to the tax payer, whereas, young adults not supported by the benefits system have to factor the cost of meeting their rent into their decision to leave home.

In the view of the Government, it is unfair that taxes paid by young people in work but unable to afford to live independently are used to subsidise Universal Credit recipients who can leave home without any financial consequences.

7. Of course there will be circumstances where it is unreasonable to expect a young person to remain in, or return to, the family home. Such claimants will continue to be entitled to the housing element in Universal Credit. Entitlement will also continue for those who can afford to leave home because they are in work.
8. There are 3.1 million 18-21 year-olds in Great Britain¹. The table (below) provides a breakdown of 18-21 year-olds housing status using Office for National Statistics data on young adults living with parents and administrative data from the Single Housing Benefit Extract (SHBE)². SHBE contains records of 18-21 year olds claiming Housing Benefit, which can be compared to ONS population estimates to calculate the proportion of 18-21 year olds in scope for the policy³.

Source	Housing status	% 18-21 year-olds
ONS	Living in the family home	65
ONS	Living in own accommodation	35
SHBE	Living in own accommodation, claiming HB	4
SHBE	Single and no children in own accommodation, claiming HB	2

9. The analysis shows around 2 per cent of 18-21 year-olds are single, with no children, living on their own and claiming Housing Benefit. It is therefore expected that this will be the size of the population that fall within the broad scope of this policy. A prescribed list of vulnerable people, who have a barrier to full-time work or who cannot live at home, and who fall within this population will be exempted (see paras 45-50). Therefore, the number of claimants affected by this policy will be significantly smaller as it applies only to those without any particular barriers to the labour market. Furthermore, this policy is backed by the Government's new Youth Obligation - an improved package of labour market support for 18-21 year-olds which will also be introduced from April 2017. This should reduce the number of young adults reliant solely on benefit at any one time.
10. The table below provides estimates of 18-21 year-olds that are employed and working at least 16 hours per week, and unemployed or working less than 16

¹ ONS Population Estimates for UK, England and Wales, Scotland and Northern Ireland: mid-2014.

² Single Housing Benefit Extract June 2014.

³ SHBE does not hold information on Universal Credit claimants. Estimates therefore based on 2014 data before claimants started receiving housing support on Universal Credit in significant numbers.

hours a week broken down by housing status. It shows 18-21 year-olds living in the family home are more likely to be employed (more than 16 hours a week) and less likely to be unemployed than 18-21 year-olds living on their own and claiming Housing Benefit.

	Employed (16 hours or more per week)	Unemployed or working less than 16 hours	Other (including students, sick/disabled & inactive)
All	44	20	36
Living on own	35	17	48
Living in the family home	48	20	31
Living in own accommodation, claiming HB ⁴	20	35	45

11. We know that more than three in five 18-21 year-olds leave Jobseeker's Allowance within 3 months and more than four in five within six months. A speedy return to work will be further assisted by the Youth Obligation, to be introduced shortly, which will provide an advanced package of support for these young adults (see paragraph 41).
12. There are other supporting factors, which serve as an incentive for an adult child to remain in the family home – for example, it is unlikely that adult children remaining at home will reduce the benefits a family receives:
 - Social Rented Sector – if an adult child left the home a family may be affected by a reduction or an increased reduction of their housing costs element by virtue of the Removal of Spare Room Subsidy (RSRS);
 - Private Rented Sector – similarly, if an adult child left the home, a family may receive a lower LHA rate;
 - Those under the age of 21 are not subject to a Housing Cost Contribution (£69.39) and therefore a family's benefits will not be affected in this way.

Financial implications

13. The projected AME savings at Budget 2017 (Round 2) are £105m over the course of this Parliament. DEL set up costs are expected to be in the region of £5m, with running costs estimated at between £0.5m and £1m

⁴ Figures should be treated with caution due to small sample size (n=75). A breakdown for single people with no children in this group is not provided due to the small sample size.

per annum.

