

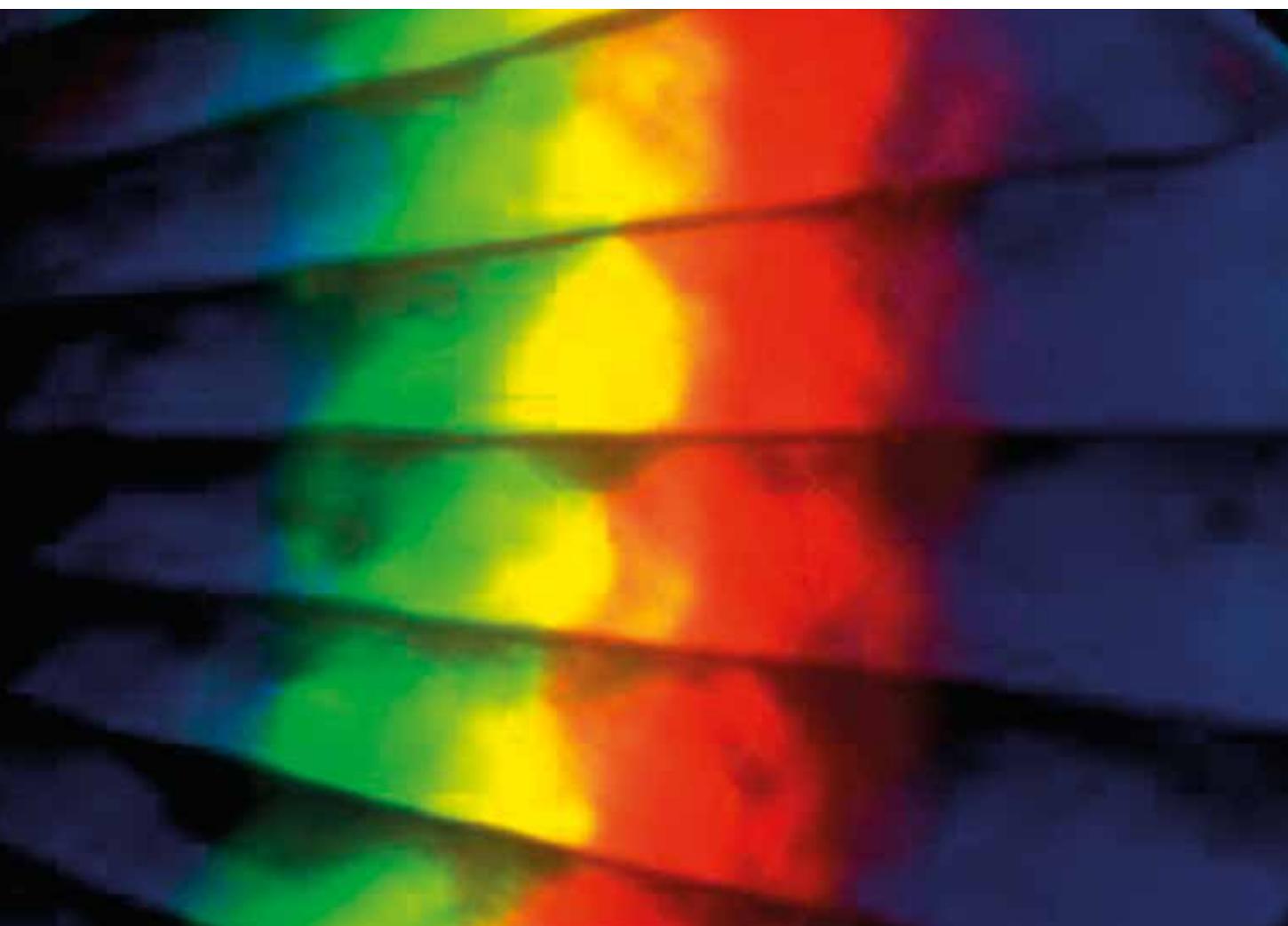


Llywodraeth Cymru
Welsh Government

Analysing the impact of the UK Government's welfare reforms in Wales – Stage 3 analysis

Part 2: Impacts in local authority areas

www.cymru.gov.uk



Analysing the impact of the UK Government's welfare reforms in Wales – Stage 3 analysis

Part 2: Impacts in local authority areas

Audience	This report has been produced primarily for the Welsh Government's Ministerial Task and Finish Group on Welfare Reform (the group includes the Minister for Communities and Tackling Poverty; the Minister for Local Government and Government Business; the Minister for Housing and Regeneration; the Deputy Minister for Tackling Poverty; and the Deputy Minister for Social Services) and relevant policy and analytical officials.
Overview	This report includes analysis that has been undertaken by the Welsh Government as part of Stage 3 of the programme of research to assess the impact of the UK Government's welfare reforms in Wales.
Action required	None – for information only.
Further information	Enquiries about this document should be directed to: Operations Team Department for Local Government and Communities Welsh Government Cathays Park Cardiff CF10 3NQ Tel: 029 2082 6160 e-mail: welfarereform@wales.gsi.gov.uk
Additional copies	This document can be accessed from the Welsh Government's website at www.wales.gov.uk/people-and-communities

Contents

List of acronyms	1
Summary of key findings	2
1. Introduction	5
2. Impact of welfare reform in Wales as a whole	7
3. Impact of individual welfare reforms in local authority areas	14
Switch to indexing almost all benefits and tax credits to the Consumer Price Index rather than the Retail Price Index or Rossi Index	22
One per cent cap on most working-age benefits, certain elements of tax credits and Child Benefit	25
Disability Living Allowance: Loss of entitlement	28
Time-limiting contributory Employment and Support Allowance to one year for those in the Work-Related Activity Group	31
Child Benefit: Freezing rates	35
Child Benefit: Gradually withdrawn where someone in the household has a taxable income of more than £50,000	38
Working Tax Credit: Increase in the working hours requirement for couples with children from 16 to 24 hours	41
Child Tax Credit: Removal of the second income threshold	44
Housing Benefit: Local Housing Allowance Reforms 2011-12	47
Housing Benefit: Size criteria for people renting in the social rented sector	50
Housing Benefit: Uprating Local Housing Allowance by the Consumer Price Index	53
Household Benefit Cap	56
Housing Benefit: Increasing the Shared Accommodation Rate age threshold from 25 to 35 years	59
Council Tax Reduction Scheme	62

4. Discretionary Housing Payment fund	65
5. Benefit sanctions	68
6. Conclusions and next steps	72
References	74
Annex 1: Local authority area summaries	77
Annex 2: Data sources and methodology	101

List of acronyms

CB	Child Benefit
CPI	Consumer Price Index
CTB	Council Tax Benefit
CTC	Child Tax Credit
CTRS	Council Tax Reduction Scheme
CTS	Council Tax Support
DHP	discretionary housing payments
DLA	Disability Living Allowance
DWP	Department for Work and Pensions
ESA	Employment and Support Allowance
GB	Great Britain
HB	Housing Benefit
HMRC	Her Majesty's Revenue and Customs
HMT	Her Majesty's Treasury
IB	Incapacity Benefit
IFS	Institute for Fiscal Studies
IS	Income Support
JSA	Jobseeker's Allowance
LA	Local Authority
LHA	Local Housing Allowance
OBR	Office for Budget Responsibility
ONS	Office for National Statistics
PIP	Personal Independence Payment
PRS	Private Rented Sector
RPI	Retail Price Index
SAR	shared accommodation rate
SRS	Social Rented Sector
UC	Universal Credit
WRAG	Work-Related Activity Group
WTC	Working Tax Credit

Summary of key findings

- The Welfare Reform Act 2012 introduces the greatest changes to welfare benefits in 60 years.
- The reforms announced by the UK Coalition Government since 2010 and up to, and included in, the Autumn Statement 2013 are estimated to save the UK Exchequer around £21 billion by 2014-15 (around 10% of the social security and tax credit budget).
- In 2011, the Welsh Government's Ministerial Task and Finish Group on Welfare Reform commissioned a three-stage programme of research¹ to analyse the impact of the UK Government's welfare reforms in Wales.
- This report forms part of the Stage 3 research and aims to provide an evidence base on the potential impacts of the UK Government's welfare reforms in local authority areas in Wales.
- Fourteen welfare reforms have been assessed at a local authority level in terms of the number of claimants affected and potential impacts on income. It is important to note that these estimates are based on static models and therefore do not take into account any behavioural effects such as claimants moving into employment or cheaper properties, or landlords reducing rent levels. Nor does the research take into account any additional income losses due to benefit sanctions. The key findings from this research are outlined below.

Impact of welfare reform in Wales as a whole

- The policy changes that have been assessed in this report are estimated to reduce annual benefit and tax credit entitlements in Wales by around £900 million in 2015/16. To put this overall loss into context, benefit and tax credit expenditure and gross disposable household income are estimated to be around £6 billion and £45 billion respectively in 2015/16².
- Around half of this loss is due to the way benefits and tax credits are uprated. Other large financial losses arise from a reduced caseload under Personal Independence Payment (PIP) compared to Disability Living Allowance (DLA) and the time-limiting of contributory Employment and

¹ Further information about this programme of research and earlier reports can be found at: www.wales.gov.uk/people-and-communities

² Welsh Government estimates based on: Department for Work and Pensions (DWP) benefit expenditure estimates for Wales for 2011/12 and GB forecasts for 2012/13 onwards (includes Attendance Allowance, Bereavement benefits, Carer's Allowance, Disability Living Allowance, Employment and Support Allowance, Incapacity Benefit, Housing Benefit, Income Support, Industrial Injuries Benefits, Jobseeker's Allowance, Maternity Allowance, Severe Disablement Allowance and Statutory Maternity Pay), HM Revenue and Customs (HMRC) tax credit and Child Benefit expenditure data for Wales for 2012/13 and GB forecasts for 2013/14 onwards, Office for National Statistics (ONS) household income data and Office for Budget (OBR) responsibility inflation forecasts.

Support Allowance (ESA) to one year for those in the work-related activity group. By contrast, some of the Housing Benefit (HB) reforms and the Household Benefit Cap result in much smaller total income losses in Wales.

- Although losses will vary widely depending on individual circumstances, the average annual loss per working-age adult in Wales is estimated to be around £500 in 2015/16.
- For those whose income is affected by the welfare reforms, there may be subsequent changes in spending and wider knock on effects for the economy. For example, less money in people's pockets means that they buy less goods and services, the firms producing those then employ fewer people, leaving those people with less money to spend, and so on. Fiscal multipliers measure the short-run impact of a change in spending on benefits and tax credits on the size of the economy. The Office for Budget Responsibility (OBR) multiplier for changes in welfare spending (around the size of the UK coalition government's cuts, i.e. 1 per cent of Gross Domestic Product) is 0.6. Some evidence suggests that multiplier effects may be larger during periods of economic weakness. However, if the welfare reforms are successful in increasing employment, in the long run, this may lead to increases in economic output.

Impact of welfare reform in Welsh local authority areas

- The findings clearly illustrate that the impact of welfare reform varies across local authority areas in terms of the number and proportion of individuals / households affected and average financial losses.
- Out of all local authority areas in Wales, Neath Port Talbot, Blaenau Gwent and Merthyr Tydfil are estimated to be the hardest hit by the welfare reforms analysed. Although losses will vary widely depending on individual circumstances, the average annual loss per working-age adult in these areas is estimated to be around £600 in 2015/16 compared to £500 for Wales as whole.
- Nearly a quarter of the population aged 16-64 in these areas claim working-age benefits, the highest proportion in Wales. These areas are particularly affected by the changes to the way benefits and tax credits are uprated, time-limiting of contributory ESA, the introduction of PIP and the size criteria in the social rented sector. Such impacts reflect the relatively high overall working-age benefit claimant rates, particularly for disability and sickness benefits (i.e. DLA and ESA), and the high proportion of rented housing stock that is in the social rented sector.
- At the bottom end of the scale, on average, Powys, Gwynedd and Ceredigion are much less affected by the welfare reforms analysed. This reflects their relatively low benefit claimant rates with just over a tenth of the population aged 16-64 in these areas claiming working-age benefits, the lowest proportion in Wales.

