



Social security benefits and tax credits for people under 25

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In his [speech on welfare given at Bluewater, Kent on 25 June 2012](#), the Prime Minister put forward a number of ideas for future benefit reforms. The proposals for consideration included removing access to Housing Benefit for people aged 16-24, and preventing school leavers from claiming benefits straight away.

At the [Conservative Party conference on 2 October 2013](#), the Prime Minister repeated his view that all young people under 25 should be “earning or learning.” He gave no details of how entitlement to benefits might be limited for young people, but proposals are expected in the Conservative Party’s manifesto for the next general election.

The tax-benefit system already treats people aged 18-24 differently from those aged 25 or over in a number of respects:

- The Income Support and income-based Jobseeker’s Allowance personal allowance for an 18-24 year old is lower than that for a person aged 25 or over;
- For most under 25s, Housing Benefit is restricted to an amount judged sufficient to rent a single room in the relevant locality, rather than self-contained accommodation (this provision was extended to under 35s from January 2012);
- Young people aged 18-24 who have been receiving Jobseeker’s Allowance for nine months are referred to the Work Programme, whereas those aged 25 or over are placed on the programme after twelve months; and
- People under 25, unless they have children or a disability, are not entitled to in-work support through the Working Tax Credit.

This note looks at the background to these rules, and at the rationale for them. It also looks at the latest announcement by the Prime Minister and what this might mean.

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1 Income Support and JSA for the under 25s

The personal allowance¹ in both Income support and income-based Jobseeker's Allowance (JSA) for a single person aged 25 or over is £71.70 a week in 2013-14. The rate for a single person aged 18-24 is however £56.80 a week, more than 20 per cent lower. The lower rate does not apply to 18-24 year olds with children, who receive the same as those aged 25 or over.

The lower benefit rates for 18-24 year olds can also have an affect on entitlement to Housing Benefit and Council Tax Benefit, since under both schemes a person's needs are determined by reference to their personal allowance.

The differential treatment of single benefit claimants (without children) aged under and over 25 was introduced by the *Social Security Act 1988*. Prior to then, the rate of benefit which was payable depended on whether the person was a "householder", a distinction which caused considerable administrative difficulties. The introduction of the age threshold was justified on the grounds that most young people under 25 did not live independently and accordingly had fewer financial responsibilities, and because of the need to target resources on those likely to be in greatest need.

The 1985 Green Paper, *Reform of Social Security*², outlined the problems associated with the then benefit rules which distinguished between 'householders' and 'non-householders':

2.34 The [Supplementary Benefit] scheme at present distinguishes between 'householders' and 'non-householders'. Broadly, the former group are people who are responsible for the full range of their living expenses. They will normally, but not necessarily, also have responsibility for specific housing costs such as rent and rates. The latter group are those, mainly young and normally living with their parents, who do not carry the main responsibility for the overall household expenses. They get a lower rate of benefit. The difference was originally linked to the household means test. The purpose was to distinguish the single person who, even if he were living with other people, should be accepted independently responsible for his own needs. There is no distinction between married couples – the basic rate is the same regardless of their household circumstances. In many cases the claimant's household status is clear. But the increase of shared housing arrangements makes the existing rules (with their connotation of a clearly identifiable head of the household) increasingly difficult to administer. Since the introduction of housing benefit, the supplementary benefit scheme is no longer responsible for most financial help with housing. The householder distinction therefore retains a significant housing element at the core of the scheme, when most of the responsibility for providing help with housing costs lies elsewhere.³

The Green Paper proposed instead age-related benefit rates, with the adult rate threshold set at 25:

2.73 There is no one age dividing line relevant to all claimants. But it is clear that at the age of 18 the majority of claimants are not fully independent and that the great majority of claimants above age 25 are. This is already in practice reflected in the present scheme. In 1983 nearly 90 per cent of all claimants over 25 were getting the householder rate. By contrast the clear majority of claimants under 25 were living in someone else's household. This is particularly marked for single claimants, the great

¹ The personal allowance is the minimum amount deemed necessary for the normal expenses a person or couple in the relevant age group

