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# Inside the cost of living crisis

The experiences of young people living at YMCA

October 2022

# **Everyone should have a fair chance to discover who they are and what they can become.**

## **About YMCA**

YMCA believes in fairness and opportunity. There are essential building blocks for a full and rewarding life: a safe home; acceptance; guidance; friendship; physical and mental health; academic support; employment skills; and access to real opportunities. Many young people have never known these things; other people have lost one or more as they grew up, but we all need them. All of us. At YMCA, we provide these critical foundations for a fresh, strong start for young people and a better quality of life in the community.

YMCA is the largest charitable provider of supported housing to young people in England and Wales. We provide a safe and supportive home to more than 20,000 young people each year, equipping them with the skills and space they need to live independently.

Every year YMCA supports 9,022 people through providing welfare and benefits advice, 21,515 people via our food banks and 4,792 in employment and careers advice.

### **Acknowledgement**

This report was written and researched by David Bridson, Head of Policy & Campaigns at YMCA England & Wales. This also forms part of a dissertation submitted to the University of Bath, Department of Social & Political Sciences.

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# Executive summary

This report explores the experiences of young people living on welfare benefits during the cost of living crisis. It assesses how far Government interventions have gone in supporting young people and suggest ways in which support can be given.

## The impact of the cost of living crisis

When reflecting on the impact of the cost of living crisis, young people told us:

- **Food is the first to be cut when times are tough** – young people who are on benefits are skipping meals, turning to food banks and making more unhealthy choices because of the lack of money they have.
- **Energy bills are rocketing, especially for those on prepayment metres** – young people are already making tough decisions to go without heating in order to save on increasing energy costs, long before winter sets in. Others who have their bills included in their personal service charge will go without Government interventions, such as the £400 energy rebate, as living in supported accommodation is not seen as a “household”, even though they are required to make a personal contribution to the cost.
- **Low levels of financial resilience; leaning on friends and family** – for those who have support networks, young people are increasingly relying on family and friends for financial support. However, many do not have these networks and have no one to turn to. Young people worried that with everyone’s costs increasing, they would no longer be able to get this additional support. Financial resilience amongst young people on benefits is low and many of them are already in high levels of debt.
- **Mental health worsening** – young people’s mental health declined as a result of the cost of living crisis: many of them could no longer afford to do anything social or even travel anywhere because all they could afford to do is survive. The worry alone also increased levels of depression and anxiety.
- **Aspiration halted** – young people who had planned to move on from supported accommodation no longer wanted to take that risk. They did not know if they would be able to afford the bills, and worried about the insecurity of the private rental sector if they fell behind.

## How have Government interventions helped?

The response to support provided by Government so far has been mixed:

- The Government interventions that young people on benefits received was welcomed by many, but these did not go far enough to support them.
- One-off payments and rebates, which only some could access, lacks in the consistent need for a higher rate of income that the cost of living crisis is demanding from rising food and energy costs.

## Recommendations

The Government should:

- Upgrade welfare benefits in line with inflation
- Increase funding to provide local authority grants to support local need - i.e., food or winter clothes vouchers
- Amend the rules for the £400 energy rebate to include those living in supported accommodation who pay bills 'all-included'
- Address the systemic issues with moving on from supported accommodation and the barriers of getting into work.

# The cost of living crisis

The Consumer Prices Index (CPI) is the Government's measure of how the cost of goods and services has increased or decreased over the previous 12 months. In August 2022 the CPI rate was 9.9%, up from 6.2% in February 2022. The July 2022 rate of 10.1% is the highest recorded since around 1982. This is due to the increased cost of housing, gas, recreation and leisure (Harari, 2002, p.1). The Office for Budgetary Responsibility (OBR), the official independent watchdog for fiscal policy, does not expect net household incomes to recover until Q3 of 2024 (Harari, May 2022, p.6).

The 9.9% level of inflation for August 2022 sits against the Bank of England's target of 2%. It expects inflation to peak shy of 11% in October 2022, and remain at 10% for the rest of the winter. It expects CPI to return to 2% in two years' time, but until then money in the UK will not go as far as it used to. (Bank of England, 2022)

## Why has it happened?

There are multiple factors at home and abroad which have affected manufacturing, supply chains, economies and trade, devaluing the pound and pushing prices up. Fiscal policy enacted by Government has also affected the amount people have to spend.