- Again, although losses will vary widely depending on individual circumstances, the average annual loss per working-age adult in these areas is estimated to be around £400 in 2015/16, around two-thirds of the loss experienced by the hardest hit areas.
- The above findings are based on average losses per working-age adult, which can sometimes mask differences in impacts within large local authority areas.
- Another way of looking at the impacts is to look at absolute income losses and the shares of the total Welsh loss borne by each local authority area. Cardiff (£103 million), Rhondda Cynon Taf (£81 million) and Swansea (£75 million) are estimated to incur the greatest total income losses (each equivalent to 8-11% of the Welsh total) in line with their working-age population shares. While Merthyr Tydfil (£22 million), the Isle of Anglesey (£19 million) and Ceredigion (£18 million), which are among Wales' smallest local authority areas based on population shares, see the lowest total income losses (each equivalent to 2-3% of the Welsh total).

1. Introduction

The Welfare Reform Act 2012 introduces the greatest changes to welfare benefits in 60 years. The reforms announced by the UK Coalition Government since 2010 and up to, and included in, the Autumn Statement 2013 are estimated to save the UK Exchequer around £21 billion by 2014-15 (around 10% of the social security and tax credit budget).

In 2011, the Welsh Government's Ministerial Task and Finish Group on Welfare Reform commissioned a programme of research to analyse the impact of the UK Government's welfare reforms in Wales, with the aim of providing evidence to assist with policy decisions. Wales is being deeply affected by the UK Government's continuing welfare reforms. Whilst we cannot compensate for these changes, the findings from the Group's earlier research have already been used to help target the Welsh Government's efforts to mitigate (where possible) any negative implications of the reforms, and we will continue to prioritise resources to reduce poverty in Wales, thereby contributing to the commitments made in the Programme for Government and the Tackling Poverty Action Plan.

As part of the Stage 2 research, the direct effects of the welfare reforms were assessed at a Wales level in terms of the number of individuals/households affected and impacts on incomes. Where necessary, this report updates the Wales level estimates. For example, where HM Treasury (HMT) / Department for Work and Pensions (DWP) have revised policy costings and numbers affected. These estimates are summarised in Chapter 2.

This report also provides an assessment of the potential impacts of the UK Government's welfare reforms in local authority areas in Wales. Fourteen³ benefit and tax credit changes have been scrutinised for their impact on the twenty-two local authority areas in Wales. Where possible, the following impacts have been quantified:

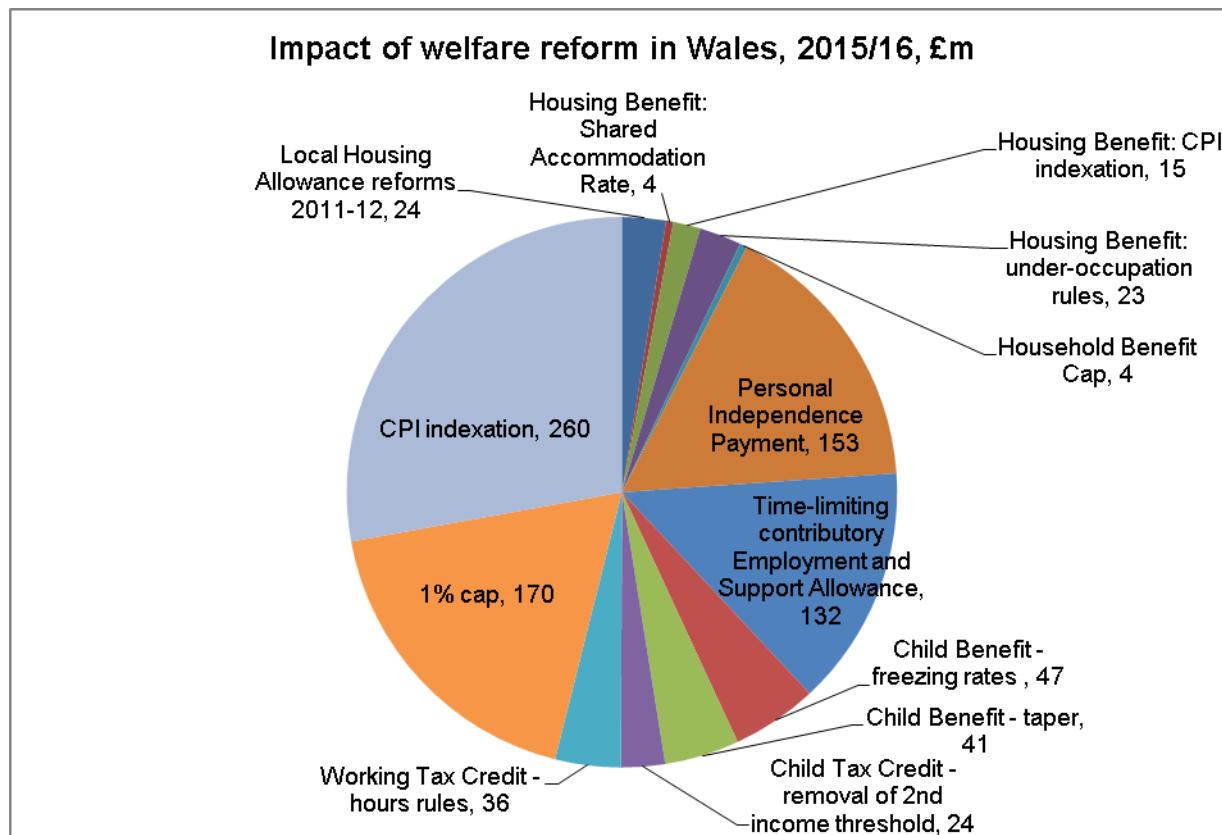
- number of individuals/households affected;
- average annual income loss per affected individual/household;
- total annual income loss per local authority area; and,
- average annual loss per working-age adult (i.e. total income loss in a local authority area divided by the working-age population).

³ The reforms analysed include: Housing Benefit Local Housing Allowance (LHA) Reforms 2011-12, Housing Benefit: increase in the age threshold from 25 to 35 for the Shared Accommodation Rate (SAR), Housing Benefit: increase LHA rates by the Consumer Price Index (CPI) rather than the 30th percentile of local market rents, Housing Benefit: introduction of size criteria in the social rented sector, Household Benefit Cap, Council Tax Reduction Scheme (CTRS), replacement of DLA with PIP, time-limiting contributory Employment and Support Allowance (ESA), Child Benefit - freezing rates, Child Benefit – taper, Child Tax Credit (CTC) – removal of the second income threshold, Working Tax Credit (WTC) – increase in the hours requirement for couples with children, 1 per cent up-rating, and the switch to uprating benefits and tax credits by the Consumer Price Index (CPI) rather than the Retail Price Index (RPI) or Rossi index. Further information on each of these reforms can be found in Chapter 3.

These estimates are summarised in Chapter 3, which is structured by each individual welfare reform. This compares the impact of a particular reform across local authority areas.

For readers interested in the impacts of welfare reform for a particular local authority area, **Annex 1** will be of use. This is structured by local authority and presents the impact of different welfare reforms in that particular area (compared to the average impact for Wales as a whole). An outline of the data sources and methodology used as part of this research can be found at **Annex 2**.

2. Impact of welfare reform in Wales as a whole

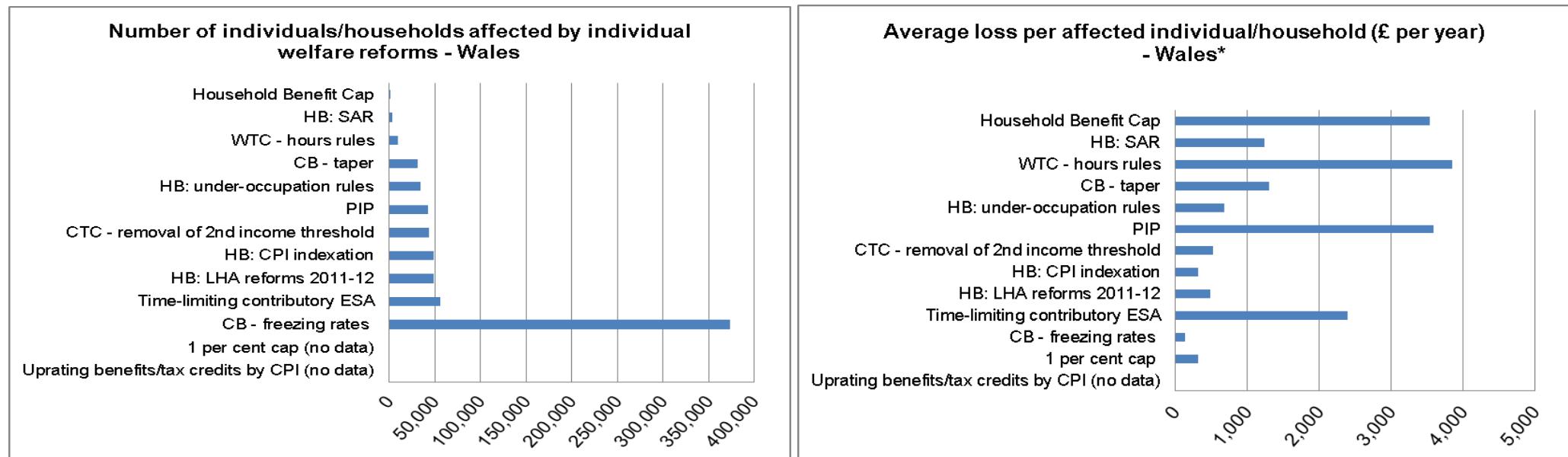


Source: Welsh Government estimates. Note: PIP only covers loss of entitlement and assumes full implementation by 2015/16 although this is not planned to happen until 2018/19. The financial loss as a result of the freezing of Child Benefit (CB) rates relates to 2013/14 (i.e. the last year of the freeze).

- It is estimated that the policy changes assessed in this report will reduce annual benefit and tax credit entitlements in Wales by around **£900 million** in 2015/16. Around half of this loss is due to the way benefits and tax credits are uprated*. To put this into context, benefit and tax credit expenditure and gross disposable household income in Wales are estimated to be around £6 billion and £45 billion respectively in 2015/16 (Welsh Government estimates based on DWP, HMRC, ONS and OBR data).
- For the welfare reforms analysed, the largest estimated impacts in Wales in 2015/16 are due to:
 - The switch to uprating most benefits and tax credits by the **Consumer Price Index (CPI)** rather than Retail Price Index (RPI) or the Rossi index;
 - Up-rating most working-age benefits, certain elements of tax credits and CB by **1 per cent** rather than prices;
 - Loss of entitlement to **DLA**; and,
 - Time-limiting **contributory ESA** to one year for those in the Work-Related Activity Group.

*Includes: Switch to uprating most benefits and tax credits by CPI (rather than RPI or the Rossi Index), 1% cap on most working-age benefits and tax credits (excluding disability and carers benefits) and Child Benefit, increasing LHA rates by the 30th percentile of local market rents rather than the median (included in LHA reforms 2011-12), and increasing LHA rates by CPI rather than the 30th percentile of local market rents.

Number individuals/households affected and average loss per affected individual/household



Source: Various including Welsh Government, DWP and HMRC estimates. Note: numbers affected and average income losses relate to households for all policy changes in the above charts except PIP and ESA, which relate to individuals.

No data on the total number of claimants affected by the switch to uprating benefits/tax credits by CPI indexation and the 1 per cent cap on most benefits, certain elements of tax credits and Child Benefit.