² Cmnd 9518 June 1985

³ Cmnd 9518, Volume 2, p 19

majority of whom aged between 18 and 24 presently get a lower rate of help. The Government have concluded that an appropriate dividing line is age 25. There will therefore be different rates for adult claimants above and below age 25, although, as explained below, account will be taken of claimants' family responsibilities.⁴

The subsequent White Paper mentioned a further reason for the change, namely the need to target resources on other groups:

The abolition of the householder distinction and the introduction of the 25 age point have enabled the Government to concentrate more resources on older people – including pensioners and disabled people living in other people's households.⁵

1.1 Universal Credit

Starting from 2013, Universal Credit (UC) is replacing a range of existing means-tested benefits and tax credits, including both Income Support and income-based JSA. The "standard allowances" within UC are lower for the under 25s than for those aged 25 and over. An explanatory memorandum on the draft Universal Credit Regulations 2012 prepared by DWP for the Social Security Advisory Committee explained:

38. The Regulations make provision for the calculation of an award of Universal Credit by reference to a standard allowance. As in current benefits the basic component of a Universal Credit award is to be an age-related standard allowance to which other elements, for children, housing costs and other needs will be added, as appropriate.

39. Under Universal Credit the structure of age-related rates are simpler than now. There are to be standard allowances for:

- single claimants under age 25;
- single claimants aged 25 or over;
- couples where both members of the couple are under age 25; and
- couples where one or both members of the couple are aged 25 or over.

40. The rates for under 25s are to be lower than the rates for those aged 25 or over. This reflects the fact that young people generally have lower living costs and lower wage expectations. It also reinforces the stronger work incentives that Universal Credit will create for this age group.

41. In the current system there is considerable complexity around the rates for young people with some differences between benefits. Not all single claimants under 25 get the same rate and the couple rates are disaligned because they link to age 18 not 25. The simpler structure in Universal Credit with just four categories (compared with 15 in Employment and Support Allowance) provides greater clarity and consistency.

42. The rates that are to apply when Universal Credit is introduced in 2013 will be decided later this year. It is envisaged that the rates for single people and couples over 25 will equate to the equivalent rates in Jobseeker's Allowance. The under 25 couple rate will be about 60% higher than the single rate in line with the usual ratio between single and couple rates.⁶

⁴ *Ibid.* p 23

⁵ *Reform of Social Security: Programme for Action*, Cmnd. 9691, para 3.13

⁶ *Explanatory Memorandum for the Social Security Advisory Committee: Universal Credit Regulations 2012*, 15 June 2012

For 2013-14, the UC standard allowance for a single person under 25 is £246.81 a month. For single persons aged 25 or over, it is £311.55 a month.

2 Housing Benefit Shared Accommodation Rate⁷

Under the Housing Benefit system, the maximum support a claimant is entitled to receive is the whole of the rent they pay for their accommodation. This rent, however, must be 'reasonable' for the type of home in the area given the claimant and his/her dependents' needs. Since 1996 there has been a specific restriction on the entitlement to Housing Benefit for certain people under the age of 25. This is known as the Shared Accommodation Rate (SAR, previously known as the Single Room Rent (SRR) restriction). With effect from January 2012 the SAR was extended to apply to most single/couple claimants without dependents who are under age 35.

Under regulations which came into force in October 1996⁸ and January 2012⁹, Housing Benefit for most people under 35 living in private sector accommodation is restricted to an amount set by rent officers for single rooms in the locality. This is usually accommodation where toilet and kitchen facilities are shared in houses of multiple occupation. The SAR restriction does not; however, apply to certain groups:

- Those who qualify for a severe disability premium in the calculation of their Housing Benefit, Income Support or income-based JSA.
- Those living with a non-dependant.
- Housing association tenants or tenants of other registered social landlords.
- Those under 22 who were either in local authority care after they turned 16, or were being provided with accommodation by a local authority under section 20 of the *Children Act 1989*.
- Those claimants who are entitled to an extra bedroom to allow for a non-resident carer to sleep over where overnight care is required.

Two additional exemptions apply only to claimants between the ages of 25 and 34:

- Ex-offenders who are subject to management by more than one agency under the Multi Agency Public Protection Arrangements (MAPPA) and who are most likely to pose a risk of serious harm to others if they share accommodation.
- Those who have spent three months or more in a homeless hostel, or more than one hostel, specialising in rehabilitating and resettling this group within the community.

