

# The financial impact of Council Tax Benefit localisation (CTB), Local Housing Allowance changes (LHA) and the Overall Benefits Cap (OBC) on households in Haringey

Produced by Strategy and Business Intelligence using data from Revenues and Benefits, May – June 2012

## Background

- The payment of Council Tax Benefit (CTB) is being transferred to Local Government control from April 2013 with a 10% cut in grant nationally. Local authorities are able to develop their own schemes within certain guidelines.
- Haringey's current preferred option is to "top slice" the amount of CTB payable to claimants. After protecting pensioners, in line with government guidance, it is estimated that this will result in an 18% cut to remaining claimants (this is the figure used in the analysis below).

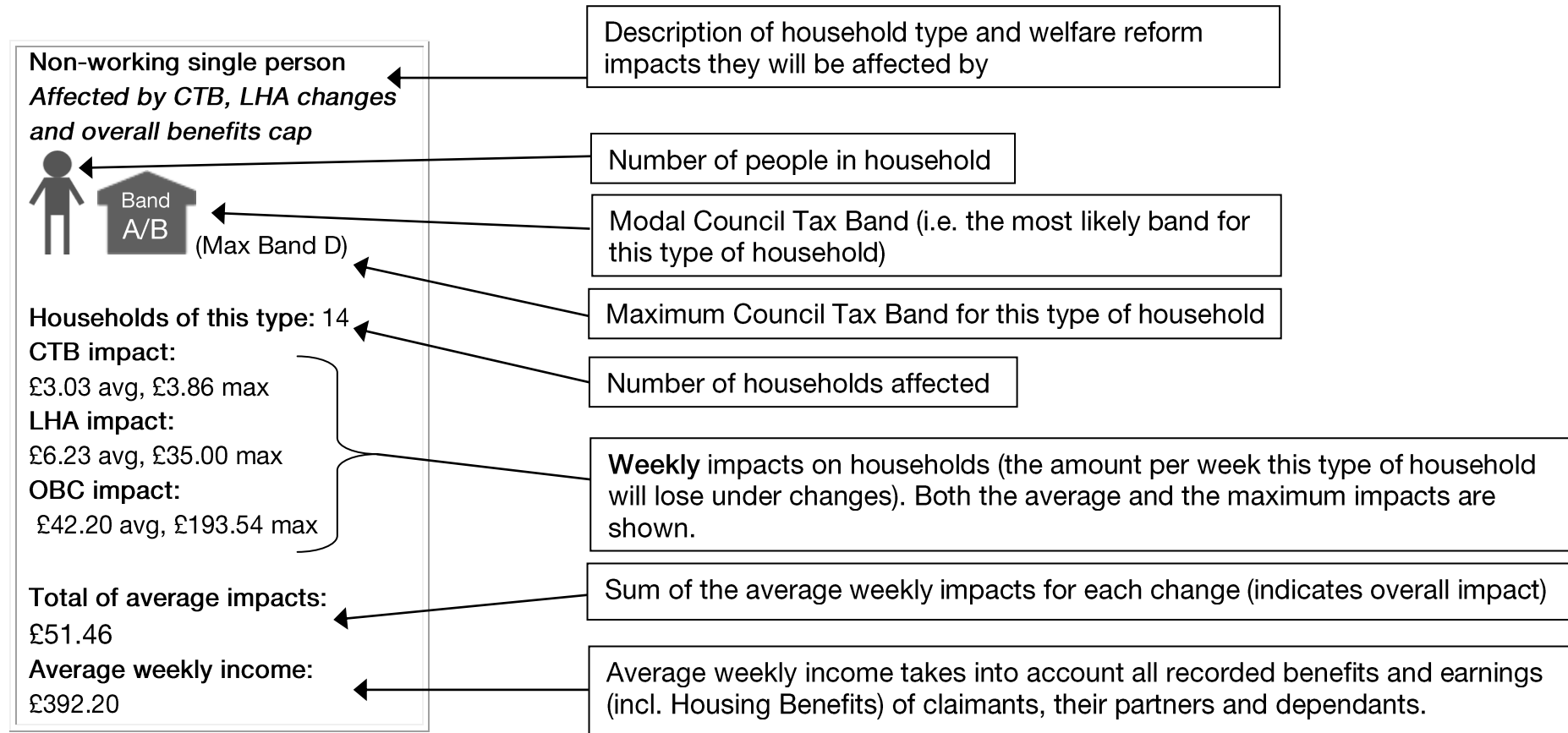
## Purpose of this document

- This document provides an indication of the impact of the proposed changes to CTB and wider welfare reforms on households in Haringey.
- The analysis picks out key types of working age household in Haringey (both working and non-working):
  - **Single person**
  - **Single parent with two children**
  - **Couple with two children**
  - **Couple with four children**

and shows the extent to which they are likely to be impacted by each of the following changes:


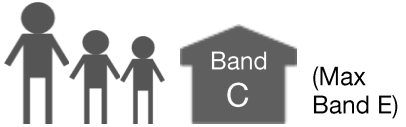


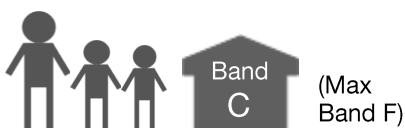
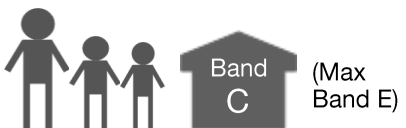

- **CTB reductions** (see above)
  - **Changes to Local Housing Allowance (LHA) from Jan 2012**, which include a reduction in allowance from the 50<sup>th</sup> to the 30<sup>th</sup> percentile of market rates across the board and reduced maximum rates for larger households. The LHA impact analysis used here was completed before January 2012 to ensure that the full impact is captured.
  - **The introduction of an Overall Benefits Cap (OBC) from April 2013** which will apply to the combined income from the main out-of-work benefits, plus Housing Benefit, Child Benefit and Child Tax Credit. The cap will be set at £350 for a single person household and £500 for couples and households with dependent children. Households in receipt of certain benefits and tax credits, including Working Tax Credit and Disability Living Allowance, will be exempt from the cap.
- For each type of household listed, an **average weekly loss** (or extra amount payable by the household) is given. A maximum figure (i.e. the largest impact on any single household within the group) is also provided.

## How to read this analysis



- For CTB, the impact on a household is determined by the Council Tax Band and the CTB entitlement of the household alone. The maximum value is likely to be higher than the average because the household with the maximum loss is in a higher band.
- The average impacts given for each type of welfare change are calculated separately (i.e. they are the 'marginal' impacts). The total of average impacts is given as a rough guide to the overall impact on households. In reality, there may be some interaction between the reforms.
- All figures used in this analysis are correct as at May 2012 (with the exception of LHA impact analysis, see above)

Single Person Households (working age)

<b>Single parents (working age) with two children</b>	<b>Non-working</b>	<p><b>Non-working single parent with 2 children</b> <i>Only affected by CTB changes</i></p>  <p>Households of this type: 1183 CTB impact: £3.52 avg, £8.57 max</p> <p>Total of average impacts: £3.52 Average weekly income: £373.89</p>	<p><b>Non-working single parent with 2 children</b> <i>Affected by CTB and LHA changes</i></p>  <p>Households of this type: 111 CTB impact: £3.47 avg, £5.15 max LHA impact: £6.77 avg, £23.08 max</p> <p>Total of average impacts: £10.19 Average weekly income: £450.96</p>	<p><b>Non-working single parent with 2 children</b> <i>Affected by CTB and overall benefits cap</i></p>  <p>Households of this type: 96 CTB impact: £3.84 avg, £5.15 max OBC impact: £50.76 avg, £305.20 max</p> <p>Total of average impacts: £54.60 Average weekly income: £553.21</p>	<p><b>Non-working single parent with 2 children</b> <i>Affected by CTB, LHA changes and overall benefits cap</i></p>  <p>Households of this type: 27 CTB impact: £3.71 avg, £ 5.15 max LHA impact: £16.88 avg, £55.00 max OBC impact: £30.72 avg, £87.18 max</p> <p>Total of average impacts: £51.31 Average weekly income: £534.36</p>	
		<b>Working</b>	<p><b>Working single parent with 2 children</b> <i>Only affected by CTB changes</i></p>  <p>Households of this type: 699 CTB impact: £2.46 avg, £ 6.29 max</p> <p>Total of average impacts: £2.46 Average weekly income: £488.56</p>	<p><b>Working single parent with 2 children</b> <i>Affected by CTB and LHA changes</i></p>  <p>Households of this type: 55 CTB impact: £2.80 avg, £5.15 max LHA impact: £6.96 avg, £22.26 max</p> <p>Total of average impacts: £9.76 Average weekly income: £555.05</p>	<p><b>Working single parent with 2 children</b> <i>Affected by CTB and overall benefits cap</i></p>  <p>Households of this type: 2 CTB impact: £4.00 avg, £4.58 max OBC impact: £26.06 avg, £51.35 max</p> <p>Total of average impacts: £30.06 Average weekly income: £596.40</p>	<p><b>Working single parent with 2 children</b> <i>Affected by CTB, LHA changes and overall benefits cap</i></p> <p>No households of this type (either below threshold for cap or exempt because in receipt of WTC)</p> <p>Total of average impacts: N/A Average weekly income: N/A</p>