*Average loss for individuals/households affected by the 1 per cent cap, CB taper, Housing Benefit: CPI indexation and time-limiting ESA are based on estimates for Great Britain (GB). No data on the average loss for claimants affected by the switch to uprating benefits/tax credits by CPI.

- Although the freezing of CB rates affects the largest number of families (373,000) compared to the other welfare reforms analysed, the financial loss per affected claimant is relatively small (£130 per annum). The same is likely to be true for the switch to uprating most benefits/tax credits by CPI and the 1 per cent cap on most working-age benefits, certain elements of tax credits and CB.
- The remaining reforms affect fewer claimants but entail a greater financial loss for those affected (up to £3,850 per annum).

Summary of impacts – Wales⁴

Date policy introduced	Benefit/tax credit	Policy change	Number of individuals/households affected in Wales	Income loss per annum		
				Wales	Per working-age adult in Wales	Per affected individual/household in Wales
April 2011	Affects most benefits and tax credits	Switch to indexing almost all benefits and tax credits to the Consumer Price Index (CPI) rather than the Retail Price Index (RPI) or Rossi Index.	Benefits – Carer's Allowance (CA), DLA, ESA/Incapacity Benefit (IB), Income Support (IS), Jobseeker's Allowance (JSA) and Widows' Benefit: 350,000 working-age claimants Tax Credits: 300,000 families HB: 240,000 claimants Council Tax Benefit (CTB): 330,000 claimants CB: 370,000 families Note: there will be some overlap between benefit and tax credit recipients.	£260m	£134	N/A

⁴ This table is taken from the Welsh Government's report '*Analysing the impact of the UK Government's welfare reforms in Wales – Stage 2 analysis*', and has been updated where necessary. Further information about data sources can be found in the Stage 2 report and **Annex 2** of this report. Estimated financial losses relate to annual impacts in 2015/16 except freezing Child Benefit rates (2013/14), Council Tax Reduction Scheme (2013/14) and UC (2014/15). Personal Independence Payment is assumed to be fully rolled out by 2015/16. However, this is not planned to happen until 2018/19.

Date policy introduced	Benefit/tax credit	Policy change	Number of individuals/households affected in Wales	Income loss per annum		
				Wales	Per working-age adult in Wales	Per affected individual/ household in Wales
April 2011	HB	Restricting Local Housing Allowance (LHA) levels to the 4-bedroom rate and applying maximum weekly caps; removing the provision for claimants to retain a maximum of £15 per week where their rent is below the LHA rate; and, changing the basis for setting LHA rates from the median to the thirtieth percentile of local market rents.	48,600 claimants	£24m	£12	£490
	CB	Rates frozen for three years from 2011-12.	373,000 households	£47m	£24	£130
January 2012	HB	Increasing the age threshold for the HB shared accommodation rate from 25 to 35.	3,100 claimants	£4m	£2	£1240
April 2012	Contributory ESA	Time limit contributory ESA to one year for those in the Work-Related Activity Group.	56,000 claimants	£132m	£68	£2390
	Working Tax Credit (WTC)	Increase in the working hours requirement for couples with children from 16 to 24 hours.	9,400 households	£36m	£19	£3,848 (maximum)

Date policy introduced	Benefit/tax credit	Policy change	Number of individuals/households affected in Wales	Income loss per annum		
				Wales	Per working-age adult in Wales	Per affected individual/ household in Wales
April 2012	Child Tax Credit (CTC)	Removal of the second income threshold.	43,700 households	£24m	£12	£520 (maximum)
January 2013	CB	Gradually withdrawn where someone in the household has a taxable income of more than £50,000.	31,000 households	£41m	£21	£1300
April 2013	HB	Up-rating LHA rates by the CPI in 2013-14 (rather than the thirtieth percentile of local market rents).	48,600 claimants	£15m	£8	£312 (GB average, no Wales figure available)
	HB	Limiting the amount of HB paid to claimants living in social housing who are deemed to be under-occupying their accommodation.	33,900 claimants	£23m	£12	£682
	Household Benefit Cap	Limiting the amount of welfare payments a working-age household can receive (£500 per week for couple and lone-parent households and £350 per week for single-person households where no children are present).	1,100 households	£4m	£2	£3,536

Date policy introduced	Benefit/tax credit	Policy change	Number of individuals/households affected in Wales	Income loss per annum		
				Wales	Per working-age adult in Wales	Per affected individual/household in Wales
April 2013	Most working-age benefits and tax credits (excluding disability and carers benefits) and CB	Working-age discretionary benefits and tax credits: increase by 1% for three years from 2013-14. CB: increase by 1% for two years from 2014-15. LHA: increase by 1% for two years from 2014-15. Note: analysis excludes the impact of Targeted Affordability Funding (TAF).	Working-age benefit claimants = 340,000 Recipient tax credit families = 250,000 CB recipient families = 370,000. HB claimants = 250,000. Note: there will be some overlap between these groups.	£170m	£87	Working-age discretionary benefits, tax credits and CB: £156 (GB average). LHA: £156 (GB average).
April 2013 - north of England. June 2013 - new claimants in Wales. October 2013 - existing claimants in Wales.	DLA / PIP	Replacement of DLA for 16 to 64-year-olds with a new benefit (PIP). Financial loss and numbers affected cover those who lose all of their entitlement. The estimates do not include the impact on claimants receiving a higher/lower/unchanged award.	42,500 claimants	£153m	£79	£3,588

Date policy introduced	Benefit/tax credit	Policy change	Number of individuals/households affected	Impact on income per annum		
				Wales	Per working-age adult in Wales	Per affected individual/household in Wales
April 2013	Council Tax Reduction Scheme (CTRS)	The UK Government passed responsibility for providing support to low-income families with their council tax and cut funding by 10%. The Welsh Government has made up a shortfall of £22 million in 2013/14.	328,500 households (Assumes that all CTB claimants are affected. If only non-pensioners are affected, the affected population would be less but the average protection per household would be more).	£22m protection (2013/14)	£11	£67
April 2013: Pathfinder, NW England. June 2013: Further rollout of Pathfinder. October 2013 - March 2014: 6 Jobcentre offices including Shotton.	Universal Credit (UC)	A new single welfare benefit that replaces the following means-tested benefits and tax credits for working-age adults: <ul style="list-style-type: none">• IS• Income-based JSA• Income-related ESA• WTC• CTC• HB.	There will be losers and gainers from the introduction of UC. Households with no change in their entitlement under UC = 100,000. Households with a lower entitlement under UC = 200,000. Households with a higher entitlement under UC = 200,000	Net gain = £22m	Gain = £11	Average reduction per losing household = £1,800. Average increase per gaining household = £1,908 Note: excludes the impact of transitional protection.

3. Impact of individual welfare reforms in local authority areas

Introduction

This section summarises the findings from an assessment of the impact of fourteen welfare reforms in local authority areas in Wales. The welfare reforms assessed are those where there is sufficient data to assess their impact at a local authority level. Due to a lack of local data for some reforms, including UC, this assessment does not represent a complete picture of the potential impact of the UK coalition government's welfare reforms. However, most of the significant reforms (e.g. the switch to uprating benefits and tax credits by CPI rather than RPI or the Rossi Index) do form part of this assessment.

Where possible, for each of the reforms, this assessment includes estimation of the following for each local authority area:

- a) number of individuals/households affected;
- b) average annual income loss per affected individual/household;
- c) total annual income loss per local authority area; and,
- d) average annual income loss per working-age adult.

For the majority of the reforms, a), c) and d) have been quantified. However, for some of the reforms, for example, the switch to uprating benefits and tax credits by CPI rather than RPI or the Rossi Index, it has not been possible to obtain an overall total number of individuals/households affected. This is because the uprating change is likely to impact on multiple benefits/tax credits claimed by an individual/household. Therefore, summing the caseloads for each of these affected benefits (e.g. HB and JSA) will lead to double counting. In addition, data on the average income loss per affected individual/household (b) is only available for four of the welfare reforms analysed, namely the LHA reforms introduced in 2011-12, HB: Size criteria for people renting in the social rented sector, HB: Increasing the shared accommodation rate age threshold from 25 to 35 years and the CTRS. This data does vary by local authority area reflecting differences in local market rents and the number of bedrooms deemed to be spare in the social rented sector, for example.

For the reforms where it has not been possible to estimate the average income loss per affected individual/household (largely non-HB reforms), it has been assumed that the average income loss is the same for all affected individuals/households regardless of the local authority area that they live in. In reality this may not be the case. However, this is more so for the Housing Benefit reforms (where local level data is available) than the remaining reforms.

When referring to losses per affected individual/household, these will either be 'actual' losses as there will be a reduction in their benefit, or 'notional' losses, for example, new claimants who would not see any benefit change as such but would receive a lower benefit payment than if they had claimed under the previous arrangements.

Financial impacts relate to 2015/16. This year has been chosen because most of the reforms analysed will have been fully rolled out by then, with the exception of the PIP, which the UK Government currently plan to implement in full by October 2018. For the purpose of this analysis, it is assumed that PIP will be fully rolled out by 2015/16.

A range of data sources have been used in this analysis including DWP and HMRC impact assessments (although the majority of these do not include estimates at a local authority level), HMT estimates of financial savings from UK Government policy decisions, and benefit and tax credit caseload and expenditure data. Further information on data sources and an outline of the methodology used can be found in **Annex 2**.

It is important to note that the estimates in this report are based on static analyses and therefore do not take into account any behavioural effects such as moves into employment or house moves. It may be the case that the average improvement in financial work incentives may lead to claimants making up some or all of the reduction in benefit/tax credit payments. However, of those claiming out-of-work benefits in Wales, 60% are claiming sickness benefits, for example, ESA or IB/Severe Disablement Allowance (SDA). Furthermore, of those that are entitled to ESA, around 50% are in the Support Group (i.e. they have a severe health condition or disability), and around 60% of those entitled to IB are claiming at the long-term rate (i.e. they have been sick for more than a year) (source: Nomis, May 2013 data). This suggests that the scope for entry to employment is limited. This is in line with analysis undertaken by Adam and Phillips (2013), which predicts that the impact of welfare reform on labour supply in Wales will be fairly modest (an increase of 5,000 people or 0.3 percentage points), and will strongly depend on wider economic conditions.

Neither does the research take into account any additional income losses due to benefit sanctions (see pages 68 - 71).

For those whose income is affected by the welfare reforms, there may be subsequent changes in spending and wider knock-on effects for the economy. For example, less money in people's pockets means that they buy less goods and services, the firms producing those then employ fewer people, leaving those people with less money to spend, and so on. Fiscal multipliers measure the short-run impact of a change in spending on benefits and tax credits on the size of the economy. The Office for Budget Responsibility (OBR) multiplier for changes in welfare spending (around the size of the UK coalition government's cuts, i.e. 1 per cent of Gross Domestic Product) is 0.6. Some evidence suggests that multiplier effects may be larger during periods of economic weakness. However, if the welfare reforms are successful in increasing employment, in the long run, this may lead to increases in economic output.