1. **War in Ukraine** - The Russian invasion of Ukraine has affected the cost of gas as European governments have stopped purchasing gas from Russia, which until this point was a dominant supplier (Brien, 2022). Another knock-on effect is an increase in food costs worldwide, as both Russia and Ukraine produce items such as wheat which can no longer be harvested, and also metals such as the tin used in making canned goods. (Harari, May 2022, p.10)
2. **Impact of the COVID-19** - The cost of oil plummeted during global lockdowns as demand disappeared, leading gas and oil producers to halt operations. Demand for gas has increased as countries no longer have restrictions in place and manufacturing levels are being restored, yet the supply-side has fallen behind (Harari, May 2022, p.4). The National Farmers' Union of England and Wales warned that disruption in food supplies because of COVID-19 lockdowns and the war in Ukraine could last for many years (Harari, May 2022, p.21).
3. **Energy price cap rise** - As the cost of energy around the world rose, the UK's market regulator Ofgem increased the national energy price cap by 54% in April 2022, from £1,277 per year to £1,971. The Government has now introduced an Energy Price Guarantee to bring down energy prices, however

prior to this, the price cap would have increased this year by a further 30-50% (Harari, May 2022, p.4) (Brien, 2022).

4. **Brexit** - The value of sterling has declined since the UK's decision to leave the European Union in June 2016. This on its own made imports into the country more expensive, with trade barriers enacted from January 2021 onwards leading to a reduction of goods from the EU into the UK (Bakker et al., April 2022, p7).
5. **Impact of the 'mini budget'** – the new Prime Minister Liz Truss introduced a number of measures during her first week in office in September 2022. These ranged from the Energy Price Guarantee to reversing the national insurance and corporation tax increases announced in the 2022 and 2021 Spring Budgets respectively, to removing the top rate of tax for high earners (UK Government, 2022). This plan means that by 2026-27, the UK will be borrowing over £110 billion per year, £45 billion of which would be attributable to the tax cuts in the mini Budget (IFS, 2022). This will lead to more expensive imports which in turn will fuel potential further price increases.

The impact of this is that the value of the pound has now plummeted to its lowest ever level against the dollar (BBC News, 26/9/2022). Investors withdrew from the UK bond market making Government borrowing of money more expensive, and leading the Bank of England to intervene to protect the UK's financial stability (Bank of England, September 2022). Having increased interest rates to 2.25% only days prior as a measure to reduce inflation, the devalued pound signalled more increases to come and mortgage providers increased interest rates on products.

## What is the impact on the public?

Prices rises at supermarket checkouts, petro station forecourts and on utility metres have been inescapable in recent months. But the ability of families and individuals to weather these varies hugely.

1. **Rise in the cost of gas and electricity** - From April 2021 to April 2022 prices increased for gas by 95% and for electricity by 54% (Harari, May 2022, p.4).
2. **Rise in absolute poverty** - It is estimated that 1.3 million more people, including 500,000 children will fall into absolute poverty due to the increase in food prices (Harari, May 2022, p.6).
3. **Needing to make difficult decisions** - 49% of people from households earning less than £15,000 a year said they could not afford to heat their home when it is cold outside (Harari, May 2022, p.38).

4. **Food banks** - There was a 22% increase in demand for food parcels in early 2022 compared to 2020. Amongst people on Universal Credit, 17% used a food bank between December 2021 and March 2022, and one-third had more than one day in the previous month where they had one meal or didn't eat at all (Harari, May 2022, p.38).
5. **Rent rising** - The high rate of inflation will feed into higher rents in the social rent sector, affecting those who do not receive the housing element of welfare support - equating to 44% of social renters. Social rents can be uprated by a maximum of the previous September's CPI inflation plus 1% every year. This could mean rent rises of up to 4.1% in April 2022 and potentially 8% by April 2023 (Corlett & Try, 2022, p.9). Consequently, the Government is now consulting on a ceiling for levels of increases in social rents.

## What does this mean for young people living on benefits?

Mandatory measures in place mean that young people are entitled to less financial assistance in welfare support and do not qualify for the same level of minimum wage. This is alongside assumptions that many of those under 25 either live at home or can rely on family support. This is not the case for some of society's most vulnerable people.