The general principle behind the introduction of the SAR was that young people should not expect to receive Housing Benefit to pay for a higher standard of accommodation than their contemporaries in paid employment could afford. A press notice issued by the then Department of Social Security in April 1996 stated that the aim of restricting benefit for single people under 25 was:

⁷ This section by Wendy Wilson, Social Policy Section

⁸ *The Housing Benefit (General) Amendment Regulations* SI 1996/965

⁹ *Housing Benefit (Amendment) Regulations 2011* SI 2011/1736

...to ensure that Housing Benefit does not encourage young people to leave the parental home unnecessarily or to take on higher priced accommodation at the taxpayers' expense than they could afford from their own earnings.¹⁰

On introduction the SAR was, and remains, controversial.¹¹ Under the Local Housing Allowance system introduced in April 2008 for new claimants, most under 25s continue to receive a lower rate of Housing Benefit. This is despite a recommendation from the Social Security Advisory Group (SSAC) that the SAR should be abolished in order to simplify Housing Benefit administration and to help tackle the problem of homelessness and poor housing conditions for people under 25.¹² The Government's response was:

The Government's intention is that Housing Benefit levels for under-25s should reflect the fact that younger people are likely to earn less in work than older claimants. It would therefore be unfair for Housing Benefit to cover the costs of accommodation that a person in work could not reasonably be expected to afford and could act as a disincentive for benefit claimants to find work.¹³

Further information on the SAR and its extension to the under 35s can be found in Standard Note SN/SP/5889, [Housing Benefit: Shared Accommodation Rate](#).

3 Welfare to work

Under the current Government's Work Programme, JSA claimants under 25 are referred to providers at an earlier stage of their claim than are claimants aged 25 or over. This was also the case under the Labour Government's "New Deal" programmes.

3.1 New Deal for Young People

The New Deal for Young People (NDYP) was a mandatory programme for all young people aged 18-24 who have been in receipt of Jobseeker's Allowance for at least six months. After a period of intensive careers advice and help with job search techniques known as the 'Gateway' period, participants entered one of four NDYP options:

- a subsidised job;
- a place on the Environment Task Force;
- a place with a voluntary sector employer; or
- full-time education or training.

A refusal to participate could result in benefit sanctions.

Under the New Deal for people aged 25 or over (New Deal for 25 plus or ND25+) the regime was different. After 18 months or more on JSA, claimants were required to participate in a programme consisting of a 'Gateway' period, an 'Intensive Activity Period' and a period of 'follow-through' support. The NDYP options did not apply to those aged 25 or over.

¹⁰ DSS press notice 96/09, 2 April 1996

¹¹ For further background see Library Research Paper 96/67, *The Housing Benefit (General) Amendment Regulations 1996*, 30 May 1996

¹² Cm 5955

¹³ *ibid.*

The NDYP was foreshadowed in Labour Party policy documents before the 1997 General Election. One of the 'five election pledges' in Labour's election manifesto was to 'get 250,000 under 25 year olds off benefit and into work by using money from a windfall levy on the privatised utilities'.¹⁴

The rationale behind the different regime for 18-24 year olds was that young people became more quickly disengaged from the labour market. Failure to integrate young people into the job market had longer term consequences for both the individuals concerned and the long term labour supply.¹⁵ They were also considered more likely to benefit from the training elements of all the New Deal options and thus become more employable in the future.¹⁶ When the New Deal was first introduced, critics argued however that concentrating efforts on the young unemployed was misplaced and that help should be focused on the long term unemployed generally.¹⁷

From October 2010, the 'Flexible New Deal' replaced both the New deal for Young People and ND25+. A key difference with the previous provision was that the 'Gateway' period would be at mandatory at six months for all claimants, whether under or over 25. However, it would be possible for some claimants to be 'fast tracked'. This included 18 year olds who have been continuously out of employment, education or training for six months prior to making a claim (or subsequently). Further details can be found in Library Standard Note SN04849, [Flexible New Deal](#).

The Flexible New Deal has since been replaced by the current Government's Work Programme.

