

**ATTENTION ALL PLANNING DESKS**

*Analysis Embargoed until 00:00 on Monday 21st November*

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***New analysis finds the cumulative impact of welfare cuts will hit low income families both in and out of work on average by £41.45 per week by 2020.***

***Working households are hit hardest at £48.90 per week, with families and local authorities left struggling to plug the gap.***

Fresh analysis on the cumulative impacts of reforms announced by the Cameron and Osborne administrations on over 180,000 low income households shows exactly how hard these families will be hit.

Policy in Practice analysis shows how the freezing of benefit rates from 2015 will hit the pockets of low-income households hardest by 2020, even more if inflation increases as expected due to Brexit.

Low income households in work - those 'Just About Managing' - will lose even more on average - £48.90. This is mainly due to cuts in Universal Credit and the rising cost of private rents.

Out of work households are £33.54 per week worse off on average, and are impacted by the benefits freeze, alongside the other changes to benefits.

The averages hide the impact on some individual households losing many hundreds of pounds per week.

- 2.9% of households have income lower than their reported housing costs.
- One in ten of these are in temporary accommodation already, with the remainder in the private rented sector
- The average cost of housing a family in temporary accommodation to the local authority (in addition to Housing Benefit) is £3,510 on average.

The loss from welfare reforms across the households in the sample is £381m, while the amount provided by central government through Discretionary Housing Payments is £10m. This leaves local authorities and other local services, as well as the families themselves, struggling to plug the gap.



Deven Ghelani, one of the architects of Universal Credit and Director of Policy in Practice said:

"The Government has announced no new Benefit cuts over the course of this parliament.

"However, our analysis shows that the cumulative impact of reforms already announced will continue to hit the pockets of low earning households through to 2020.

"Policy in Practice is being asked to help Local authorities to be smarter and ever more targeted about who gets what support, but their resources are limited.

"Central Government should help by taking action to lower rents, look again at the benefits freeze, and invest in work incentives under Universal Credit to ensure work pays as well as under the current system.

"Without mitigation, low income households that are already struggling will be pushed further into debt, with knock on consequences for society and the public finances."

### **Editors Notes:**

Policy in Practice analysis is based on a cohort of **187,475** individual working-age households using administrative data on housing benefit and council tax support recipients shared on an anonymised basis by 17 local authorities spread across England, Scotland and Wales with a mix of political control.

To model the 2020 scenario, the following parameters have been taken into account\*:

- the increase in the National Living Wage to £9 per hours by 2020
- the increase in the Personal Tax Allowance to £12,500 by 2020
- the projected increase in private rents, varying from local authority to local authority
- the decrease in social rents by 1% per annum in England
- Inflation as projected by the OBR
- the freezing of benefit rates and Local Housing Allowance rates
- the full rollout of Universal Credit, without any transitional protection
- the lower benefit cap to £20,000 across the UK, £23,000 in London



Low-income households not on Housing Benefit or council tax support may not be captured by within the analysis. Reforms affecting new claimants only have not been taken into account in this analysis.

### About Policy in Practice

[Policy in Practice](#) was founded by Deven Ghelani, one of the architects of Universal Credit, to make the welfare system simple for people and organisations to understand.

Their software and analysis helps local authorities across the UK to use household data to **identify** affected households, **engage** them by showing how they will be impacted by reforms and providing effective **support** into work can have a **proven** impact on people's lives.

### Ends.

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### The cumulative impact of welfare reform through to 2020



## About the research

Our analysis is based on Single Housing Benefit Extract (SHBE) and Council Tax Reduction Scheme (CTRS) data representing over 187,475 individual households merged across seventeen local authorities across the UK specifically for analysis ahead of the Autumn Statement 2016.

SHBE is a Housing Benefit dataset provided monthly by local authorities for the DWP. The dataset contains individual-level data and thus is a rich resource for analysing the impact of welfare reform at both an individual and aggregate level. The CTRS dataset contains similar data for all households in receipt of council tax support.

Each of the councils involved have signed secure data-sharing agreements with Policy in Practice and personally identifiable information on all households has been removed. This allows us to carry out anonymised and aggregate policy analysis with the aim of improving policy and informing the public debate. We do not name the local authorities whose data we used for the research, but they include three London Boroughs, two cities outside of London, eight district authorities, one Scottish and one Welsh local authority under a mix of political control. The data is broadly representative of low income households across the UK, however this would be enhanced with a larger sample of local authorities.

We've converted the data into a format consistent with our modelling software, the Universal Benefit and Budgeting Calculator and used this to produce a report on the impact of welfare reform for each local authority included within the analysis. They have each commissioned a detailed assessment of the impact of welfare reform on their local authority. The output of the analysis shows the individual and aggregate impacts of welfare reform, albeit without the ability to identify individual households.

The image below shows the reforms we take into account, with the caveats mentioned in the press release above. You can read more about the research commissioned by local authorities [here](#).

### WELFARE REFORM ROADMAP TO 2020