Evidence and analysis

14. This section of the EA explores the impact of the policy on individuals with protected characteristics under the Equality Act 2010. For affected households (i.e. not protected by any of the exemptions) the amount of Universal Credit entitlement will no longer include a housing costs element. This means that a claimant might not be able to afford to move out of their family home unless they move into work.
15. Due to the various exemptions specified for this policy (see paras 44-49) - analysis suggests that the caseload affected will be relatively small, in the region of one thousand in 2017/18, growing to eleven thousand by 2020/21.
16. Analysis on protected groups has been provided where administrative data on household characteristics is available on the Single Housing Benefit Extract. It has not been possible to use the department's Policy Simulation Model (PSM) to analyse the potential impact of this policy by equality characteristics, as the Family Resources Survey data on which it is based does not have a sufficient sample of cases that would be affected by the policy after applying exemptions that are possible to model. In addition, data is not available to model some of the exemptions.
17. Estimated effects on protected groups using SHBE are based on a group of single, 18-21 year old Housing Benefit claimants with no children, living in the Private Rented Sector (PRS). In addition the group are claiming JSA or working less than 16 hours as this group would fall in the all-work related conditionality group to whom the policy will be applied in Universal Credit. For the purposes of the equalities analysis, equivalent single 18-21 year old claimants living in the Social Rented Sector are assumed to fall into an exemption criterion; their ability to be able to access social housing at this age is likely to be a consequence of their being vulnerable - although conceivably there may be a small proportion who are not exempt. On this basis, claimants in the PRS act as a suitable proxy to analyse impacts on protected groups affected by the policy. To further understand the impact on protected groups the analysis compares the affected group to all working age Housing Benefit claimants, which allows a larger sample size than the more precise comparator of single childless working age Housing Benefit claimants.

Gender

18. The table shows gender breakdown estimates for claimants affected by the policy compared to working age Housing Benefit claimants using the Single Housing Benefit Extract (SHBE).

	Male	Female
Affected claimants	59	41
Comparison group	39	61

The disproportionate impact on men may be, in part, a consequence of protecting vulnerable claimants from the policy. There will be exemption for those who are responsible for a child or qualifying young person. There will be an exemption from the policy where the Secretary of State considers it inappropriate for a claimant to live with his or her parents. Victims of domestic abuse will also be exempt.

Age

19. By definition, the policy affects only 18-21 year-olds. Analysis⁵ shows that the majority of people in this age range (65%) live in the family home. The reason that many of the rest do not live with their parents is because they are students living away whilst they are studying. The Government considers that up to the age of 22 is an appropriate age for young people to still live with their parents.
20. The exemptions that the Department has specified mean that the only claimants to whom this policy applies will be those who left home for no good reason and with no prospect of meeting their rental liability from their own resources. The vast majority of young people in this position remain in the family home. The welfare system should reflect the norm rather than create perverse incentives for differential behaviour.
21. Acquiring a rental liability increases benefit entitlement which, in turn, reduces work incentives. This is because a claimant entitled to help with their housing costs has to earn more money to lift themselves above the Universal Credit taper where they receive only 63% of any additional pound they earn. There is a significant body of evidence that points to the 'scarring' effect of long-term unemployment, particularly, with respect to young adults. By encouraging young adults to remain at home, and by providing them with additional support via the Youth Obligation, we expect more of them to secure an early return to the labour market. This will have an overall beneficial effect on their life chances.

Disability (and Carers)

22. Given the small sample sizes available for this analysis, robust estimates of the disability status of the affected group cannot be made.

⁵ ONS Young Adults living with their Parents.

23. Claimants in receipt of the Limited Capability for Work and Limited Capability for Work Related Activity support element of UC will be exempt from the policy because they are not in the all work-related activity conditionality group. Those with terminal illnesses or undergoing treatment for cancer will be exempt for the same reason. We will exempt those in receipt of the care component of Disability Living Allowance at the middle or highest rate, and those in receipt of the daily living component of Personal Independence Payment. In addition, people with a physical or mental impairment whose Work Coach determines that they are expected to work fewer than 35 hours per week will be automatically exempted from this policy. Any disabled people who earn the monthly equivalent of earning 16 hours at the National Minimum Wage (at the rate for 18 to 20 year olds) will be exempt because of the policy's 'in work' exemption which protects working young people.
24. If a claimant is unfit for work, they can provide a Work Coach with a 'Fit Note' from their GP which explains that they might not be able to work; where this is for 14 days or less, this also means they are automatically not subject to work search requirements. For this period, which is no more than 14 consecutive days, a claimant will be exempt from the policy.
25. A disabled person awaiting a Work Capability Assessment may not be eligible to receive the housing costs element because they have not yet established that they sit outside the all work related requirements group. We consider it reasonable that the WCA must be concluded before a claimant is exempt, so a determination can be made about whether a claimant qualifies for a disability related exemption. If it is inappropriate for a claimant awaiting a WCA to live with their parents, they would qualify for the "inappropriate to live with their parents" exemption. We therefore consider that the policy is proportionate, since those awaiting a WCA who cannot live with their parents will be exempt under another exemption.
26. Whilst it is not possible to estimate the effect of all these exemptions on disabled people in survey and administrative data, the purpose of these exemptions is to mitigate potential impact on disabled people.
27. The policy design also contains provision for certain carers to be exempt from the policy. Those in receipt of Carer's Allowance will be exempt, as will those who have caring responsibilities for more than 35 hours per week because they have no work-related requirements. Additionally, carers whose Work Coach determines that they are expected to work fewer than 35 hours per week will be exempted from this policy.