3.2 The Work Programme

The Government's main welfare-to-work scheme, the Work Programme, was introduced across Great Britain in June 2011. It replaced a number of other schemes including the New Deals and the Flexible New Deal. It offers support to various groups of long-term unemployed people depending on their particular circumstances. It is designed to allow service providers (who run the programme) freedom to introduce and implement their own ideas and schemes intended to help unemployed participants find work – this flexibility means that the incentives provided to young people as part of the programme may vary.

Individuals are referred on to the Work Programme from their local Jobcentre Plus to service providers after they have been receiving Jobseeker's Allowance (JSA) or Employment and Support Allowance (ESA) for a minimum amount of time, either on a voluntary or mandatory basis. Individuals aged 18-24 on JSA are referred to the programme after the 9-month point of their claim, while those aged 25 and over are placed on the programme after claiming JSA for 12 months. Some disadvantaged groups are given early access to the programme.

More information about the Work Programme is available at [the DWP's website](#), and in Library Standard Note SN06340, [The Work Programme](#).

¹⁴ *New Labour: because Britain deserves better*, 1997 General Election manifesto

¹⁵ HM Treasury press notice HMT2, *Welfare to work*, 2 July 1997

¹⁶ See Library Research Paper 97/118, *Welfare-to-Work: the New Deal*, 12 November 1997

¹⁷ *Ibid.* pp 25-26

4 Working Tax Credit

People under 25, unless they have children or a disability, are not entitled to in-work support through the Working Tax Credit.

The Inland Revenue consultation paper which preceded the *Tax Credits Bill 2001/02* justified a lower age limit of 25 for the 'employment tax credit' (i.e. the Working Tax Credit) on the grounds that it would concentrate in-work financial support on those most likely to be in persistent poverty:

The qualifying age for employment tax credit applicants without children or a disability

42 The employment tax credit is intended to direct in-work support at those who need it most. So, in considering the extension of in-work support, we have looked carefully at how to target it effectively. **We have considered the case for setting a higher minimum qualifying age for those without children or a disability. (Following the approach in the existing tax credits, workers with a disability and/or children would be able to apply for employment tax credit from the age of 16.)**

43 On the basis of current evidence about work incentives and poverty, **we are looking at restricting the employment tax credit for those without children or a disability to workers aged 25 and over.** This is because they are more likely than the younger age group to face severe financial barriers to work and suffer persistent poverty.

44 Those aged 25 or more are more likely to suffer from poor work incentives, with a narrower gap between in-work and out-of-work incomes; in particular, they are more likely to be in couples and have housing costs. For younger people, low pay is more likely to be transitory and active, intensive labour market policies, like the New Deal 18-24, and training and education are key to helping them with employment and to improving their earnings.

45 Directing in-work financial support to those aged 25 and over is also likely to be more effective in targeting resources at the poorest households. Among households with children who have someone in full-time work, the 25s and over are five times more likely than 22 to 24 year olds to be living in households in the bottom fifth of the income distribution.¹⁸

During the Commons Committee Stage of the *Tax Credits Bill*, the then Liberal Democrat Work and Pensions spokesman, Steve Webb, argued that the age limit for the Working Tax Credit should be lower and that the threshold of 25 was totally arbitrary:

I want to flesh out the subject of age. It could be that 21 or 18 is the right age for the threshold. We made the assertion that poverty rates among young people, especially those who are not working full time, are higher than among older childless people, and the IFS figures bear that out on a cross-sectional basis. It is a question of persistent poverty. Will poor 21-year-olds always be poor, or is it so transitional that we do not need to worry about it? One could argue that any year spent in poverty is a year too many—the fact that those people are in poverty now is a problem, and the possibility that they might not be in poverty in three or four years' time is of little reassurance to them now. That alone would be a reason not to exclude them on poverty grounds.

¹⁸ Inland Revenue, *New Tax Credits: Supporting families, making work pay and tackling poverty*, July 2001

How can a 21-year-old be in persistent poverty? If the Government's definition of persistent poverty relates to people who have been in poverty for the past three consecutive years, 21-year-olds may not count as poor because they were students resident with their parents for half the year, so cannot have been caught in the definition. I wonder whether we are comparing like with like. On poverty grounds, there are two good reasons for saying that we should not exclude 21 to 25-year-olds. First, any time spent in poverty should be dealt with, and secondly, they may be heading for persistent poverty but we do not yet know that.

