



Leicester
City Council

Appendix 2:
Benefit Income Cap:
impact of 2016/17 changes

Background: Lowering of the benefit cap

The current benefit cap stands at £26,000 per year (equivalent to £500 per week) for couples and lone parents and £18,200 per year (or £350 per week) for single people. The number of capped households in Leicester varied during 2015/16 from 115 to 135 during any given month.

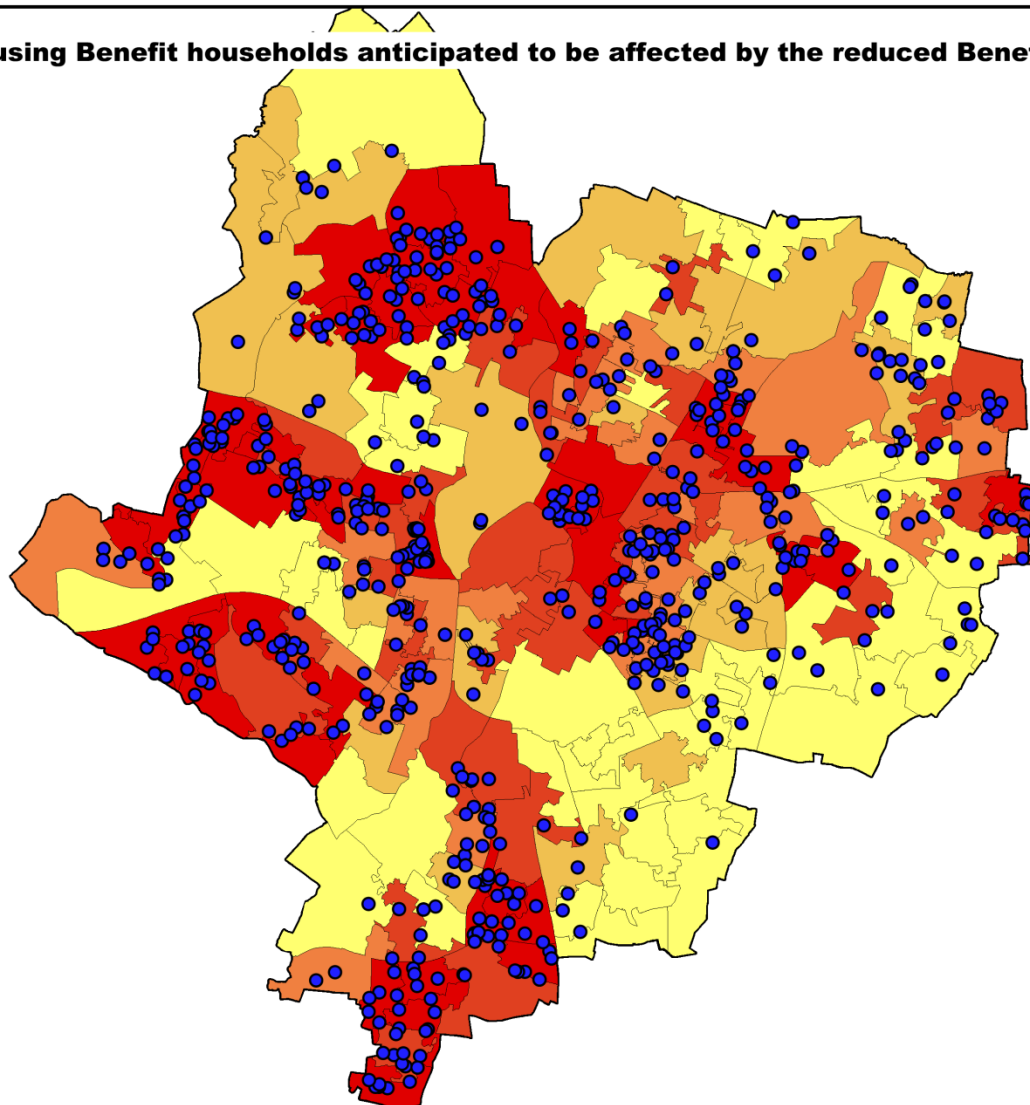
From November 2016 a new lowered benefit cap threshold will be applied. This will reduce the cap level amount to £20,000 per year (or £384.62 per week) for couples and lone parents and £13,400 per year (or £257.69 per week) for single claimants. As a consequence there may be losses of up to £6,000 per year experienced by affected households through reduction to Housing Benefit entitlement. This is in addition to loss of income experienced from the previous benefit cap.

DWP data has indicated that 753 households claiming Housing Benefit will be affected, each losing an average of almost £4,000 per year, or over £75 per week. This equates to a loss to the city in disposable income of nearly £3 million per year.