Overview of findings

Rank	Local authority area	Average loss per working-age adult £ per year
1.	Neath Port Talbot	606
2.	Blaenau Gwent	585
3.	Merthyr Tydfil	580
4.	Bridgend	548
5.	Rhondda Cynon Taf	543
6.	Caerphilly	541
7.	Torfaen	539
8.	Denbighshire	522
9.	Newport	508
10.	Swansea	486
11.	Carmarthenshire	485
12.	Conwy	484
	WALES	480
13.	Pembrokeshire	470
14.	Isle of Anglesey	457
15.	Wrexham	449
16.	The Vale of Glamorgan	436
17.	Cardiff	433
18.	Flintshire	410
19.	Monmouthshire	394
20.	Powys	391
21.	Gwynedd	373
22.	Ceredigion	363

As illustrated by the table above and chart and map on pages 20 and 21:

- Neath Port Talbot, Blaenau Gwent and Merthyr Tydfil are estimated to be the areas that are hit the hardest by the welfare reforms analysed. Although losses will vary widely depending on individual circumstances, the average annual loss per working-age adult in these areas is estimated to be around £600 in 2015/16 compared to £500 for Wales as a whole.
- Nearly a quarter of the population aged 16-64 in these areas claim working-age benefits, the highest proportion in Wales. They are particularly affected by the changes to the way benefits and tax credits are uprated, the time-limiting of contributory ESA, the introduction of PIP and the size criteria in the social rented sector. This reflects the relatively high overall working-age benefit claimant rates, particularly for disability and sickness benefits, and the high proportion of rented housing stock that is in the social rented sector.
- At the bottom end of the scale, on average, Powys, Gwynedd and Ceredigion are much less affected by the welfare reforms analysed. Again, although losses will vary widely depending on individual circumstances, the average annual loss per working-age adult in these areas is estimated to be

around £400 in 2015/16, around two-thirds of the loss experienced by the hardest hit areas.

- Just over a tenth of the population aged 16-64 in these areas claim working-age benefits, the lowest proportion in Wales. Reflecting the relatively low benefit claimant rates, these areas fare relatively well from the impacts of all of the welfare reforms analysed.
- To put these losses into context, it is useful to express them as a proportion of gross disposable household income per head. Although this data is not available at a local authority level, it is available at a NUTS3 level (i.e. groups of local authorities). As summarised in the table below, the average income loss per working-age adult in each area varies from 2% (Powys) to 4% (Bridgend and Neath Port Talbot, Central Valleys and Gwent Valleys) of gross disposable household income (GDHI) per head. The average income loss per working-age adult for Wales as a whole is equivalent to 3% of GDHI per head.

Area	Income loss per working-age adult (£ per year)	Income loss as a percentage of gross disposable household income per head⁵
Central Valleys (Merthyr Tydfil and Rhondda Cynon Taf)	551	4%
Gwent Valleys (Blaenau Gwent, Caerphilly and Torfaen)	549	4%
Bridgend and Neath Port Talbot	577	4%
Swansea	486	3%
Conwy and Denbighshire	502	3%
South West Wales (Carmarthenshire, Ceredigion and Pembrokeshire)	455	3%
Isle of Anglesey	457	3%
Monmouthshire and Newport	465	3%
Flintshire and Wrexham	428	3%
Cardiff and the Vale of Glamorgan	434	3%
Gwynedd	373	3%
Powys	391	2%
WALES	480	3%

⁵ Gross disposable household income figures are based on 2011 data (source: Stats Wales) uprated to 2015/16 prices using forecast growth in incomes (source: OBR – Economic and fiscal outlook – December 2013).

- The overall ranking of local authority areas based on average losses per working-age adult is broadly in line with other research that has assessed the impact of welfare reform at a local level in Wales (e.g. Beatty and Fothergill, 2013).
- The above findings are based on average losses per working-age adult in each local authority area. It is worth noting that within some of those local authority areas that appear to be modestly impacted by the welfare reforms (e.g. Cardiff) there are some parts that may be as badly affected as the hardest hit local authority areas (e.g. Blaenau Gwent). However, this may be masked by the averaging that takes place within a large local authority.
- Another way of looking at impacts is to look at the shares of total Welsh losses borne by each local authority area. This is illustrated in the table below, and shows that Cardiff accounts for the largest proportion of the total income loss in Wales in line with its share of the working-age population.

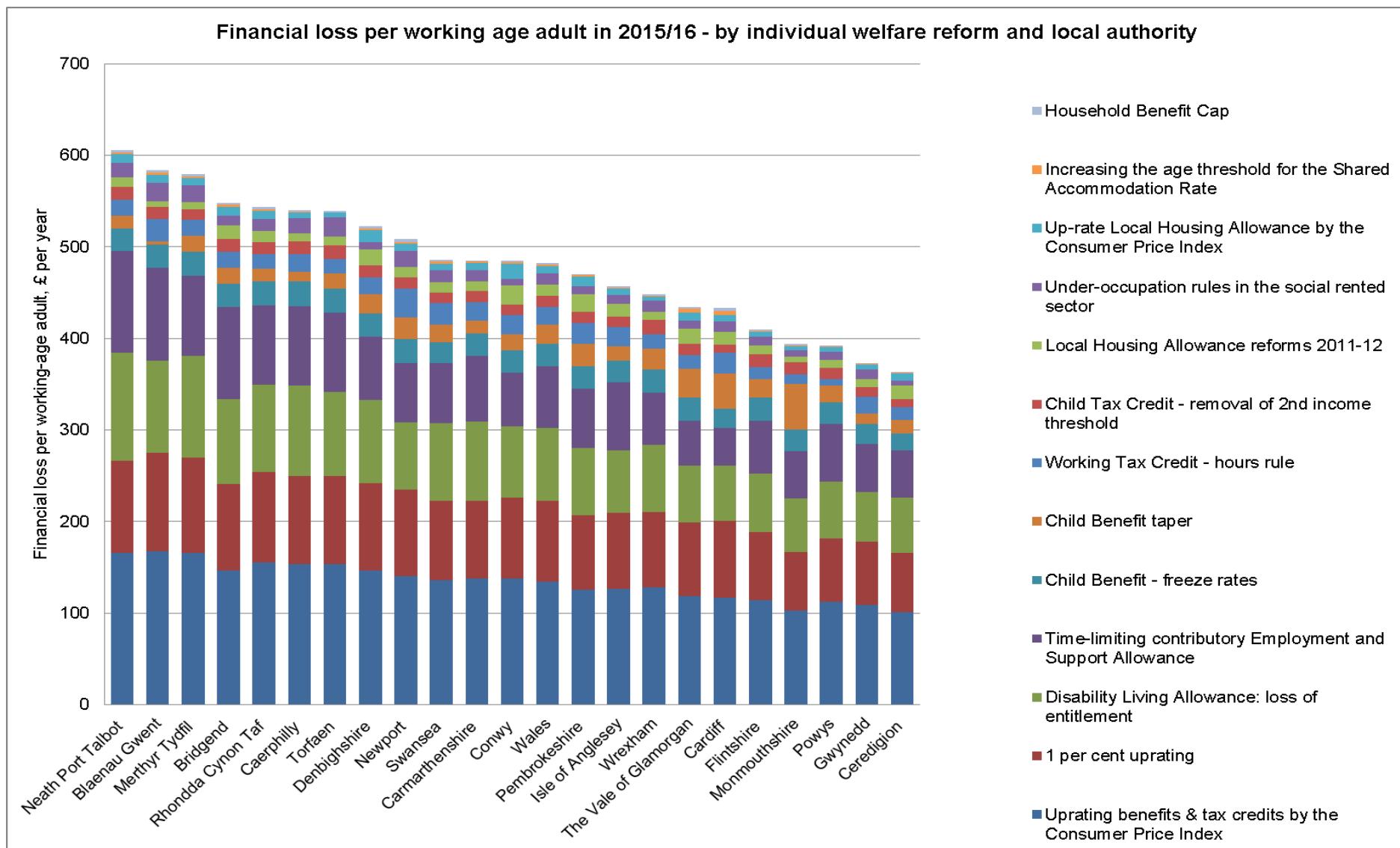
Rank	Local authority area	Total loss £m per year	% of total loss in Wales	% of total working-age population in Wales
	WALES	928	100	100
1.	Cardiff	103	11	12
2.	Rhondda Cynon Taf	81	9	8
3.	Swansea	75	8	8
4.	Caerphilly	61	7	6
5.	Carmarthenshire	54	6	6
6.	Neath Port Talbot	54	6	5
7.	Bridgend	48	5	5
8.	Newport	47	5	5
9.	Flintshire	39	4	5
10.	Wrexham	39	4	4
11.	Pembrokeshire	34	4	4
12.	The Vale of Glamorgan	34	4	4
13.	Conwy	33	4	3
14.	Torfaen	31	3	3
15.	Powys	31	3	4
16.	Denbighshire	30	3	3
17.	Gwynedd	28	3	4
18.	Blaenau Gwent	26	3	2
19.	Monmouthshire	22	2	3
20.	Merthyr Tydfil	22	2	2
21.	Isle of Anglesey	19	2	2
22.	Ceredigion	18	2	3

- To put the above total losses into context, it is useful to express them as a proportion of GDHI. As mentioned above, although GDHI data is not available at a local authority level, it is available at a NUTS3 level. As summarised in the table overleaf, the total income loss in each area varies

from 1% (Powys) to 3% (Bridgend and Neath Port Talbot, Central Valleys and Gwent Valleys) of GDHI. The total income loss for Wales as a whole is equivalent to 2% of GDHI.

Area	Total income loss (£ million)	Total income loss as a percentage of gross disposable household income⁶
Central Valleys (Merthyr Tydfil and Rhondda Cynon Taf)	103	3%
Gwent Valleys (Blaenau Gwent, Caerphilly and Torfaen)	118	3%
Bridgend and Neath Port Talbot	102	3%
Swansea	75	2%
Conwy and Denbighshire	62	2%
South West Wales (Carmarthenshire, Ceredigion and Pembrokeshire)	106	2%
Cardiff and the Vale of Glamorgan	137	2%
Monmouthshire and Newport	69	2%
Flintshire and Wrexham	78	2%
Isle of Anglesey	19	2%
Gwynedd	28	2%
Powys	31	1%
WALES	928	2%

⁶ Gross disposable household income figures are based on 2011 data (source: Stats Wales) uprated to 2015/16 prices using forecast growth in incomes (source: OBR – Economic and fiscal outlook – December 2013).



Aggregate annual impact of welfare reform (2015/16)