- **Benefits squeeze** - Welfare benefits were low for young people in the first place as single claimants aged under 25 receive around 20% less in income than those aged 25 and above. The uprating enacted in April 2022 actually reflects a real term cut when taking into consideration today's inflation rate. Young people found these amounts hard to live on before: this will only get worse as food, rents, personal bills and energy costs continue to rise. Furthermore, the housing element of Universal Credit payment is determined by Local Housing Allowance (LHA) rates, which have been frozen since 2020 despite increases in rent prices nationwide.
- **Employment opportunities** - With costs to businesses also rising and people potentially spending less money on recreational activities and shopping, the roles these young people may have worked in retail or hospitality may be at risk. As the cost of living crisis deepens their hours may be cut or a business owner may be more reluctant to expand and create more jobs and opportunities. The National Living Wage (£9.50) is only owed to those aged 23 and over, with younger workers entitled to lower minimum wages: £9.18 for 21 and 22 year olds, £6.83 for 18- to 20-year-olds and just £4.81 for apprentices. (UK Government. 2022)

- **Renting** - Young people are more likely to rent homes. They are at a higher risk of being priced out of the market or experience higher rent rises: the national average asking rate of new rental contracts has increased 11.8% annually as at Q2 2022 (Rightmove, 2022). The freeze in the Local Housing Allowance rate for those receiving the housing element of Universal Credit payments will compound the strain of these costs further.
- **Trapped in the system** - Vulnerable young people in supported housing already found it hard to move onto independent living when they felt ready due to the financial barriers (YMCA, 2021). This will become worse as the amount they can save towards a rental deposit decreases while rent, bills and food prices increase.

## Methodology

To assess what the impact of the cost of living crisis had on young people on benefits, focus groups were conducted in September 2022. A small scale case study approach was taken to gain in-depth information about their individual real life experiences.

A total of eight focus groups were carried out with 43 young people. Of those who took part 27 identified as male and 16 as female, six were known teenage parents. All participants received Universal Credit: three of them were working, and 40 of them were not in education, training or employment (NEET). The ages of the participants ranged from 18 to 30.

All participants lived in YMCA supported housing, located in Milton Keynes, North Tyneside, Wolverhampton, Birmingham, West Bromwich, Southampton, Basingstoke and Southend.

Additionally, 13 members of staff were interviewed, all worked in housing support worker roles across all focus group locations. This was to understand holistically what the impact had been on all residents within the YMCA setting and if the experiences of those in the focus groups were similar to other young people they supported.

These focus groups and interviews explored what life was before the cost of living crisis, what the immediate impact has been on the young people involved and how far Government interventions have gone in supporting them.

# Findings

## 1 – Food poverty and insecurity

The focus groups showed that food was the first thing that young people cut back on when money was tight. Young people on benefits had a good sense of how much they had to spend per day, however with the rising cost of food alongside bigger bills, making ends meet is becoming more and more futile.

### Going without food

All young people agreed that their eating patterns had changed as money tightened. They had moved away from a traditional three meals a day to condensing meals, opting for one bigger meal a day, in order to save money.

“Most people here live on one meal a day. If they're lucky. Like you can hear my friend over there... he hasn't had anything to eat in the last three days.”  
[M, 23, Southampton]

One resident was asked when was the last time she had a good meal, she replied

“I made pasta a few, like, days ago.”  
[K, 18, Milton Keynes]

“My focus has been on paying bills. [I] Had to miss out on a lot of meals, you know you're meant to eat three meals a day, had to stop on that. But you know, I've had to reach out, food banks and things like that in order to keep myself a bit sustained.”

[R, 30, Milton Keynes]

“I had to say to them, the best thing you can do from now on is have a big, huge bowl of cereal and have some toast and tea and all the rest of it, and then try to eat in there as late as possible if you're not working.”

[L, Milton Keynes support worker]

One person told us when they run out of money they “just sit in my bed, drink loads of water and just sit there.” [T, 23, Milton Keynes] Others concurred saying drinking water takes your mind off eating.

Even with the £325 support payment from the Government, many had to use it to pay off bills first. “I had the choice, pay most of my bills or use it for food. It went

on bills because that was my priority. Paying my bills I'm in less debt, again I went without food.” [M, 22, Basingstoke]

### Surviving on food banks and donations

Food bank usage has not only increased: it has become normalised. It is now routine towards the end of the week or month when young people's money runs out. Worryingly, in some areas food banks are running out of food parcels.

“I've had residents that have never, ever, ever had to go to the food bank, they've always managed to pull through. The last few weeks... they've struggled but they've always managed, but I've had a couple of residents now that have never done it before and they're having to do it. What was interesting on two occasions I couldn't get a food bank because they'd gone, all gone for the day and I'm ringing at 8 o'clock in the morning.”