Ethnicity

28. Given the small sample sizes available for this analysis, robust estimates of the ethnic breakdown of the affected group cannot be made and the likelihood of BME groups being disproportionately affected is difficult to assess.

29. FRS analysis shows 23 per cent of 18-21 year-olds from BME groups are unemployed or working less than 16 hours compared to 19 per cent of White British 18-21 year-olds. Since working 16 hours or more a week exempts a claimant from the policy, those figures may indicate BME groups would be disproportionately affected by the policy on the basis of employment status. Conversely, 20% of 18-21 year-olds from BME groups live outside the parental home in their own accommodation compared to 28% of White British 18-21 year-olds, meaning BME groups are less likely to be affected by the policy on the basis of housing status. There is no clear evidence therefore to suggest that ethnic minority groups will be disproportionately affected by the policy.

Sexual orientation

30. The Department does not hold information about the sexual orientation of claimants on its administrative systems or modelled data. It should be noted that where it is considered inappropriate for a claimant to live with their parents they will be exempt; this may be the case if a claimant is estranged from their parents due to their sexual orientation. The Government does not therefore envisage an adverse impact on these grounds.

Pregnancy and maternity

31. The Department only holds information about pregnancy and maternity on its administrative systems where it is the primary reason for incapacity. It cannot therefore be used to accurately assess the equality impacts.
32. We do recognise that pregnant women affected by this policy may find it harder to find work. There is already provision, however, that a claimant in late pregnancy (i.e. 11 weeks from the Sunday of the week in which the baby is due) will fall outside the AWRR and will therefore be exempted from the policy. If a claimant miscarries or the baby is stillborn from the 24th week of pregnancy the claimant will also fall outside the AWRR, and so will be exempt from the policy.
33. Furthermore, the Department will also have the option to exempt pregnant women who are unable to live with their parents, under the 'inappropriate to live at home' exemption.

Religion or belief

34. The Department does not hold information on the religion or beliefs of claimants on its administrative systems or modelled data. The Government does not envisage an adverse impact on these grounds. In addition, claimants unable to live with their parents (including for reasons such as religious beliefs) are exempt from the policy.

Gender reassignment

35. The Department does not hold information about gender reassignment on its administrative systems or modelled data. There is no evidence to suggest the policy will adversely affect individuals with gender reassignment more than any other group. Nonetheless, it should be noted that where a claimant's gender reassignment has meant it is inappropriate for them to live with their parents, the claimant will be exempt from the policy.

Marriage and Civil Partnership

36. Couples are exempt from this policy, including those who are married or in civil partnerships where both partners are eligible for Universal Credit. Therefore, there is no adverse effect on these people who are married or in civil partnerships.
37. In the case of some couples, one member may be ineligible to claim Universal Credit. Where this is the case, the other person may be able to claim Universal Credit as a single person (see regulation 3(3) of the Universal Credit Regulations 2013). Such a person will not be exempt from the policy solely on the grounds that they are a member of a couple. This will apply whether the claimant and the ineligible person are married, in a civil partnership or cohabiting.

Life Chances and impacts on children

38. The new Life Chances legislation (incorporated into the 2016 Welfare Reform and Work Act) placed a new duty on the Secretary of State to report annually on children in workless households and the educational attainment of children. This is because evidence shows these to be the two main factors affecting the life chances of children now and in the future. Because claimants with children are exempt, we do not envisage this policy will affect the life chances of children.

What are we doing in mitigation?

39. DWP has a number of measures in place to ease the transition for claimants in protected groups affected by the policy change. Firstly, claimants already in receipt of the housing costs element are not affected by this policy. For those who are in scope, our approach is based on the principle of providing mainstream services that are flexible enough at the point of delivery to deal with the needs of individual customers. DWP has a wide range of programmes to address the obstacles to labour market participation faced by our customers. This includes provision to address barriers such as lack of confidence, poor educational achievement, low skill levels (including language barriers for BME groups) and disabilities.