The 25-year-old cut-off was invented by the Conservatives in 1988, when the system changed from one in which people got money through supplementary benefit for being a householder or a non-householder to one where people got some money for being 25 and less for being under 25. In effect, the Government of the day said, "We don't want the state to support young people living away from their parents—they shouldn't be helped to do that." The benefits system switched from supporting householders, which would have helped young people who lived away from their parents, to supporting the over-25s, on the grounds that by that age they would be living independently anyway.

That system is hard for those who do not fit, especially for younger people who become householders under the age of 25, who fall foul of the working tax credit rules as well. Not only do householders under 25 who may have had to leave the family home through no fault of their own get less support through housing benefit merely by dint of their age, but if they can get a job they get less support through the working tax credit.

The threshold of 25 is utterly arbitrary and is being used because there is already such a threshold in the system. However, that threshold was itself introduced entirely arbitrarily. Obviously any threshold is arbitrary and one can ask why someone is different the day before or the day after. However, this threshold requires justification. A threshold of 21 could perhaps be justified on the grounds that people will typically have gone through graduate education and will be starting in the work force, but the threshold of 25 seems to have no external justification other than that it is already in the system.

We wanted to ensure that the minimum threshold for the working tax credit could not be lower than the entitlement to the children's tax credit. As that is 16, we may have been going a bit far. Something between 16 and 25 might be appropriate.¹⁹

In response, the then Paymaster General, Dawn Primarolo, said:

I make no apologies for the Government's being cautious in interpreting the data available to us on problems and barriers in the labour market and incentives to work, and in balancing the initiatives at the different points at which we are engaged throughout the age range. The hon. Gentleman does not want a wage subsidy, yet he proposes introducing one at 16. He understands the importance of the interaction with the minimum wage and the point made by the hon. Member for Arundel and South Downs about not putting in place something that inadvertently leads to a cap on the wages that employers would pay in that range. We are carefully and cautiously considering the issues surrounding the labour market. I am not persuaded by the suggestion to make the age 16, or any age other than 25. Caution is necessary.

For those under 25, other issues are involved, on which the hon. Gentleman touched. We are trying to identify persistent poverty—not when people might be in poverty but

¹⁹ SC Deb (A) 17 January 2002 cc 114-115

when a problem is definitely being experienced in the labour market. For the under-25s, not only is an age point involved, relating to how long people have been in the labour market—there may be lots of reasons why they have entered it only recently—but the proposal would cut across the Government programme to raise skill levels, improve training and encourage people to stay in education—and especially proposals such as the new deal for the 18-to-24s. That group is well covered by the new deal, and if a problem persists, the working tax credit would be introduced, as no child responsibility or disability is involved.

I hesitate to speak in these terms, but I cannot think how else to phrase my point. The hon. Gentleman is right to say that suffering poverty for any period is a dreadful experience for anyone, and best avoided. However, there may be reasons for it. People move quickly through the labour market, which is an unpleasant experience but one that is none the less short. We are trying to deal with circumstances in which the problem is much more deep-seated, according to our information.

We are not attracted to the proposal for a lower age. The concentration for those aged 25 and over who have no children and are in full-time work is greater than that for the under-24s. We shall start where we believe the maximum problem is, and we shall be careful, which is what the hon. Gentleman usually implores us to do. Ironically, we are following his usual caution, which is to recognise that an issue is involved, that trends are emerging and that we have arrangements up to that point and should go steady, because we must watch the interaction with the minimum wage and what is happening to wage rates generally and to that age range. No one disputes that there is an issue for households without children in that age range in particular income ranges.²⁰

A Treasury document published at the time of the 2002 Budget gives the rationale for limiting the Working Tax credit for those without children or a disability to those aged 25 and over:

A.12 Workers with neither children nor a disability, aged 25 or over, will be entitled to the Working Tax Credit provided they work at least 30 hours a week. This is in recognition that people in this situation do not face the same barriers to full-time work and should be encouraged to work full-time because it is more likely to offer them the opportunity to improve their skills and progress up the earnings ladder. Eligibility for workers in this group will begin at the age of 25, as it is those aged 25 or over who are most likely to face poorer incentives to work or suffer persistent poverty in work.²¹

4.1 In-work support for young people under Universal Credit

The situation as regards in-work support for people under 25 will however change as Universal Credit is introduced. People under 25 will be entitled to in-work support on the same basis as those aged 25 or over (although, as outlined above, the under 25s will have a lower “standard allowance”). On 8 June 2012 the DWP issued a [press release](#) stating that Universal Credit would “ensure that work pays for young people”:

Universal Credit will support young people in work

Young people will receive greater incentives to get into work under Universal Credit, Minister for Welfare Reform Lord Freud said today.

For the first time under-25s will see in-work benefit support when they get a job – ensuring they are better off in work than on benefits.

²⁰ SC Deb (A) 17 January 2002 cc 115-116

²¹ *The Child and Working Tax Credits: The Modernisation of Britain's Tax and Benefit System*, April 2002, p 33

A single person under 25 working 35 hours a week at the National Minimum Wage could be around £15-£20 a week better off under Universal Credit.

Lord Freud said:

“Universal Credit will ensure that work pays for young people and that remaining on benefits will no longer be seen as an attractive alternative to getting a job.

“This change will ease the difficult transition from benefits to work and will reinforce our efforts to get people off benefits and into jobs.”

Currently single young people under 25 are not generally eligible for in-work support from Working Tax Credit and can face a severe withdrawal of benefits when they go into work.

The changes under Universal Credit will see benefits withdrawn more slowly as a person moves into work – which ensures they know that they are better off in work than claiming benefits.

The proposals are one of a number of initiatives to be published in draft regulations which will ensure work pays under Universal Credit.

Currently single people and couples without children over 25 can claim Working Tax Credit if they work at least 30 hours a week and earn up to around £13,000 a year (£250 a week).

The Government’s work to help more young people into unemployment includes:

£1 billion Youth Contract:

- 250,000 work experience places
- 160,000 cash payments for employers to recruit young people
- 20,000 incentive payments for Small and Medium Enterprises to take on their first apprentice
- £126 million to support the hardest-to-reach 16- and 17-year olds

Work Programme:

- Faster entry for young people
- Up to a third more money for providers if they find work for young people

Apprenticeships:

- 440,000 apprenticeships this year alone
- 250,000 more over this Parliament than previously planned
- Increasing the budget to £1.5 billion in 2012-13

Background:

- Universal Credit will be rolled out from October 2013 with approximately 12 to 13 million tax credit and benefit claims transformed into eight million Universal Credit payments.

- From October 2013, tax credits and benefits including Jobseeker's Allowance, Employment and Support Allowance, Income Support, Working Tax Credit, Child Tax Credit, Housing Benefit and Income Support will start to be merged into a single Universal Credit payment.
- This means people will receive a single payment each month which will help ensure they will be better off in work than on benefits.

5 Conservative Party proposals regarding benefits for under 25s

In his speech at the Conservative Party conference on 2 October 2013, the Prime Minister said:

There are still over a million young people not in education, employment, or training.

Today it is still possible to leave school, sign on, find a flat, start claiming housing benefit and opt for a life on benefits.

It's time for bold action here.

We should ask, as we write our next manifesto, if that option should really exist at all.

Instead we should give young people a clear, positive choice:

Go to school. Go to college. Do an apprenticeship. Get a job.

But just choose the dole? We've got to offer them something better than that.

And let no one paint ideas like this as callous.

Think about it: with your children, would you dream of just leaving them to their own devices, not getting a job, not training, nothing?

No – you'd nag and push and guide and do anything to get them on their way... and so must we.

So this is what we want to see: everyone under 25 – earning or learning.

The "earning or learning" policy is therefore for the Conservative Party's next election manifesto. It is not something the current Government is committed to.