Population weighted map

Local Authorities are in proportion to their population

10,000 people

2,500 people

Financial loss per working-age adult £ per year

360 - 399

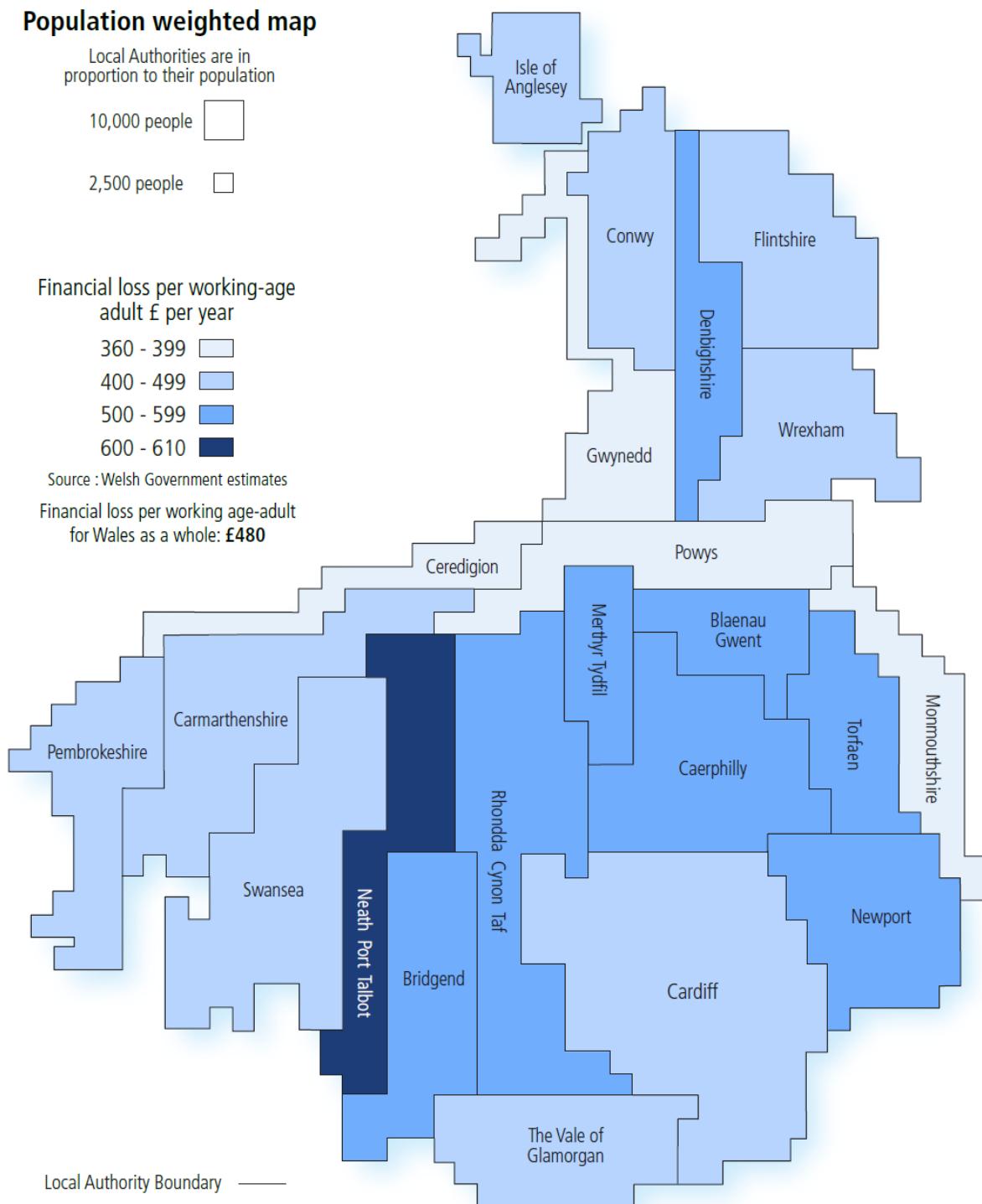
400 - 499

500 - 599

600 - 610

Source : Welsh Government estimates

Financial loss per working age-adult for Wales as a whole: £480



© Crown copyright 2013
Cartographics • Welsh Government
ML/197/13.14

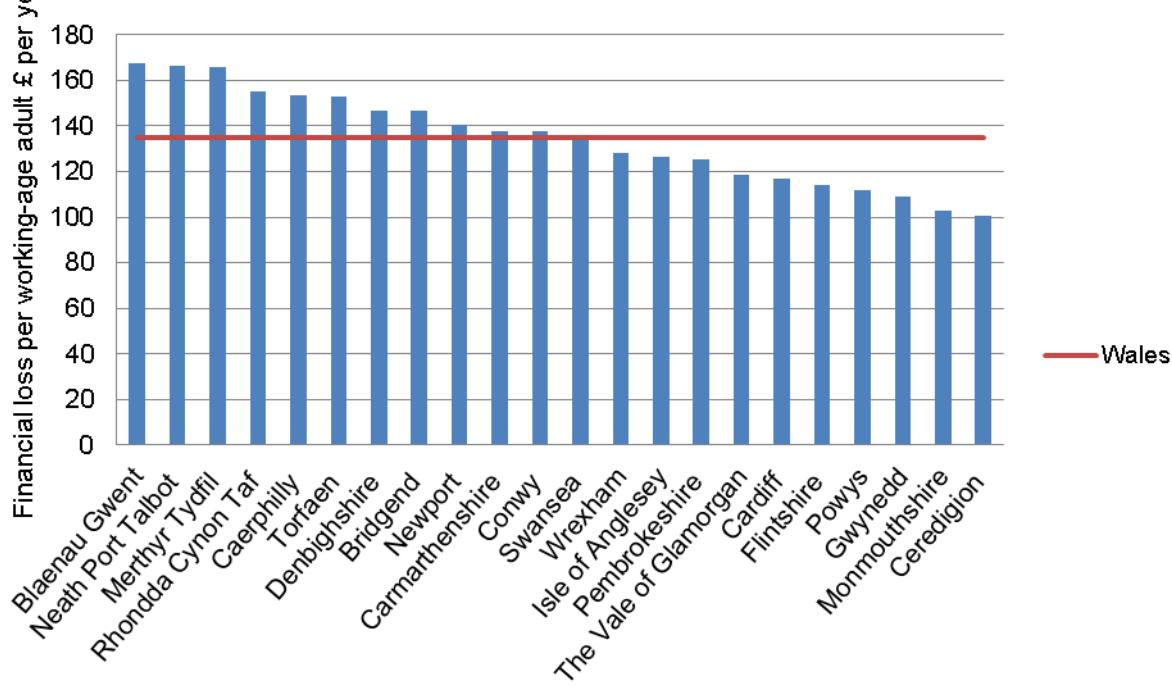
December 2013

Switch to indexing almost all benefits and tax credits to the Consumer Price Index (CPI) rather than the Retail Price Index (RPI) or Rossi Index

Prior to April 2011, most benefits and tax credits were up-rated by the RPI or the Rossi Index. Since then, the up-rating policy has switched to the generally lower CPI.

Rank	Local authority area	Income loss per working-age adult £ per year	Number of claimants / households affected	Average financial loss per losing claimant / household £ per year	Income loss £m per year
1.	Blaenau Gwent	168			7
2.	Neath Port Talbot	166			15
3.	Merthyr Tydfil	166			6
4.	Rhondda Cynon Taf	155			23
5.	Caerphilly	153			17
6.	Torfaen	153			9
7.	Denbighshire	147			8
8.	Bridgend	147			13
9.	Newport	140			13
10.	Carmarthenshire	138			15
11.	Conwy	138			9
12.	Swansea	136			21
	Wales	135			260
13.	Wrexham	128			11
14.	Isle of Anglesey	127			5
15.	Pembrokeshire	125			9
16.	The Vale of Glamorgan	118			9
17.	Cardiff	117			28
18.	Flintshire	114			11
19.	Powys	112			9
20.	Gwynedd	109			8
21.	Monmouthshire	103			6
22.	Ceredigion	101			5

Switch to indexing almost all benefits and tax credits to the CPI rather than the RPI or Rossi index



- The above ranking of local authority areas according to how hard they are hit by the indexation change is very similar to the rank order of local authorities by working-age claimant rates (page 77, **Annex 1**).
- As expected, those areas that are worst affected are those with the highest benefit claimant rates (over 23% of the working-age population).
- On the other hand, those areas that are least affected are those with the lowest benefit claimant rates (less than 13% of the working-age population).

Switch to indexing most benefits and tax credits by CPI (instead of RPI or Rossi)