Employment support

40. Claimants who earn the monthly equivalent of 16x the National Minimum Wage per week (for 18 to 20 year olds or, where the claimant is an apprentice, for apprentices) will be exempt from the policy. So the best way for claimants to mitigate the impact of the policy is to find work.
41. For young people trying to find work, there is already a wide range of help and employment support currently offered by Jobcentre Plus and its partners to young people claiming UC including work search support, work experience opportunities, employability/basic skills training and occupational training (e.g. Traineeships and sector-based work academies). In addition, the new Youth Obligation will provide intensive employment support for young people from day one of their claim. After six months under the Youth Obligation, claimants who have not found sufficient work will be required to apply for an Apprenticeship, Traineeship or undertake a work placement.
42. For young claimants with significant barriers to employment, the Department has a number of specialist programmes, particularly relevant for protected groups. The Work Programme provides back to work support for long-term unemployed claimants and Work Choice provides tailored support for claimants with health conditions and disabilities (both programmes are being replaced by a new Work and Health Programme). For claimants with language barriers that are detrimental to finding work - often individuals from BME groups - the Department has training in English for Speakers of Other Languages (ESOL).
43. To support claimants in financial difficulty on housing matters, the Department liaises extensively with local authorities to develop support covering budgeting and housing support/advice. For example, Personal Budgeting Support (PBS) can help claimants plan their monthly expenditure to ensure that they are able to pay their rent on time each month.

Exemptions

44. The broad intention is that this policy should apply only to those young people with no barriers to a return to work. So the starting point is that claimants who have limited capability for work⁶ and those subject to No Work Related

⁶ As defined by Regulations 39 and 40 of the Universal Credit Regulations 2013 (SI 2013/376). There is an assessment as to the extent to which a claimant who has some specific disease or bodily or mental disablement is capable of performing the work-search requirements. The claimant's situation is scored on a points system to determine the level of capability for work

Requirements⁷ will be exempt. We will also exempt those subject to No Work Related Requirement because they exceed the earnings threshold⁸.

45. Together these provisions will exempt the following groups:
- Claimants with limited capacity for work under regulations 39 and 40 due to specific physical or mental illness or disablement;
 - Full-time carers;
 - Women in late pregnancy (see paragraph 32 above);
 - Certain students;
 - Those in full-time work;
 - Apprentices under a full-time contract of apprenticeship.
46. Young, single people under the age of 35 who live in the private sector will usually have their housing element restricted to the shared accommodation rate of Local Housing Allowance. Certain renters are exempted from the shared accommodation rate restriction by virtue of paragraph 29 of Schedule 4 to the Universal Credit Regulations 2013. These exceptions are a proxy measure of vulnerability and therefore, anyone to whom the relevant provisions of that paragraph apply will be exempted from this policy.
47. This will exempt care leavers⁹ and those in receipt of the care component of Disability Living Allowance at the middle or highest rate, or those in receipt of the daily living component of Personal Independence Payment. It will also exempt those subject to multi-agency public protection arrangements (MAPPA), that is, ex-offenders who are considered to pose an ongoing risk to the public. This is because such individuals are often subject to specific requirements concerning where they should live.
48. Following the reasoning that this policy will apply to those with no barrier to work, there will also be exemptions for claimants who may be in the All Work Related Requirements group but have had their work requirements 'switched off' temporarily. These situations¹⁰ include:
- A claimant where in the past six months the following person has died:
 - where the claimant is in a couple, the other member of that couple;
 - a child or qualifying young person for whom the claimant (or if the claimant is in a couple, the other member of that couple) is responsible;
 - A child, where the claimant is the parent.
 - Those temporary absent from Great Britain receiving treatment;

⁷ By virtue of Regulation 89 of the Universal Credit Regulations 2013 (SI 2013/376)

⁸ As defined by Regulation 90 of the Universal Credit Regulations 2013 (SI 2013/376)

⁹ As defined in Regulation 8(4) of the Universal Credit Regulations 2013 (SI 2013/376)

¹⁰ As defined in Regulation 99(3)

- Those attending a court or tribunal as a party to any proceedings or as a witness;
- Prisoners;
- Those receiving and participating in a structured recovery-orientated course of alcohol or drug dependency treatment for no more than six months;
- Those for whom arrangements have been made by a protection provider under section 82 of the Serious Organised Crime and Police Act 2005 for no more than three months. For example, a person who is or might be, or who has been, a witness in legal proceedings who is considered by be at risk;
- Those engaged in an activity of a kind approved by the Secretary of State as being in the nature of a public duty.

