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THE AVERAGE LOW INCOME HOUSEHOLD WILL BE £40.62 PER WEEK POORER BY 2020

More than two million poor families will be more than £50 a week worse off by the end of the decade due to a cocktail of welfare cuts, crippling rent rises and looming inflation.

New analysis by Policy in Practice for the Local Government Association identifies four key challenges for national and local government, that if overcome will help affected households.

While some of the 7m low-income households in Britain will be better off by 2020, the group faces an average loss of £40.62 per week by 2020 compared to the end of last year, once benefit and tax changes, wages, housing costs and inflation are all taken into account.

The analysis finds that private renters, households with children and households in work are among the hardest hit.

There is also now an increasing postcode lottery, as rents are rising faster in some areas than others, with housing benefit not rising to match it. The study found rents are set to rise by 20.7% in the south west by 2020, but by just 3.5% in the north east. The impact of freeze exacerbates regional differences affecting some local areas more than others – a significant issue for local authorities.

A significant number of households highly impacted by welfare reforms face complex needs, and are likely to need significant additional support to move into work.

The report recommends that the government restore the link between private rents and the Local Housing Allowance, re-invests in work incentives under Universal Credit and ensures that local authorities are properly funded to provide targeted local support.

Some local authorities have commissioned household level analysis on the impact of reforms on each local low income household, in order to track the impact of reforms on their residents, assess the impact of interventions and proactively target support.

Deven Ghelani, Director of Policy in Practice said:

“A cocktail of welfare cuts, rising rents and looming inflation means that housing is becoming increasingly unaffordable for people, particularly within the private-rented sector.

“The government needs to act now to tackle structural inequalities in the housing market that have been building for decades.”

The full report is available at policyinpractice.co.uk.



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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 to understand. Their analysis helps local authorities across the UK to use data to identify affected households. Their software shows people how they will be impacted by reforms and what they can do to improve their situation. They have a proven impact on people's lives.

Tax and benefit changes paint a complex, changing and moving picture of reforms, and how they will affect low income households. The LGA commissioned this cumulative analysis to show the impact on residents and local authorities, and to understand the potential implications for other parts of government policy as pre-announced cuts begin to take effect.

Methodology

Policy in Practice's analysis is based on the Family Resources Survey 2013/14, 2014/15 and 2015/16 weighted to reflect a single year, with additional weight given to more recent years. We combined three years of FRS data in order to increase the sample size, and determine more accurately which household types were likely to be hardest hit.

The report focuses on low income households in receipt of DWP benefits and tax credits, leaving a total sample size of 19,124 records, representing 9.1 million low-income households.

The report calculates real incomes by taking account of inflation and private rent price growth. The figure for inflation is an average of previous years' Consumer Price Inflation (CPI) as recorded by the [Office for Budget Responsibility](#) (OBR), whilst private rents have been uprated according to recent rent price growth recorded by the [Office for National Statistics](#) (ONS) in each British region.

Average increase in rent for a 2-bed property, 2016-2020			
Region	Average rent 2016 (£/week)	Average rent 2020 (£/week)	% difference
Wales	£105.65	£108.87	3.0%
London	£226.34	£248.97	10.0%
SE England	£159.47	£183.21	14.9%
SW England	£135.44	£163.43	20.7%
East Midlands	£109.27	£120.13	9.9%
West Midlands	£108.71	£118.10	8.6%
East of England	£142.41	£159.54	12.0%
Yorkshire & Humber	£105.50	£111.26	5.5%
NW England	£105.69	£109.89	4.0%
NE England	£86.73	£89.75	3.5%