Particularly vulnerable groups seem to be predominantly affected:

- Nearly three quarters of the potentially affected households will be lone parents – 40% are lone parents with five or more children;
- 82% of the projected affected claimants are female;
- 41.3% of the total caseload are BME (Black and Minority Ethnic), with a disproportionate impact on black households;
- 14% are already subject to the current, higher cap and will see household income further reduced.

Housing Benefit households anticipated to be affected by the reduced Benefit Cap during 2016/17



Affected households are shown in blue – there is a close correlation between with the areas identified as ‘most deprived’ using the Indices of Multiple Deprivation highlighted in red.

Indices of multiple deprivation		
5 to 9 (50)	Least deprived	
4 to 5 (26)		
3 to 4 (33)		
2 to 3 (37)		
1 to 2 (46)	More deprived	

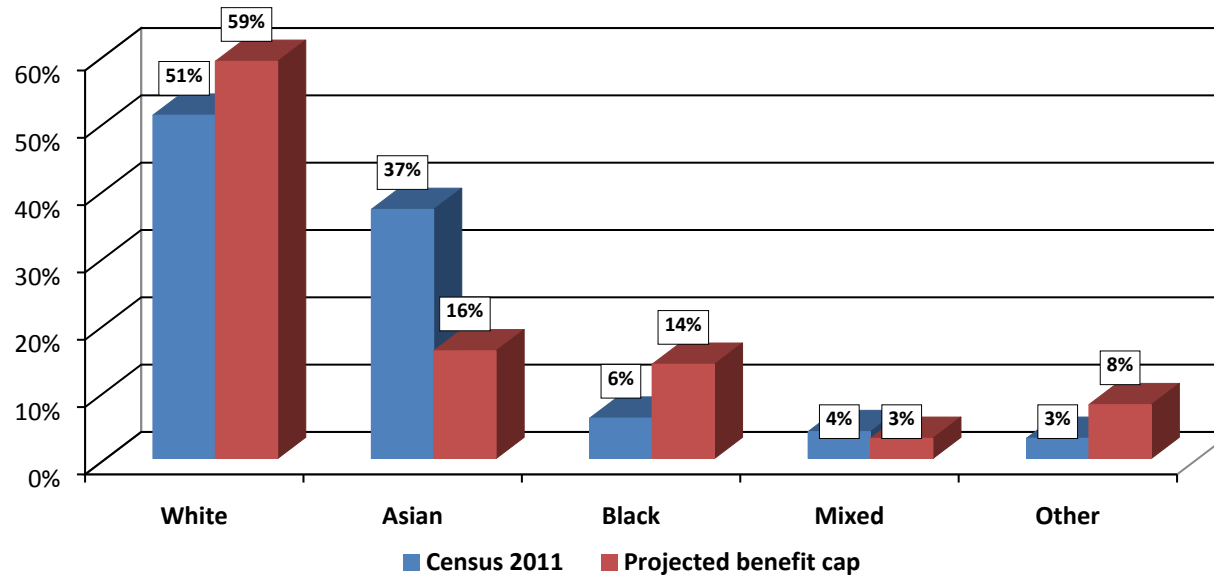


Projected benefit cap cases by ethnicity

Ethnicity	Frequency	%
White	291	58.7
Mixed	16	3.2
Asian	79	15.9
Black	69	13.9
Other	41	8.3
Total	496	100.0

As can be observed below through comparison with Census 2011 data, the Autumn benefit cap has a disproportionate impact on Black and Other ethnic groups – although this analysis is based on incomplete local data, as 34% (257) of potentially affected households do not have details of ethnicity recorded.