**Couples (working age) with two children**

**Non Working**

**Non-working couple with 2 children**  
*Only affected by CTB changes*



Households of this type: 476  
 CTB impact: £ 4.51 avg, £6.29 max

Total of average impacts: £4.51  
 Average weekly income: £377.80

**Non-working couple with 2 children**  
*Affected by CTB and LHA changes*



Households of this type: 35  
 CTB impact: £4.57 avg, 6.29 max  
 LHA impact: £7.52 avg, £23.08 max

Total of average impacts: £12.09  
 Average weekly income: £454.62

**Non-working couple with 2 children**  
*Affected by CTB and OBC changes*



Households of this type: 49  
 CTB impact: £4.53 avg, £6.29 max  
 OBC impact: £67.87 avg, £248.95 max

Total of average impacts: £72.40  
 Average weekly income: £561.35

**Non-working couple with 2 children**  
*Affected by CTB, LHA changes and OBC*



Households of this type: 9  
 CTB impact: £4.49 avg, £6.29 max  
 LHA impact: £29.64 avg, £110.00 max  
 OBC impact: £74.33 avg, £196.83 max

Total of average impacts: £108.46  
 Average weekly income: £580.82

**Working**

**Working couple with 2 children**  
*Only affected by CTB changes*



Households of this type: 1,092  
 CTB impact: £3.22 avg, £7.43 max

Total of average impacts: £3.22  
 Average weekly income: £497.74

**Working couple with 2 children**  
*Affected by CTB and LHA changes*



Households of this type: 77  
 CTB impact: £3.91 avg, £6.29 max  
 LHA impact: £7.97 avg, £60.00 max

Total of average impacts: £11.88  
 Average weekly income: £543.85

**Working couple with 2 children**  
*Affected by CTB and overall benefits cap*



Households of this type: 4  
 CTB impact: £5.28 avg, £6.29 max  
 OBC impact: £33.62 avg, £68.30 max

Total of average impacts: £38.90  
 Average weekly income: £548.75

**Working couple with 2 children**  
*Affected by CTB, LHA changes and overall benefits cap*



Households of this type: 1  
 CTB impact: £5.15 avg, £5.15 max  
 LHA impact: £30.83 avg, £30.83 max  
 OBC impact: £210.35 avg, £210.35 max

Total of average impacts: £246.33  
 Average weekly income: £753.02

Couples (working age) with four children

Non Working

**Non-working family with 4 children**  
*Only affected by CTB changes*



Households of this type: 50  
 CTB impact: £4.95 avg, £ 7.43 max

Total of average impacts: £4.95  
 Average weekly income: £481.98

**Non-working family with 4 children**  
*Affected by CTB and LHA changes*



Households of this type: 6  
 CTB impact: £5.02 avg, £6.29 max  
 LHA impact: £19.75 avg, £49.62 max

Total of average impacts: £24.77  
 Average weekly income: £732.37

**Non-working family with 4 children**  
*Affected by CTB and overall benefits cap*



Households of this type: 36  
 CTB impact: £5.23 avg, £7.43 max  
 OBC impact: £161.59 avg, £641.24 max

Total of average impacts: £166.82  
 Average weekly income: £645.76

**Non-working family with 4 children**  
*Affected by CTB, LHA changes and overall benefits cap*



Households of this type: 11  
 CTB impact: £4.76avg, £6.29 max  
 LHA impact: £29.76avg, £178.85 max  
 OBC impact: £169.02 avg, £414.80 max

Total of average impacts: £203.54  
 Average weekly income: £700.39

Working

**Working family with 4 children**  
*Only affected by CTB changes*



Households of this type: 205  
 CTB impact: £4.30 avg, £7.43 max

Total of average impacts: £4.30  
 Average weekly income: £681.23

**Working family with 4 children**  
*Affected by CTB and LHA changes*



Households of this type: 34  
 CTB impact: £4.68 avg, £6.29 max  
 LHA impact: £24.65 avg, £152.14 max

Total of average impacts: £29.33  
 Average weekly income: £759.07

**Working family with 4 children**  
*Affected by CTB and overall benefits cap*



Households of this type: 11  
 CTB impact: £4.89 avg, £6.29 max  
 OBC impact: £113.22avg, £174.68 max

Total of average impacts: £118.11  
 Average weekly income: £732.50

**Working family with 4 children**  
*Affected by CTB, LHA changes and overall benefits cap*



Households of this type: 4  
 CTB impact: £4.49 avg, £5.15 max  
 LHA impact: £13.44 avg, £22.26 max  
 OBC impact: £94.3 avg, £229.28 max

Total of average impacts: £112.23  
 Average weekly income: £699.74