

MULTIPLE CUTS FOR THE POOREST FAMILIES

1.75 million of the poorest families have seen their benefits cut due to welfare reform

For a second year in a row, benefits values have increased below prices. At the same time, council tax support and housing benefit have been cut for 1.75 million of the poorest families in the UK. This leaves affected families with even less money to pay for essentials such as food, heating and transport.

The government has introduced a number of changes to the UK benefit system in recent years. In doing so, it has changed the shape of welfare support.

Firstly, it has lowered the overall value of benefits by uprating them by less than inflation. This includes basic cash benefits which, according to the Department for Work and Pensions (DWP), are intended to cover all 'normal day-to-day living expenses'.¹

Secondly, multiple changes to housing benefit and the localisation of council tax support mean that some families have to use some their cash benefit to pay for rent and council tax – costs they were previously deemed too poor to pay.²

This briefing looks at how many of the poorest families have been affected by one or more of these benefit cuts to date.

In April 2014, 780,000 of the poorest families were experiencing a shortfall in their housing benefit as a result of the welfare reforms since April 2011.

Around 410,000 (52 per cent) of these families are private renters affected by the Local Housing Allowance (LHA) changes, 345,000 (44 per cent) are affected by the under-occupation penalty, and 28,000 (4 per cent) are affected by the overall benefit cap.

More than half (440,000) of those families seeing a cut in their housing benefit entitlement are single adults without children. On average their housing benefit has been cut by £10.48 per week. These individuals now have to manage on an income of £61.92 per week after housing costs – a cut of nine per cent.

Couples with children have lost on average £20.71 per week. They only account for 65,000 (eight per cent) of the poorest families affected. This compares with 200,000 lone parents (a quarter of those affected) who have also experienced an above average cut of £15.96 per week.

As of April 2014, 1.4 million families have to pay on average £154 per year (£2.96 per week) in council tax, an amount they were previously deemed too poor to pay.

As a result of these cuts in housing benefit and changes to council tax support, around 1.75 million of the poorest families have seen an absolute cut in their income. Of these families, 480,000 are seeing their benefits being cut twice as they are affected by more than one of the changes.

Whether a family is affected and by how much varies based on a range of factors which are largely out of the control of the individual. They depend on council tax band, the cost of local housing, family size and property size. But they all apply irrespective of income.

The government needs to instate an 'absolute minimum' level of support. It should apply regardless of local authority or tenure and it should be high enough to prevent people from having to walk the breadline.³

1.75 million of the poorest families have seen their incomes cut as a result of welfare reform

<p>CTS & under-occupation penalty 200,000 families -£18 per week</p>	<p>CTS & Local Housing Allowance 280,000 families -£11 per week</p>	<p>LHA only 120,000 -£9pw</p>
<p>Council Tax Support only 970,000 families -£3 per week</p>		<p>UOP only 140,000 -£13pw</p>
		<p>OBC*</p>

*OBC: Overall Benefit cap, 28,000 families, cut by £70 per week on average; UOP: Under-occupation penalty, LHA: Local Housing Allowance, CTS: Council Tax Support.

NOTES

- 1 See https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/208145/foi-2007-2013.pdf [Accessed 07/04/2014]
- 2 'Family' refers to the DWP definition used to calculate income and benefit entitlement. A family is a single adult or a couple (either married or cohabiting) and all their dependent children.
- 3 For more information on this research see the full research paper at <http://www.oxfam.org.uk/policyandpractice>

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For further information on the issues raised in this paper please e-mail advocacy@oxfaminternational.org

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