Population weighted map

Local Authorities are in proportion to their population

10,000 people 

2,500 people 

Financial loss per working-age adult £ per year

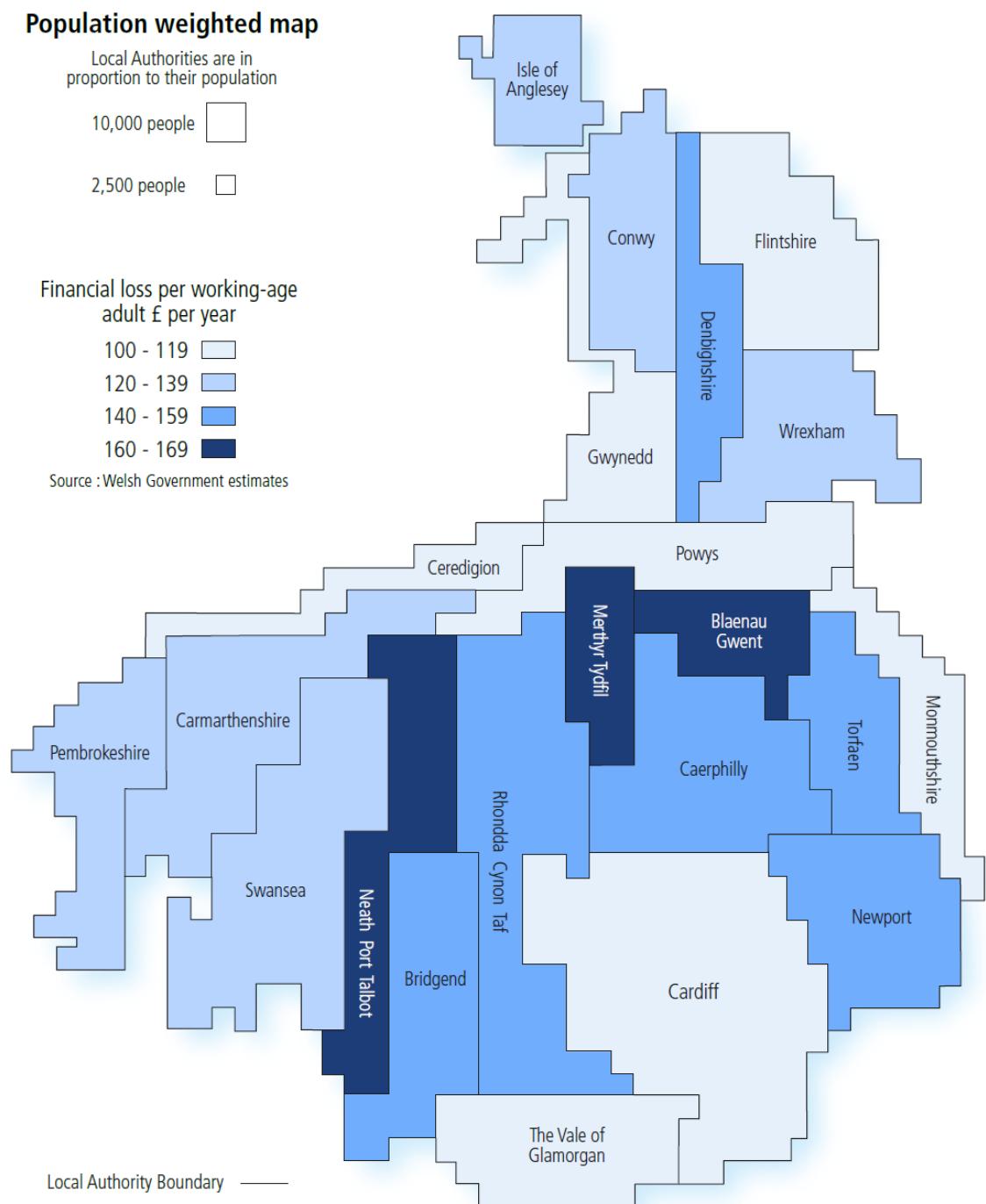
100 - 119 

120 - 139 

140 - 159 

160 - 169 

Source : Welsh Government estimates



© Crown copyright 2013
Cartographics • Welsh Government
ML/197/13.14

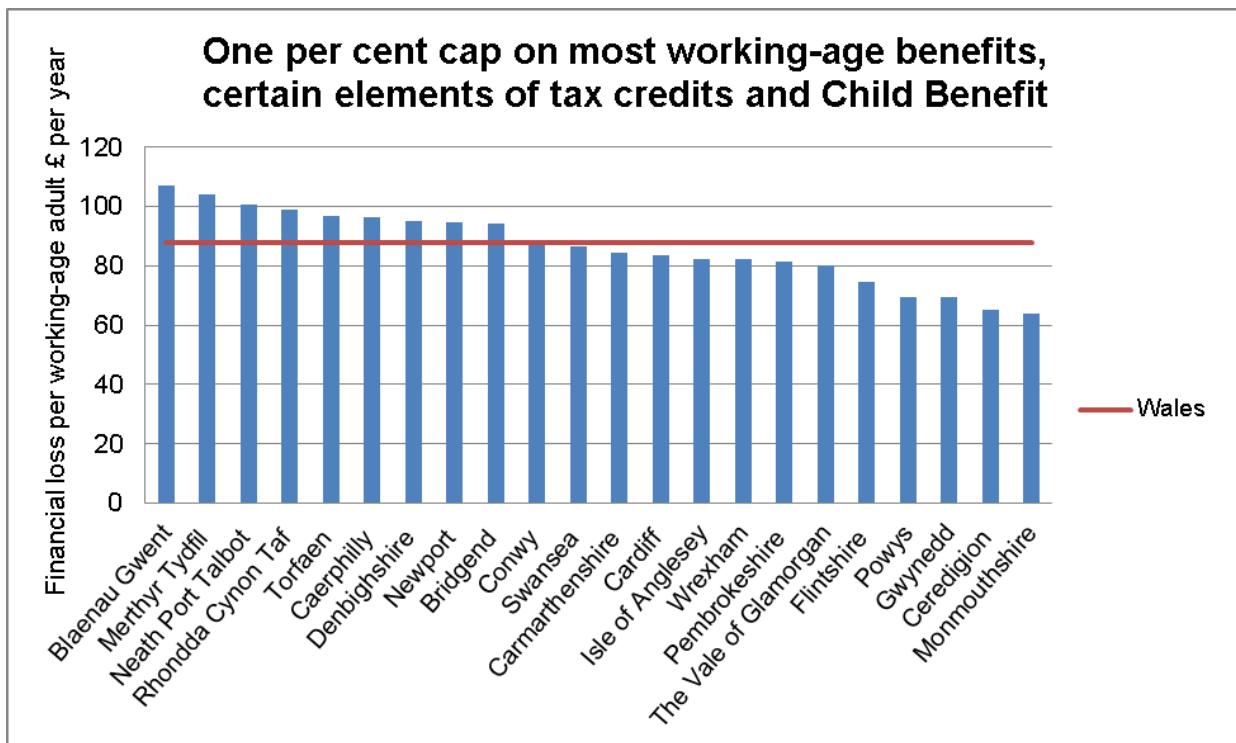
November 2013

One per cent cap on most working-age benefits, certain elements of tax credits and Child Benefit (CB)

The following working-age benefits and tax credits have increased by 1 per cent this year (2013/14), and this uprating will also apply for the next two years: the main working-age rates of IS, JSA, ESA and HB; the Work-Related Activity Group (WRAG) component of ESA; the couple and lone parent elements of WTC and the child element of CTC; the corresponding elements of UC; and, Statutory Sick Pay and standard rate elements of Statutory Maternity Pay, Statutory Paternity Pay, Statutory Adoption Pay, and Maternity Allowance. This policy does not apply to the premia within these benefits relating to disability, pensioners, and caring responsibilities, the Support Group component of ESA, or the disability elements in tax credits, which will be up-rated as usual. CB and LHA⁷ will increase by 1 per cent for two years from 2014–15.

Rank	Local authority area	Income loss per working-age adult £ per year	Number of households affected	Average financial loss per losing household £ per year	Income loss £m per year
1.	Blaenau Gwent	107	N/A	Working-age discretionary benefits, tax credits and CB: £156 (source: DWP 2013a)	5
2.	Merthyr Tydfil	104			4
3.	Neath Port Talbot	101			9
4.	Rhondda Cynon Taf	99			15
5.	Torfaen	97			6
6.	Caerphilly	96			11
7.	Denbighshire	95			5
8.	Newport	95			9
9.	Bridgend	94			8
10.	Conwy	89			6
	Wales	88			170
11.	Swansea	87			13
12.	Carmarthenshire	85			9
13.	Cardiff	83			20
14.	Isle of Anglesey	82			3
15.	Wrexham	82			7
16.	Pembrokeshire	82			6
17.	The Vale of Glamorgan	80			6
18.	Flintshire	74		LHA rates: £156 (source: DWP 2013h)	7
19.	Powys	70			5
20.	Gwynedd	69			5
21.	Ceredigion	65			3
22.	Monmouthshire	64			4

⁷ Thirty per cent of the savings from this measure will be used to increase LHA rates by more than 1 per cent in areas where accommodation is at risk of becoming unaffordable. This funding is referred to as the Targeted Affordability Fund. This analysis excludes the impact of this funding. Further information can be found in Annex 2.



- The largest financial losses per working-age adult occur in those local authority areas that have a high proportion of the population claiming the benefits and tax credits affected by the 1 per cent cap (i.e. IS, JSA, ESA, HB, CB, WTC and CTC). Pages 77-78 in **Annex 1** shows that the worst/least affected areas generally align with those areas with the highest/lowest benefit and tax credit claimant rates.

1 per cent uprating

Population weighted map

Local Authorities are in proportion to their population

10,000 people

2,500 people

Financial loss per working-age adult £ per year

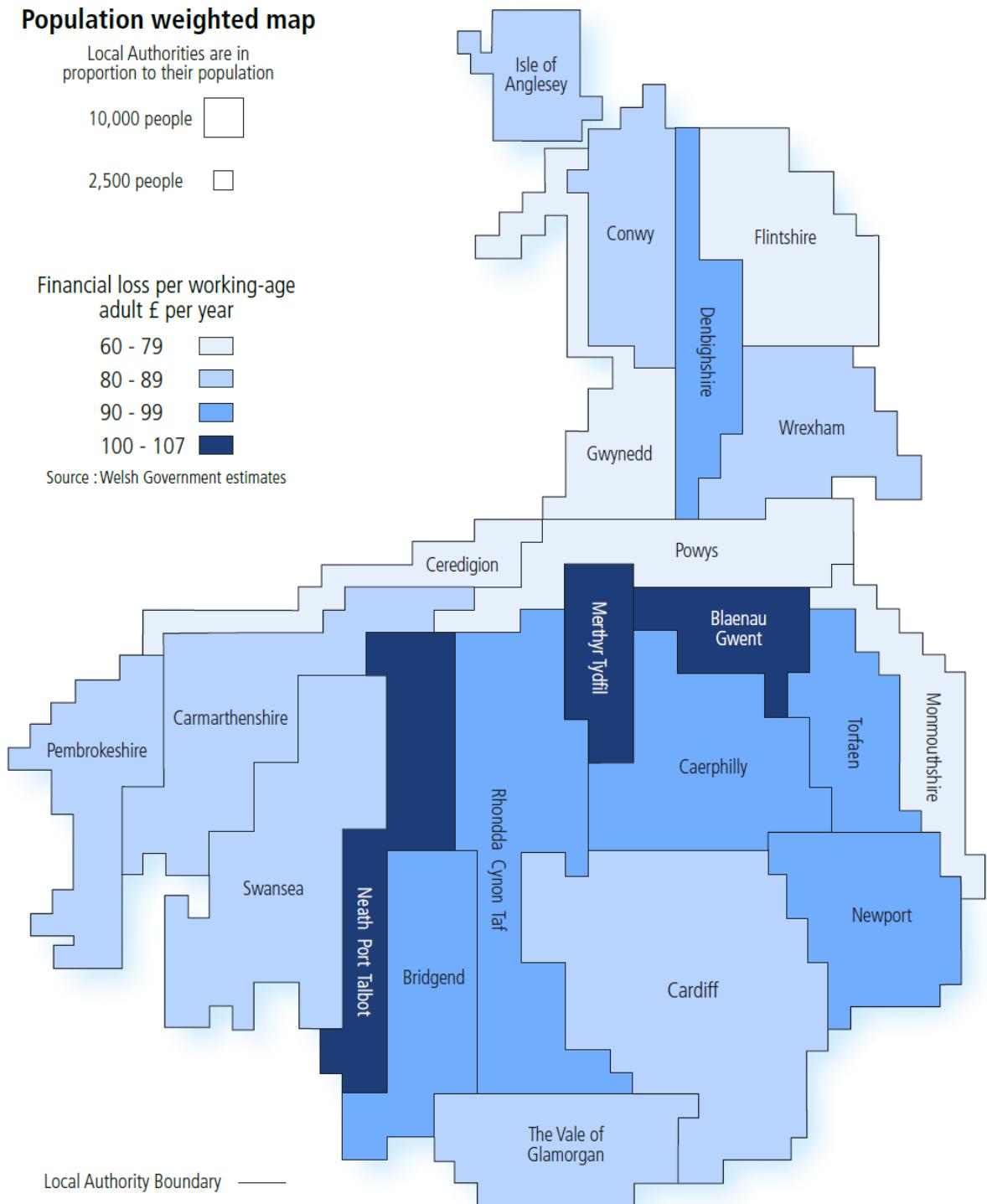
60 - 79

80 - 89

90 - 99

100 - 107

Source : Welsh Government estimates



© Crown copyright 2013
Cartographics • Welsh Government
ML/197/13.14

November 2013

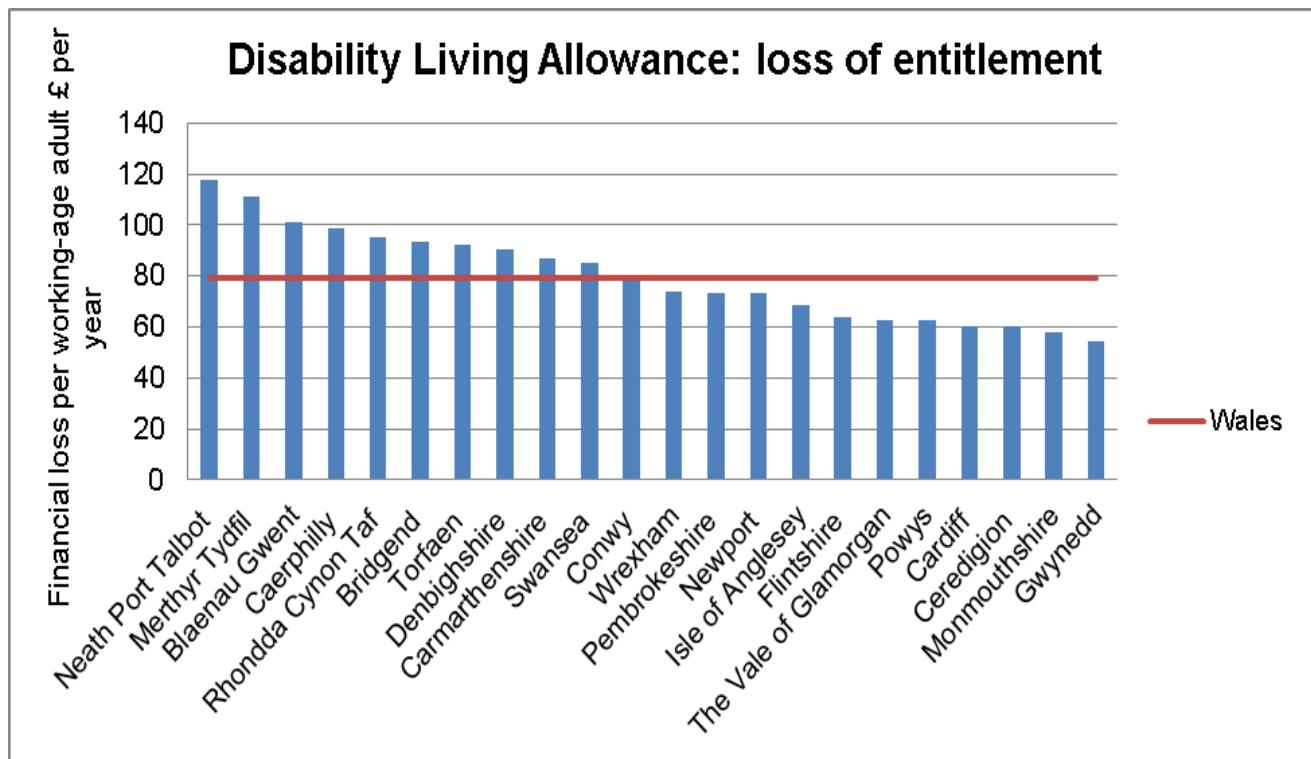
Disability Living Allowance (DLA): Loss of entitlement⁸

DLA is a benefit that provides a cash contribution towards the extra costs of needs arising from an impairment or health condition. It is a tax-free, non-means-tested and non-contributory benefit, and is payable regardless of employment status. DLA will be replaced by PIP, which has been introduced for 16 to 64-year-olds from April 2013, in a phased approach. In Wales, new claims to PIP have been taken since June 2013 and existing DLA claimants have started to be moved over to PIP since October 2013. Like DLA, PIP has two components (daily living component and a mobility component). However, each component will have two rates (the standard rate and the enhanced rate) rather than three.