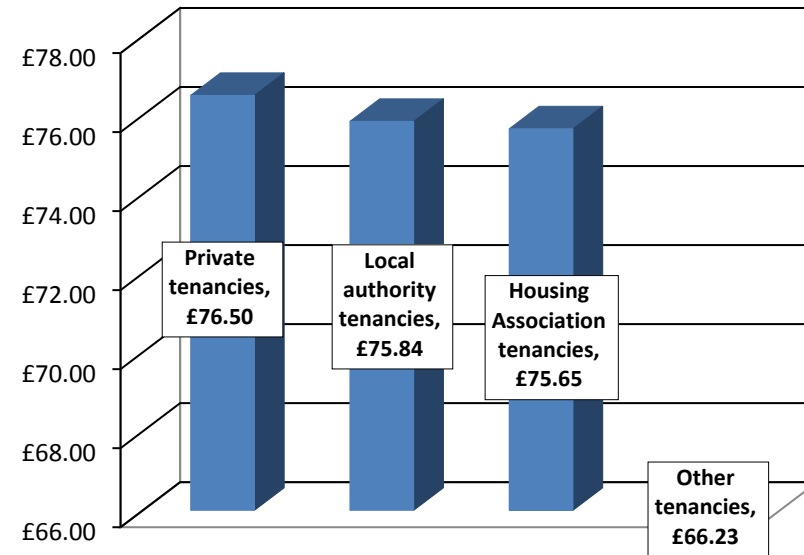
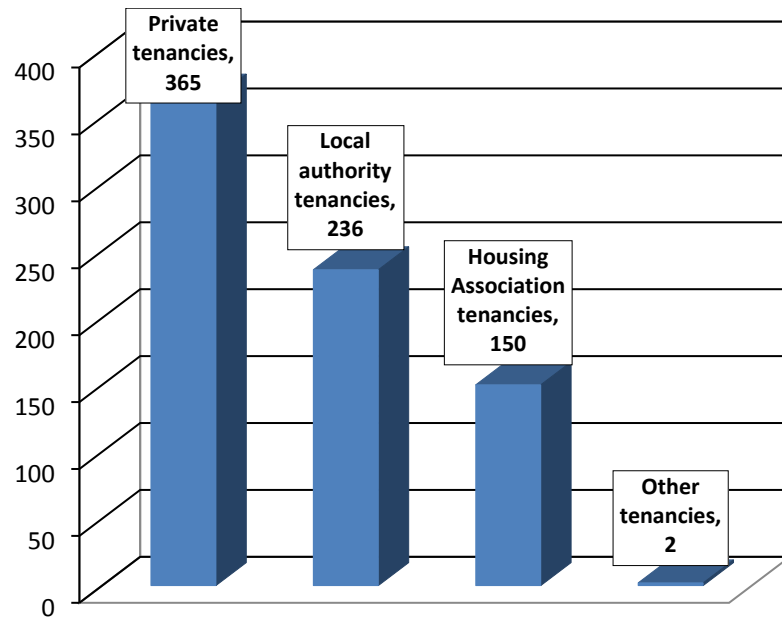
Census 2011 versus projected capped households by ethnicity



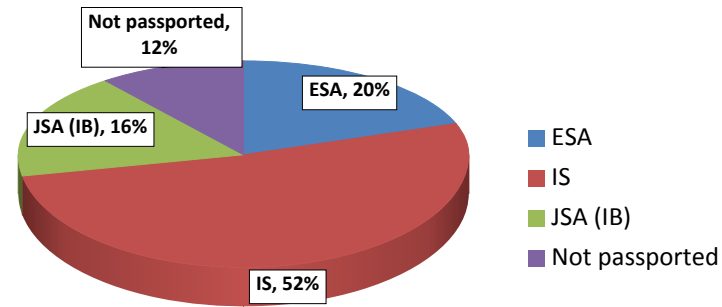
Projected Benefit Cap cases and average household loss by tenure type

Tenancy type	Frequency	%
Private tenancy	365	48.47
Local Authority tenancy	236	31.34
Housing Association tenancy	150	19.92
Other tenancy	2	0.27
Total	753	100

Private tenancies are more likely to be affected by the Benefit Cap due to the higher rents in the sector.



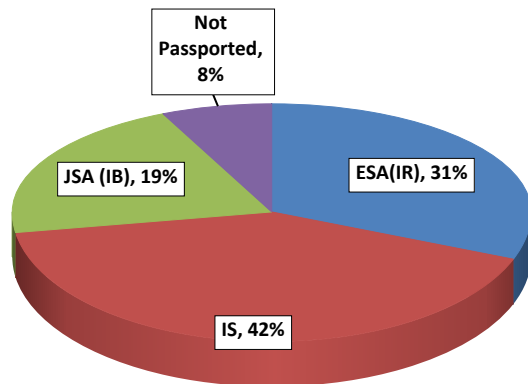
Projected benefit cap cases by primary income



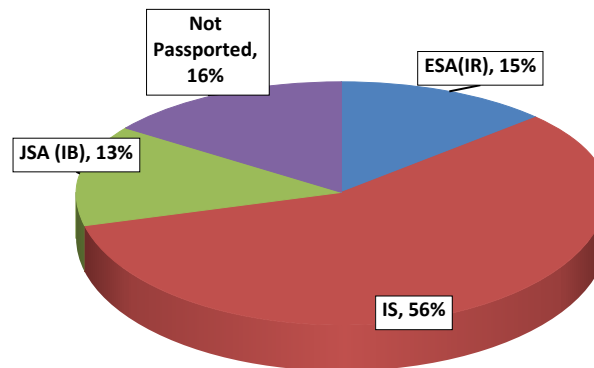
Less than one in six potentially affected households is currently assessed as able to seek paid employment (i.e., currently receiving Jobseeker's Allowance).

For those in Local Authority properties, over 30% of affected households are affected by long-term illness or disability (and are receiving Employment & Support Allowance). In Housing Association and Private Properties, 56% are receiving Income Support, paid to the primary carer of children under the age of 4.

Primary income for LA Bencap projections



Primary income for Housing Association / RSL tenants for bencap projections



Primary income for Non HRA rent rebate and HRA rent rebate for bencap projections