49. In addition to these exemptions, there will be further exemptions in the following circumstances:

- **Claimants responsible for a child or a qualifying young person:** It is not unreasonable for young adults with children to live independently. This will ensure claimants with responsibilities for children are duly protected.
- **Couples:** All couples, where both partners are eligible for Universal Credit, will be exempt from this policy. To remove the housing element in such cases might force the individuals to separate which is not the intention.
- **Claimants with disabilities:** Most claimants with disabilities will be exempted because they fall outside of the all work related requirements group, or because they meet the criterion for exemption from the shared accommodation rate. However, to ensure reasonable treatment for all people with a limiting disability, those claimants whose Work Coach determines that it is reasonable to place restrictions on their expected hours of work under Regulation 88 of the Universal Credit Regulations 2013 will also be exempt.
- **Carers:** Many people with significant caring responsibilities will be exempted because they fall outside of the all work related requirements group. Those with lower levels of caring responsibilities will be exempted if their Work Coach determines that it is reasonable to place restrictions on their expected hours of work under Regulation 88 of the Universal Credit Regulations 2013.

- **Claimants living in temporary accommodation:** Those for whom a local authority has accepted a homelessness duty under the Housing Act 1996 (or similar provisions that apply in Scotland and Wales) are often placed in temporary accommodation while a permanent tenancy is sourced. Claimants in such accommodation will be exempt.
- **Claimants who have been in work for the previous six months, or who are in work:** Claimants who were in work for a prescribed continuous period of six months before they claim UC will be entitled to the housing element for six months. This will also apply to those who are already claiming UC when their earnings fall below the threshold who were in work for the prescribed six month period. For this policy, in work means that the claimant must have net earnings of at least the monthly equivalent of 16 x the National Minimum Wage per week for a claimant aged 18 to 20. We will also exempt those claimants in work who are earning the monthly equivalent of 16x the NMW per week for a claimant aged 18 to 20 in their current assessment period.
- **Apprentices:** Claimants who are under a contract of apprenticeship on the last day of an assessment period with net earnings of at least the monthly equivalent of 16 x the National Minimum Wage per week at the rate for apprentices will be exempt in that assessment period. Claimants who were under a contract of apprenticeship for a continuous prescribed period of six months with earnings above the threshold for apprentices in each of the six months before they claim UC will be entitled to the housing element for six months. This will also apply to those who are already claiming UC when their contract of apprenticeship ends who were under a contract for a prescribed six month period.
- **Prisoners:** Claimants imprisoned for six months or less will be exempt from the policy.
- **Where the renter is unable to live with his or her parents:** a person who cannot live with their parents because their parents are deceased or their parents do not have a home in Great Britain will be exempt.
- **Where it is inappropriate for the claimant to live with his or her parents:** This exemption will apply where the Secretary of State determines that the claimant's circumstances are such that it would be inappropriate to expect them to live in their parents' home. This will include in circumstances where there would be a serious risk to the claimant's physical or mental health, or the claimant would suffer significant harm, if the claimant lived with them.

- **Victims of domestic violence:** Any person who has been threatened with or subject to domestic violence by their partner, former partner or a family member will be exempt.
- **Claimants who are unfit for work for up to 14 days:** A claimant who satisfies regulation 99(4) of the Universal Credit Regulations 2013 will be exempt. That is, a claimant whose work search requirements are 'switched off' for up to 14 days because the claimant self-declared they are unfit for work (for up to 7 days) and, if requested, has provided medical evidence they are unfit for work for any further days (up to 14).

Decision making

50. In respect of this policy to remove the housing element in UC Full Service for some 18-21 year-olds, we consider that:
 - The policy does adversely affect some 18-21 year-olds although we consider that the exemptions and mitigations (as described above) provide adequate and proportionate safeguards; and the new entitlement rules and policy exemptions strengthen work incentives and achieve fairness for taxpayers while also ensuring there is a reasonable safety net of support for the most vulnerable.

Monitoring and evaluation

51. We are committed to monitoring the impacts of its policies, not only in terms of equality and diversity, but, more generally, in terms of the quality and accessibility of the services it provides to its customers, and in terms of the effects on operational processes and efficiency.

Sign off

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