Rank	Local authority area	Income loss per working-age adult £ per year	Number of claimants affected (proportion of working-age population ⁹ in each LA)	Average loss per losing claimant £ per year	Income loss £m per year
1.	Neath Port Talbot	117	2,900 (3%)	10	
2.	Merthyr Tydfil	111	1,200 (3%)	4	
3.	Blaenau Gwent	101	1,200 (3%)	4	
4.	Caerphilly	99	3,100 (3%)	11	
5.	Rhondda Cynon Taf	95	4,000 (3%)	14	
6.	Bridgend	93	2,300 (3%)	8	
7.	Torfaen	92	1,500 (3%)	5	
8.	Denbighshire	91	1,400 (3%)	5	
9.	Carmarthenshire	87	2,700 (2%)	10	
10.	Swansea	85	3,600 (2%)	13	
	Wales	79	42,500 (2%)	153	
11.	Conwy	78	1,500 (2%)	5	
12.	Wrexham	74	1,800 (2%)	6	
13.	Pembrokeshire	73	1,500 (2%)	5	
14.	Newport	73	1,900 (2%)	7	
15.	Isle of Anglesey	69	800 (2%)	3	
16.	Flintshire	64	1,700 (2%)	6	
17.	The Vale of Glamorgan	63	1,400 (2%)	5	
18.	Powys	63	1,400 (2%)	5	
19.	Cardiff	61	4,000 (2%)	14	
20.	Ceredigion	60	800 (2%)	3	
21.	Monmouthshire	58	900 (2%)	3	
22.	Gwynedd	54	1,100 (1%)	4	

⁸ This only includes the impact on those who lose all of their entitlement. These estimates therefore exclude the impact on those who will have an increased, decreased or unchanged award.

⁹ Based on 16-64 population projections for 2018 given that the number of claimants affected relates to October 2018.



- Neath Port Talbot, Merthyr Tydfil and Blaenau Gwent are estimated to be the hardest hit local authority areas in Wales by the loss of entitlement to DLA following the introduction of PIP. This reflects the fact that they have the highest working-age DLA claimant rates amongst all local authorities in Wales (over 9.0%).
- Similarly, Ceredigion, Monmouthshire and Gwynedd are least affected by this reform reflecting their relatively low working-age DLA claimant rates (5.5% or less).

Disability Living Allowance: Loss of entitlement

Population weighted map

Local Authorities are in proportion to their population

10,000 people 

2,500 people 

Financial loss per working-age
adult £ per year

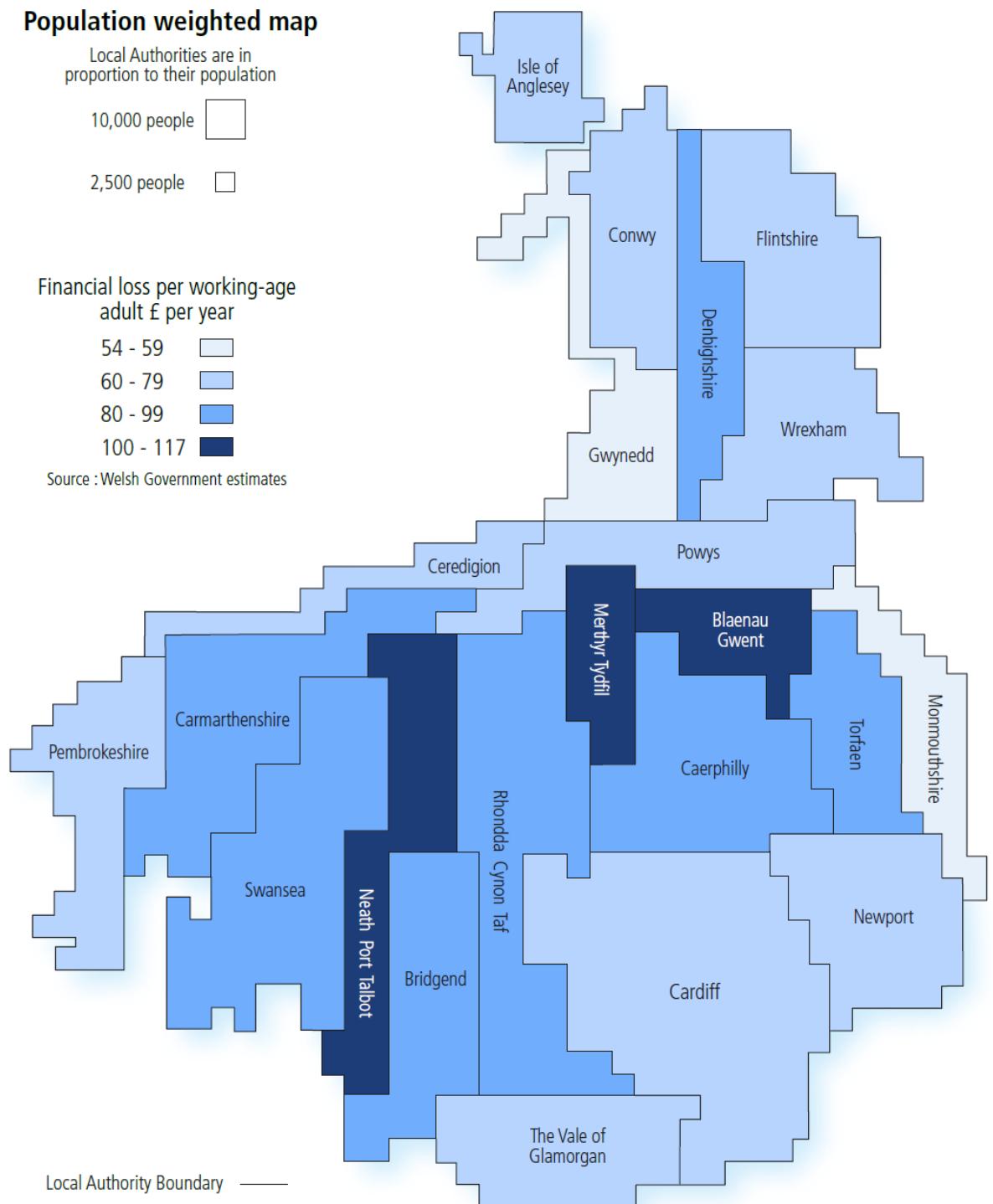
54 - 59 

60 - 79 

80 - 99 

100 - 117 

Source : Welsh Government estimates



© Crown copyright 2013
Cartographics • Welsh Government
ML/197/13.14
November 2013

Time-limiting contributory Employment and Support Allowance (ESA) to one year for those in the Work-Related Activity Group (WRAG)

In October 2008, pre-existing benefits paid on grounds of incapacity and disability, that is IB, SDA and IS, were replaced with ESA for all new claimants. Starting from October 2010, most claimants who receive IB, SDA and IS paid on the grounds of illness or disability will be assessed to see if they qualify for ESA. Whether as part of a new claim or the reassessment of incapacity benefit, a key part of the ESA regime is the Work Capability Assessment (WCA) process, which is used to assess capability for work and eligibility for benefit.

Individuals can be found fit for work – their claim closes and the claimant can move to JSA or the claim remains open pending recourse against the decision, via reconsideration from DWP or appeal to Her Majesty's Courts and Tribunal Service.

Individuals can be found to have Limited Capability for Work (LCW) – they are allowed the benefit and placed in the WRAG. Those in this group are not expected to work, but are provided with help and support to prepare for work where possible.

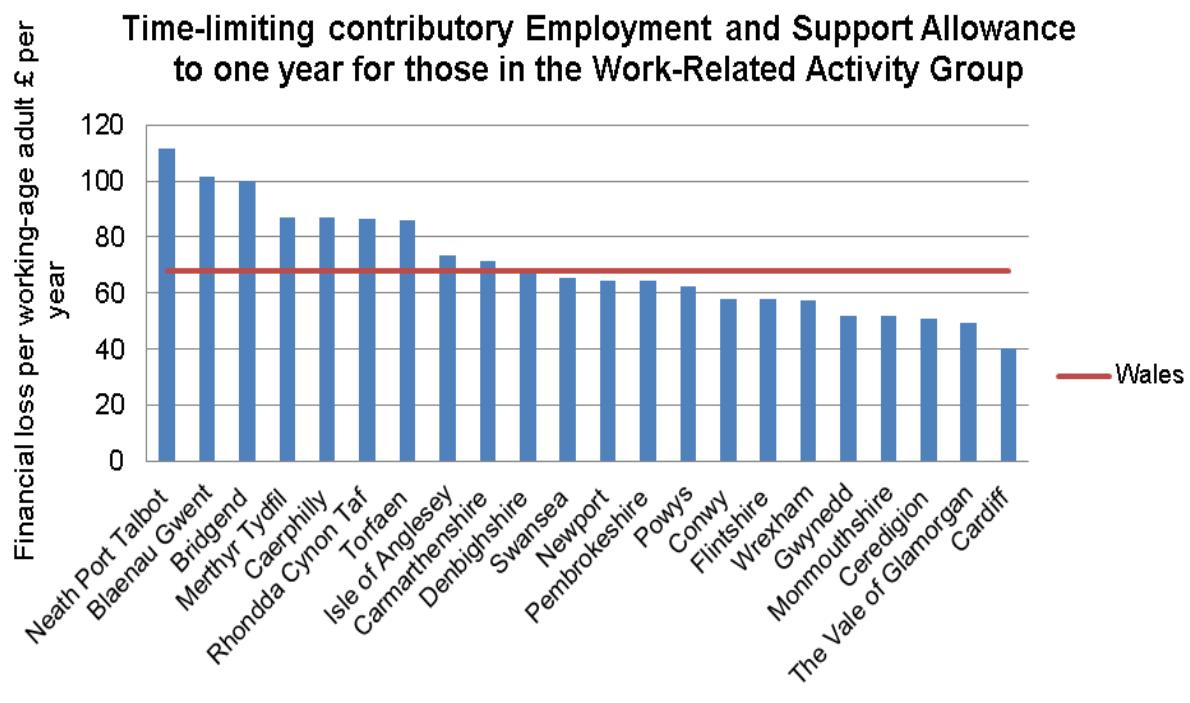
Individuals can be found to have Limited Capability for Work and Work-Related Activity (LCWRA) – they are allowed the benefit and placed in the Support Group. Those in this group have the most severe functional impairments and so are provided with unconditional support.

There are two types of ESA. Income-based ESA is a means-tested benefit that is available to people who are deemed unable to work but who do not have sufficient NI contributions. Claimants must have household savings of under £16,000 and their partner cannot be in employment for more than 24 hours per week. Contributions-based ESA is a non-means-tested benefit that is payable to people who are deemed unable to work and who have made sufficient NI contributions.

Since May 2012, the Welfare Reform Act 2012 introduced a time limit to contributory ESA of 12 months for those in the WRAG.