[E, Support Worker, Wolverhampton]

“I might have to go to a food bank, ‘cause suddenly, if I decide to get, like, a meal deal and some other stuff in the same day, but I do strictly have to make sure I’m not really going over the £5 budget every day.”

[E, 20, Southend]

“Yeah, being able to afford to eat has been difficult. I've had to reach out for the food banks a few times. I was previously working and I seen that change from working to not working for a very long period...for me that couple of months until Universal Credit sorts itself out.”

[R, 30, Milton Keynes]

This doesn't come without shame, as young people told us they knew people too embarrassed to go. As one participant said, “**it's degrading, no matter what way you look at it**”. [J, 25, Milton Keynes]

Separately, many YMCAs receive food donations of excess fresh produce from local businesses. Young people explained they are relying on these donations to eat: e.g., bread from M&S or sausage rolls from Greggs. Young people said they are surviving off these food donations from charitable organisations and out of date products from businesses:

“But what is helpful, is that six o'clock every night there's a food... out the front, the local Sikh temple, there's enough for anyone.”

[A, Support worker, West Bromwich]

“Co-op and Tesco bring the food [that]’s about to go off. We get like big green bags and you have to go down to the office usually every Tuesday and Thursday, possibly Friday. Literally, cause you get there, and last time we had a Co-op delivery, we had about 20 sandwiches at least, different sandwiches, and everyone just sat there and took about five each and shoved them all in

the fridge.”

[M, 18, West Bromwich]

“It’s come down to food sharing apps and things like that are becoming more and more prominent. There’s one that I’ve found recently called Magic Bag or something like that. It’s the surplus fresh stock that Co-ops and that lot have got that they wanna get rid of, but it ain’t quite throw away so they won’t donate it yet. They’ll chuck a bunch of stuff in, like 10-20 quids’ worth of stuff for like two or three quid. And it used to be, I’d never consider that kind of thing but you haven’t really got a choice at this point.”

[J, 25, West Bromwich]

## Living on cheap unhealthy food options

The types of food young people are eating has changed to picking more unhealthy options as these are cheaper. Dependent on a participant’s personal situation and health, this could have particularly harmful consequences.

“We have our own internal food situation, but they’re not eating as well as they should be eating as far as I’m concerned. It’s Pot Noodles.”

[G, Milton Keynes support worker]

“Well, yeah, ‘cause I wasn’t, like, on the last week or something, thinking, oh, crap, I’ve spent too much, or I’m getting, like, microwave meals or something, ‘cause, even microwave meals, man, Tesco’s used to do microwave meals, two for a fiver ...”

[E, 20, Southend]

“At the moment my priority is do I pay my bills or do I eat and if I pay my bills I’m living on noodles for the next month. Because I honestly don’t have enough money to survive to eat with the money I get.”

[M, 28, Basingstoke]

“pizza is a pound. That’s quite cheap, I’ll have pizza and stuff.” So they’re going to start eating fatty foods and they’re going to be eating a lot of fatty foods because they’re going to think we can’t afford to make a full meal. If you want to make a spaghetti bolognese, the mince is £5/6 here.”

[E, 18, North Tyneside]

Young parents found it particularly hard to make healthier choices for them and their children. They said:

“I’ve had to cut back on the amount of fruit we’re eating and one orange between them instead of one orange each because of the price of everything just to stretch things a little bit further. It is definitely impacting us and I appreciate what the government have done with the, you know, they gave us £300 was it along with household support, about £500 but it’s

disappeared.”

[F, 20, Birmingham, Young mum]

“Fruit was as expensive as it is and with fruit being more expensive now it shouldn’t be legal in my opinion. If anything should go down in price it should be healthy things, but it has just gone more up. And it is hard, I give her fruit but it’s hard to give her as much fruit as I’d like to because I can’t afford it.”

[F, 20, Birmingham, Young mum]

“It’s a nightmare because even if you want to get something little for the kids if you’re out you can’t get them any chocolate now because they’re constantly going up. Even in the pound shop certain chocolates are supposed to be for a £1 are going up to £1.50 and some of them are going up to £2.”

[M, 30, Birmingham, Young dad]

Those with disabilities and dietary requirements found it particularly hard. It often made shopping baskets more expensive as they needed to seek alternative products.