Details of the options being considered are scarce, but media reports gave some further information from unnamed Party sources. In a piece in the *Guardian* on 2 October, Patrick Wintour said:

Details of how the benefits would be withdrawn, and any groups exempted, will be included in a review into Britain's complex patchwork of youth unemployment initiatives now being led by the cabinet secretary, Sir Jeremy Heywood. But Tory sources said jobseeker's allowance (JSA) and housing benefit would be removed from anyone unreasonably turning down the offer of work or education.²²

He added:

²² ["Conservatives to withdraw key benefits from unemployed under-25s: David Cameron says youngsters who are not 'earning or learning' could lose housing benefit and jobseekers allowance"](#), *Guardian*, 2 October 2013

Tory sources said there would be exemptions for people in care, disabled people and probably single parents. The proposals are separate from a discarded plan for housing benefit to be taken away from all under 25-year-olds, in or out of work, a measure primarily designed to cut public spending and not linked to training. The government is already committed to raising the participation age so that all 16- and 17-year olds are in education or training by 2015.²³

Isabel Hardman's blog in *The Spectator* on 2 October stated:

Although David Cameron's speech was deliberately light on policy, it did contain one hint about a manifesto commitment for the 2015 general election. The Prime Minister told the conference that 'we should give young people a clear, positive choice: go to school. Go to college. Do an apprenticeship. Get a job. But just choose the dole? We've got to offer them something better than that.'

The party is clear this afternoon that this will be a fully fleshed-out pledge in the Conservative manifesto, and that it is linked to Cabinet Secretary Sir Jeremy Heywood's review of training and education for under-25s. The benefits that could be docked for young people who aren't 'earning or learning' include housing benefit and job seekers' allowance.

This is *not* a full ban for all under-25s from claiming benefits: it is a sanctions policy whereby if you do not take up an offer of work or training, you will lose your benefits. It is more nuanced now than the original plan to remove housing benefit from the under-25s full stop that David Cameron floated in June 2012. I [reported](#) back in December that an internal party consultation with members had found that while they backed the principle, they were worried about care leavers and other claimants who didn't have family to fall back on. If the party has decided it is going to use these benefits as a sanction tool, then it can't very well remove them from under-25s across the board. So the policy has shifted a great deal.²⁴

The Cabinet Office review of employment, education and training provision for 16 to 24-year-olds was announced by the Deputy Prime Minister in a [speech to the CBI on 15 July](#).

A written answer on 14 October 2013 gave some information on the 16-24 year olds review and its timescale:

Unemployment: Young People

Alison McGovern: To ask the Prime Minister if he will publish the terms of reference and scope of Sir Jeremy Heywood's inquiry into youth unemployment; and when he expects this inquiry to report. [170409]

The Prime Minister: The Cabinet Office are currently leading a comprehensive Government review of all policies, funding and provision for 16 to 24-year-olds not in employment, education or training. The objective is to identify opportunities to improve labour market outcomes for 16 to 24-year-olds who do not progress to university.

The review team will involve relevant Ministers from across Government and report their findings to the Prime Minister and Deputy Prime Minister in the autumn.²⁵

In a speech on 6 January 2014, the Chancellor's suggested that a further £12 billion would need to be cut from the welfare budget in the first two years of the next Parliament.²⁶ He did

²³ Ibid.

²⁴ [Tories shift their plans on benefits for under-25s](#), 2 October 2013, 14.33

²⁵ HC Deb 14 October 2013 c425w

not spell out exactly where the savings would be made, but speaking on BBC Radio 4's Today programme ahead of the speech, the Chancellor highlighted the payment of Housing Benefit to people aged under 25 as an area where savings could be made, as well as restricting council housing for those earning over £65,000 a year.²⁷

Library briefing SN06473, [Housing Benefit: withdrawing entitlement from the under 25s](#), considers the implications of reducing housing support for this age group.

6 Further information

Department for Education and Employment, *Design of the New Deal for 18-24 year olds*, October 1997

Neville S. Harris, *Social Security for Young People*, 1989

Wikeley, Ogus and Barendt's *The Law of Social Security*, 5th edition, 2002

²⁶ See [New Year economy speech by the Chancellor of the Exchequer](#) at GOV.UK

²⁷ See ["George Osborne targets welfare as he warns of £25bn more cuts"](#), BBC News, 6 January