“I have dietary requirements and stuff that I need to meet or else I die, which trust me is going to make the NHS pay a lot more than if I wasn’t dying. So it’s frustrating because if I don’t buy stuff that’s lower in sugar, lower in fat, lower in cholesterol, lower in all this. That’s putting my health worse which means that I have to go and the NHS has to pay way more in medical bills. What the hell is going on?”

[A, 26, Basingstoke]

## 2 – Rising bills and limited financial resilience

YMCA housing has a mix of prepayment metres and all bills included in the rent. Residents have already seen their energy costs rise; top-up cards are not lasting as long as they used to before the crisis hit. For those with bills included as part of service fees, they do not qualify for the £400 energy bill discount as they are not considered a “household”.

Although young people often put cost mitigation measures in place, many are often in existing debt that make unexpected expenses feel impossible. Being in receipt of Universal Credit or low incomes, there are no savings for young people to tap into when large bills land.

### Low levels of financial resilience and high levels of debt

Money is tight for young people on benefits. When an unexpected cost hits or a rise in bills they were not expecting, they have little wiggle-room to be able to afford these. The choice is often to fall further into debt, or make cut-backs in other

essential areas. For some young people, their ability to budget and stick to it is a contributing factor.

**“We don’t have disposable income, so we’re taking a greater hit than anybody else and we’re not getting any help.”**

[S, 28, West Bromwich]

**“Sometimes, I mess up, there has been a couple of months where I’ve literally just got paid and it’s not even been two weeks and all my money’s gone and I have messed up my money but it happens.”**

[K, 19, Southend]

**“I had a massive debt come through... something like £300 odd I had to pay that within a few days, I had to get sanctioned and everything because I didn’t have [the money] to pay.”**

[F, 22, Southampton]

**“[Sometimes you get a] random [bill] pop out of nowhere and you’re like, how am I meant to pay that back?”**

[M, 23, Southampton]

**“We’re all struggling, we can’t cope with the financial dramatic changes. We can’t afford, we’re in support accommodation for a reason.”**

[R, 20, North Tyneside]

### **Increases in energy bills**

YMCA residents on pre-pay metres have seen either a rise in costs or a reduction in how long their credit lasts. This has led to many changing behaviour around keeping heaters off, and some resorting to turning off fuse boxes at night and before leaving the flat to ensure they are not using any energy.

**“I’ve also noticed a gradual increase. The only things that I run, I’m pretty much in my flat 24/7, is my laptop, occasionally my cooker and a shower here and there. I used to get through a month on £20 but now it is much worse.”**

[S, 25, Wolverhampton]

**“This is a girl that would sit in her flat with nothing on. I’ve gone to [S]’s flat and seen the breath come out of her mouth, it’s been that cold in there because it’s that expensive to heat”**

[E, Support worker, Wolverhampton]

**“I don’t know what it’s like in other projects but I know specifically in the [location] project that during the winter months nobody has their heater on because it’s far too expensive to run at all and because energy prices have gone up so much now and they keep going, keep going up the people in the [location] project are going to be freezing. It’s going to be a very rough**

winter.”

[S, 25, Wolverhampton]

## Going without the basics

Many young people were forgoing essential items in order to survive. This includes not having winter coats or school uniforms for kids, but this also means they can no longer afford small extras such as haircuts. Any social activities such as getting the bus into town or getting a coffee with a friend are unjustifiable.

“Some of our residents are walking round with next to nothing on their feet, no coat, whatever, when that money hit [the £326 Cost of Living Payment from the Government] their fingers they went out and bought a coat. They hadn’t had a coat for so long, went out and bought some shoes, do you know what I mean, went out and bought bits and pieces that they needed.”

[E, Support Worker, Wolverhampton]

“We got that [£20 weekly Universal Credit] Covid uplift and it was like, finally I can actually just have that little wiggle room so I can save maybe £5 a month and put something aside. Then it got taken away when things were already really expensive because of Covid, and from that point it started the sliding down of I cannot afford basic essentials and then the cost of living just...”

[S, 25, Wolverhampton]

“Kids’ uniforms are stupidly priced. I’m not ready for her ever to go to school. PE bags are what £10, £17. Hats off to anyone that has got more than one child because I know I couldn’t do it.”

[F, 20, Birmingham, Young mum]

“We’ve had to use that £300 [Cost of Living Payment] just to get units and a new pushchair. It’s not even with food because Primark, I went there recently and Primark is not Primark anymore. If you look at the prices now it’s not cheap. There is nowhere cheap.”

[F, 24, Birmingham, Young mum]

“Yes, on loads of stuff, since I’ve lived here I have no social life whatsoever. I barely go out because I’ve got no money. I’ll be lucky to even get myself a take away now.”

[R2, 22, Southampton]

“I have, I’ve cut down to go and see my brother and stuff. I haven’t seen him in a while. He lives in [location]. Then as well it’s hard like sometimes if I want to go out and do things I can’t even do that anymore and it’s more hard to start doing activities. I am looking for a job but it’s hard because I’ve got learning needs and I want understanding and accepting that.”

[T, 23, Milton Keynes]

“It’s also more difficult when we have lady problems at the same time, sometimes we can’t afford both. We have to go and ask other people if they’ve got any because we can’t afford them because they’ve gone up as well.”

[M, 22, Basingstoke]

“People can’t afford it, and realistically, if you need to travel to somewhere like if you were going to work and you needed to travel to go to work or whatever, or wherever you were going, if you had a hospital appointment and you had to travel there, that has to come out of your money.”

[E, 18, North Tyneside]

## 3 – Leaning on friends and family, or facing it alone

YMCA residents who had partners or family they spoke to were often able to get money lent to them; others could get a meal once or twice a week prepared for them which helped. Although this went a long way, many residents did not have this support network. For those who didn't have friends or family to support them, if they ran out of money, they would just go without.

### Those with family and friends able to support have someone in their corner

From mums and uncles to significant others and friends, young people regularly turned to others for financial support when they did not have enough. This also means they are accruing casual debt between themselves and their family or friends.

“My little sister, which sounds bad, but my little sister is 17 and I've never met a 17 year old as minted as her. She has got a good job and she's just got it good. And she'll always help me out with stuff if I need it.”

[F, 20, Birmingham, Young mum]

“I can borrow money if I run out. I owe my mum like I think £1,600.”

[C1, 27, Milton Keynes]

“I turn to my ex-girlfriend. Literally, we help each other anyway.”

[F, 19, Southampton]

“Yeah, so, obviously, if I turn round and say, have you got £30, you know, I'll pay you back or I just need it for this, he doesn't mind borrowing and lending it out to me.”

[C, 18, Southend]

### Nowhere to turn for those without a support network

The nature of living in supported accommodation at such a young age is often because young people do not have a family support network willing or able to help them.

“No I've nothing. I've got nobody to ask. So just make sure I don't run out and if I do run out...”

[F, 27, Birmingham, Young mum]

“I've got nowhere to turn.”

[M, 23, Southampton]

**“Help is difficult because staff are here, they’re classed as my family because I don’t have family. Money wise? No one.”**

[M, 23, Southampton]

There were additional worries within the focus groups that as the cost of living crisis worsens, family and friends who were currently able to support young people in some way will no longer be able to do so.

One participant said “**my mum only lives 20 minutes away but even she said that she can’t pick me up how she used to anymore because fuel has gone up massively. When I stay with her she struggles as well for food and it’s hard. When I have nothing I just go without**”. [T, 23, Milton Keynes] For young people with family or friendship connections as a lifeline, this is daunting as this vital support might be pulled away.

## 4 – Mental health

Young people often had no money left over after bills. They felt their mental health was worsening: they felt trapped and unable to leave their rooms, since every time they did they seemed to have to spend money. They felt they were just surviving and had nothing fun to live for. Many could not even catch a bus into town. There was huge worry about YMCA increasing service charges because of inflation, but their benefits not increasing with it. Many said they would end up homeless if this happened as they could no longer afford to live there.

### Worried about the future

If costs continue to increase and they fall into further debt, many young people feared becoming homeless again. Additionally, many were conscious of big events such as Christmas and birthdays which they will no longer be able to afford.

**“This Christmas...I’m not going to be able to celebrate Christmas this year, I can’t afford it.”**

[J, 25, West Bromwich]

**“My biggest worry? Being homeless again. Yes, because some of us, as soon as we got, as soon as we’re in here, we either have family to go to or no one. Most of us in here have got no one. It’s not fun.”**

[M, 23, Southampton]

**“To be perfectly honest with you, without this place, me having this place, I’ll be back on the streets after I’ve gone through this system. Because I’ve got no money.”**

[M, 22, Southampton]

### Mental health in decline

Young people spoke about being deeply unhappy in their situations. Not able to afford to do anything or see anyone, they felt depressed and anxious about their situation and felt it was on the decline.

“So what that’s doing to my...it’s definitely increasing my anxiety daily because that’s coming. So I am really extremely anxious and is it going to get any better?”

[F, 24, Birmingham, Young mum]

“I just kind of go numb in the head really. If I overthink things it just gets worse so I just don’t think about it at all.”

[C2, 25, Milton Keynes]

“I wouldn’t ask about mental health, mate. Every single year or every single day you’re here your mental health declines. I’ve been here a year and wanted to kill myself every day.”

[M, 22, Southampton]

“People are struggling to like, buy food and that, but can’t go out and do the things they enjoy as well, so like that’s depressing them as well, cause they’re putting all their money on food, electricity, budgeting their life, that they can’t like... people aren’t going to the cinemas or going to the pub or doing different things, they can’t do it because they can’t have a life, they’re just putting all their money into just surviving basically.”

[A, Support worker, West Bromwich]

“How do they expect people to survive and live? I’ll just die then.”

[F, 27, Birmingham, Young mum]

“I felt [the Job Centre] weren’t really responding to me until I put on my journal that I felt like life’s not worth living. They actually phoned me a few days later.”

[R, 30, Milton Keynes]

## 5 – Aspiration halted

The disincentivisation to work and move on from supported housing was high amongst participants. They were actively stalled in their plans to move out as they were worried about not being able to afford the energy costs in a new place and having an unsupportive landlord. People were particularly risk averse towards taking a chance on going for a job they might not like, due to the disruption in benefits it might cause.

## Move to independence being put off

There are multiple barriers to moving on from supported accommodation generally, from not having a rental deposit or a high-enough paid job, to availability of affordable accommodation. The cost of living crisis has added further barriers with increased energy bills, nervousness about falling behind on payments and being made homeless if current rents do increase.

“I used to pay like £10 pound a week, if that, for my electric and I'm paying way more than that a week and it worries me what I'm gonna do when I move out of here and I have a bigger home to... how am I gonna afford that with I'll be on the same amount of money I'm on now and I struggle with the money I'm on now. It makes me not wanna move out in way.”

[F, 20, Birmingham, Young mum]

“My plan was to move out by the end of the year and when I calculated the prices of living on my own, with gas and electric for the next 18 months, it's not beneficial to me to move out at all. It will be cheaper for me to stay here”

[S, 28, West Bromwich]

“There's no way of moving out. There are hardly any homes out there and the ones that are most of them are too far away. Say because we want to say around this area because of both families, there is hardly anything out there. And then there is it is all, like, you have to have someone with a good enough job to help you because you have to have a, what's it called... A guarantor.”

[F, 27, Birmingham, Young mum]

## Getting into work is harder in the cost of living crisis

Young people were de-incentivised from working – be that through a lower minimum wage which does not make coming off benefits worthwhile, or the additional costs of working such as transport and buying uniforms. One resident found a job within the YMCA but couldn't sustain it because apprentice wages are too low. Another had to give up work because it was no longer sustainable due to transport costs.

“I think the biggest problem there is, because there's no surplus income, so if they get themselves in a job, they might not have the clothes, they might not have travel money, they might not be able to get bus pass, they might have to work and not get paid for a certain period, and in the meantime benefit[s] might go into freeze mode.”

[S, Support worker, Milton Keynes]

“Well because I was an apprentice so I was on an apprentice wage and I had to pay, not the full rent, but a significant amount plus the service charge, plus

the electric, plus having to live and to travel. It was an unsustainable position.”

[S, 25, Wolverhampton]

“We have a lot of people that want to work, they really, desperately want to work at [location] so then you have got the money for those things. But because they’re in the situation they’re in where they’re living they can’t work because it doesn’t pay well, there’s no point. They can’t move on because there’s a backlog with council and private rented in Wolverhampton, so they’re struggling to move on.”

[E, Support Worker, Wolverhampton]

“Like you shouldn’t be de-incentivised from working if you’re allowed to work. Like you shouldn’t have this thing of like you’re above £300 you’re screwed. You get a flat amount anyway and any extra you earn is great.”

[A, Basingstoke, 26]

# The effectiveness of the Government's response to the cost of living crisis

As of the end of September 2022, the Government has introduced a number of measures to support people during the cost of living crisis, seemingly including the 'mini-budget' announced on 23 September. Many of these measures are wide-reaching across society, but the nuanced circumstances for young people in receipt of Universal Credit and living in supported accommodation mean not all interventions are felt equally.

- **£150 Council Tax Rebate** – some young people on benefits are exempt from paying council tax – this is dependent on circumstance and local authority decision-making. Those who haven't received it will not feel the benefit, but arguably they are better off having not had to pay council tax in the first place. For other young people who did receive this, many did not even remember getting it as it did not make much of a difference.
- **£400 Energy Rebate** – young people who live in supported housing traditionally pay their energy bills through pre-payment metres, or the organisation pays their energy and then it is built into their personal service charges which they are required to pay. For the former, the Government has offered discount vouchers via text throughout winter to ensure every household is given financial support. However, for those who pay their energy via service charge will currently not receive the rebate. Because of the supported housing model, the organisation which runs it is considered a business and negotiates an overall package for energy. Residents are not seen as a household or several households within a business. These young people, despite having to pay a personal contribution to the charge, will not receive the £400, and neither will their supported housing provider.
- **Energy Price Guarantee** – to control the rates energy prices were rising to the Government committed to an Energy Price Guarantee (Gov.uk, 2022) for the next two years. The direct impact of this will help young people living in supported housing. If residents pay via prepayment metres then their direct energy costs will be brought down. If they pay via their service charge as an 'all-inclusive rate' then this will mean the rate will not increase as much as it would have, lessening the financial burden on residents. However, although the guarantee is in place it does not mean there will not be some rises to cost. For those on benefits, every penny increased in bills is money they do not have.
- **£650 over two Cost of Living Payments for those on Universal Credit** – by the time of the focus groups, the young people interviewed had received the first instalment of the £650 support package for those on Universal Credit. All

participants were grateful for the money but it had mostly been spent quickly and on items that it was not intended for. Participants spent this on paying off debts like council tax or rent arrears, bought items that they needed but could not previously afford such as a winter coat, or bulk bought food. No participants said they saved it to spread out over the coming months. All participants felt that if more money was to be given to them, it would be better dispensed over time. Many referred to the £20 uplift to Universal Credit they received during the COVID-19 pandemic as a more helpful approach.

- **Local Authority interventions** – Local authorities have been establishing various initiatives to support people during the cost of living crisis. One local authority where a focus group was held gave all young people living in YMCA shopping vouchers which could only be spent on food, banning alcohol and cigarettes. Another required you to apply for financial support, some residents were told and helped by their support worker to apply for this and others did not know it existed. Everyone who received local interventions were hugely positive about their impact, however the mechanism and advertising of them seemed to be where it was more successful in some areas more than others.

**“I got it through the nursery, the children’s centre at the nursery they literally did the form and I got the payment within three days and that was the end of it.”**

[F, 27, Birmingham, Young mum]

**“[My support worker] did mine and the next day my money came in, literally the next day.”**

[F, 20, Birmingham, Young mum]

**“I was going to say that actually that the most impactful thing that’s happened basically since this all began was that random 30 quid we got in a food voucher.”**

[A, Basingstoke, 26]

- **Support from the job centre** – The Government announced that it would increase support for people who are unemployed, but also increase punishments for those who do not engage with job coaches or seek 15 hours or more of work. The young people in the focus groups outlined how they felt the job centre was unhelp and uninterested in them. Many referred to the ageism they faced when seeking support. They also discussed the experience of being sanctioned: i.e., losing benefits for a month after not turning up to an appointment. This led many participants to using food banks more, or adding to the debt they already had.

**“Sometimes when you don’t turn up to your UC appointment and like you have a valuable reason and they still don’t accept it and they don’t pay you. Like last time they left me with £4 something, they just**

sanctioned me, gave me a warning and I was like what the hell just because I was ill I wouldn't be able to message you or anything. It's not my fault."

[F1, 23, Milton Keynes]

## Conclusions and recommendations

Young people on benefits are struggling with the cost of living crisis. They cannot make ends meet on the money they are given in welfare benefits. They are trapped in a cycle of debt, borrowing or going without basic essentials. The regular reliance on food banks and local business donations is concerning and the mental health implications are rising.

This has been built on unstable foundations, where young people have been already struggling to move on into independent living and find stable employment. This crisis has exacerbated the issues these young people already faced.

To support young people on benefits better the Government should:

1. Update welfare benefits in line with inflation
2. Increase funding to provide Local Authority grants to support local need - i.e., food or winter clothes vouchers
3. Amend the rules for the £400 energy rebate to include those living in supported accommodation who pay bills 'all-included'
4. Address the systemic issues with moving on from supported accommodation and the barriers of getting into work.

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