Rank	Local authority area	Income loss per working-age adult £ per year	Number of claimants affected (proportion of working-age population ¹⁰ in each LA)	Average loss per losing claimant £ per year	Income loss £m per year
1.	Neath Port Talbot	111	4,200 (5%)		10
2.	Blaenau Gwent	101	1,900 (4%)		5
3.	Bridgend	100	3,700 (4%)		9
4.	Merthyr Tydfil	87	1,400 (4%)		3
5.	Caerphilly	87	4,200 (4%)		10
6.	Rhondda Cynon Taf	87	5,500 (4%)		13
7.	Torfaen	86	2,100 (4%)		5
8.	Isle of Anglesey	74	1,300 (3%)		3
9.	Carmarthenshire	72	3,400 (3%)		8
10.	Denbighshire	69	1,700 (3%)		4
	Wales	68	56,000 (3%)		132
11.	Swansea	65	4,300 (3%)	£2,390	10
12.	Newport	65	2,500 (3%)		6
13.	Pembrokeshire	65	2,000 (3%)		5
14.	Powys	63	2,100 (3%)		5
15.	Conwy	58	1,700 (3%)		4
16.	Flintshire	58	2,400 (3%)		6
17.	Wrexham	57	2,100 (2%)		5
18.	Gwynedd	52	1,700 (2%)		4
19.	Monmouthshire	52	1,200 (2%)		3
20.	Ceredigion	51	1,000 (2%)		2
21.	The Vale of Glamorgan	49	1,700 (2%)		4
22.	Cardiff	41	4,100 (2%)		10

¹⁰ Based on 16-64 population projections for 2016 given that the number of claimants affected relates to 2015/16.



- Neath Port Talbot, Blaenau Gwent and Bridgend are estimated to be the hardest hit local authority areas in Wales by the time-limiting of contributory ESA to one year for those in the Work-Related Activity Group. This reflects the fact that among all Welsh local authorities, they have the highest proportions of the working-age population claiming ESA.
- The local authority areas that are the worst affected by this reform are also the hardest hit by loss of entitlement to DLA. This is because nearly two thirds of claimants receiving DLA as their main benefit are also in receipt of IB/ESA.
- Ceredigion, the Vale of Glamorgan and Cardiff are least affected by the time-limiting of contributory ESA reflecting their relatively low ESA claimant rates.

Contributory Employment and Support Allowance: Time-limiting to one-year for those in the Work-Related Activity Group

Population weighted map

Local Authorities are in proportion to their population

10,000 people 

2,500 people 

Financial loss per working-age adult £ per year

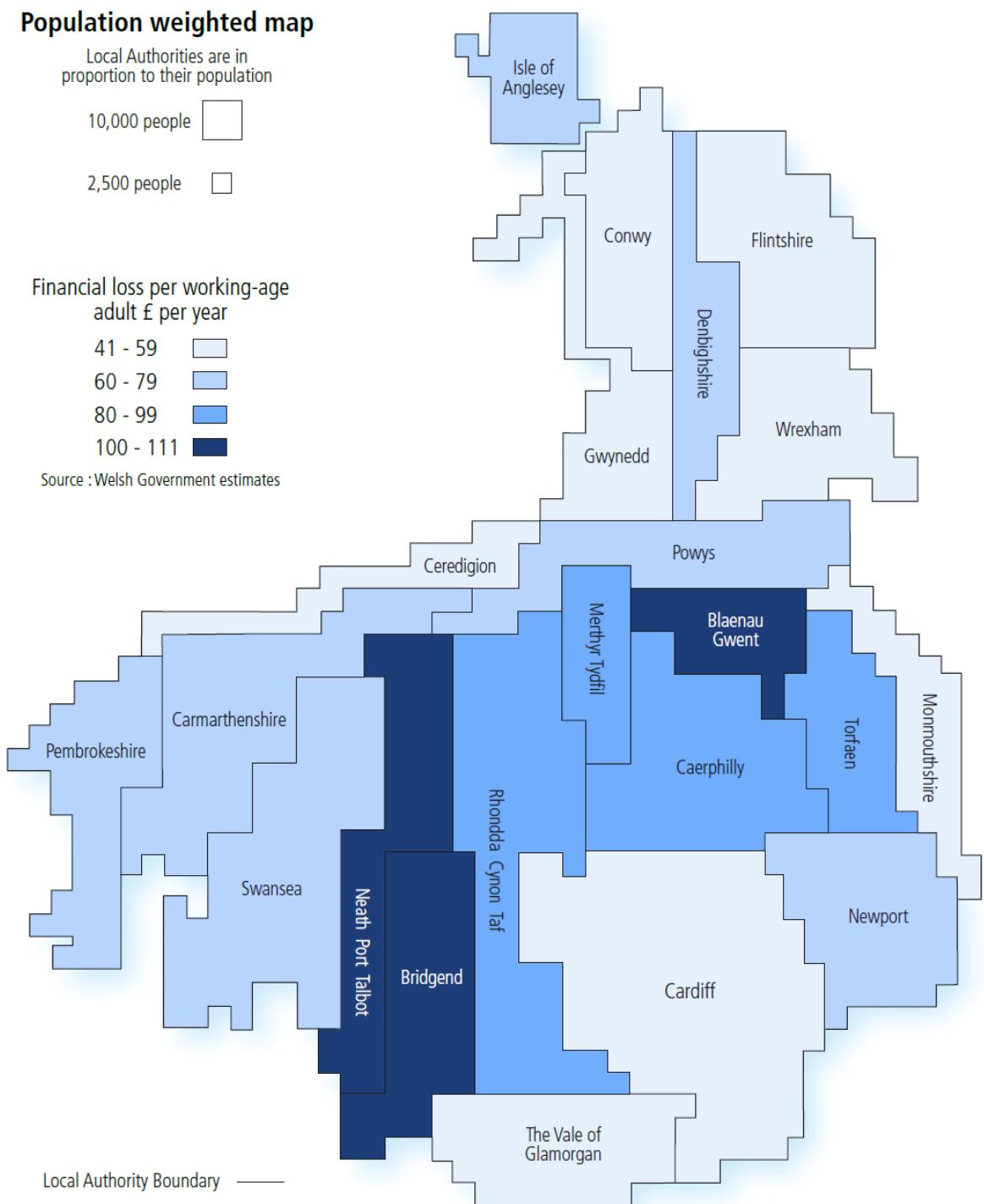
41 - 59 

60 - 79 

80 - 99 

100 - 111 

Source : Welsh Government estimates



© Crown copyright 2013
Cartographics • Welsh Government
ML197/13.14

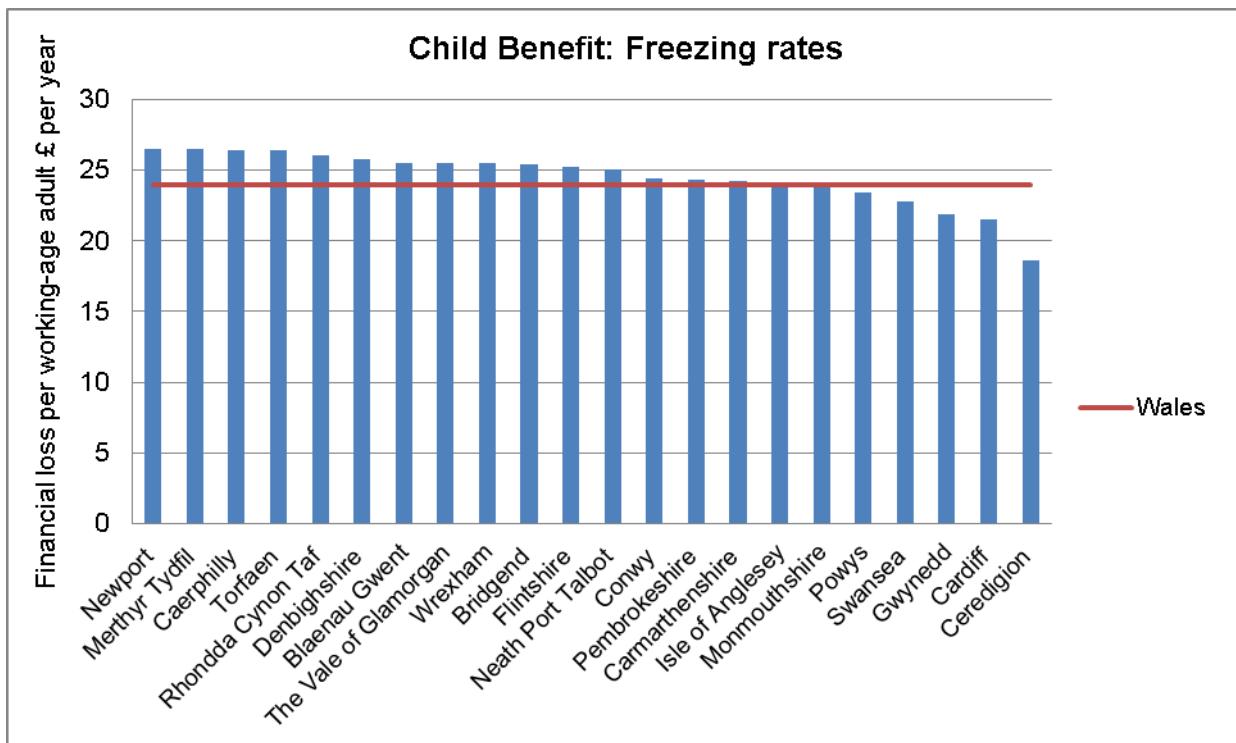
November 2013

Child Benefit (CB): Freezing rates¹¹

Since April 2011, CB rates have been frozen. This will continue until 2013-14.

Rank	Local authority area	Income loss per working-age adult £ per year	Number of families affected (proportion of total CB claimant families in each LA)	Average loss per losing family £ per year	Income loss £m per year
1.	Newport	26	19,400 (100%)		2
2.	Merthyr Tydfil	26	7,900 (100%)		1
3.	Caerphilly	26	23,800 (100%)		3
4.	Torfaen	26	12,000 (100%)		2
5.	Rhondda Cynon Taf	26	30,900 (100%)		4
6.	Denbighshire	26	11,600 (100%)		1
7.	Blaenau Gwent	26	9,000 (100%)		1
8.	The Vale of Glamorgan	26	16,000 (100%)		2
9.	Wrexham	25	17,400 (100%)		2
10.	Bridgend	25	17,800 (100%)		2
11.	Flintshire	25	19,200 (100%)		2
12.	Neath Port Talbot	25	17,600 (100%)		2
13.	Conwy	24	13,100 (100%)		2
14.	Pembrokeshire	24	14,100 (100%)		2
	Wales	24	373,000 (100%)		47
15.	Carmarthenshire	24	21,500 (100%)		3
16.	Isle of Anglesey	24	8,000 (100%)		1
17.	Monmouthshire	24	10,500 (100%)		1
18.	Powys	23	14,600 (100%)		2
19.	Swansea	23	27,900 (100%)		4
20.	Gwynedd	22	13,000 (100%)		2
21.	Cardiff	22	40,700 (100%)		5
22.	Ceredigion	19	7,200 (100%)		1

¹¹ As announced in the Autumn Statement 2012, Child Benefit will increase by 1 per cent for two years from 2014-15.



- This is one of the reforms that has the least variation in the impact across local authority areas. This is because CB is not means-tested below the £50,000 income threshold and so entitlement is not skewed towards deprived areas. Take-up of the benefit is also high (96 per cent, 2010-11¹²).
- In addition, the proportion of the population aged under 16 in each local authority area is not substantially different ranging from 15% (Ceredigion) to 20% (Caerphilly and Newport).
- Apart from Ceredigion, which has the lowest proportion of working-age households that are claiming CB (30%), the equivalent proportions for the remaining local authorities do not vary substantially ranging from 35-43%. The worst (least) affected local authority areas are those with the highest (lowest) proportion of working age-households claiming CB.

¹² HMRC (2012b) Child Benefit, Child Tax Credit and Working Tax Credit Take-up Rates 2010-11

Child Benefit: Freezing rates

Population weighted map

Local Authorities are in proportion to their population

10,000 people 

2,500 people 

Financial loss per working-age adult £ per year

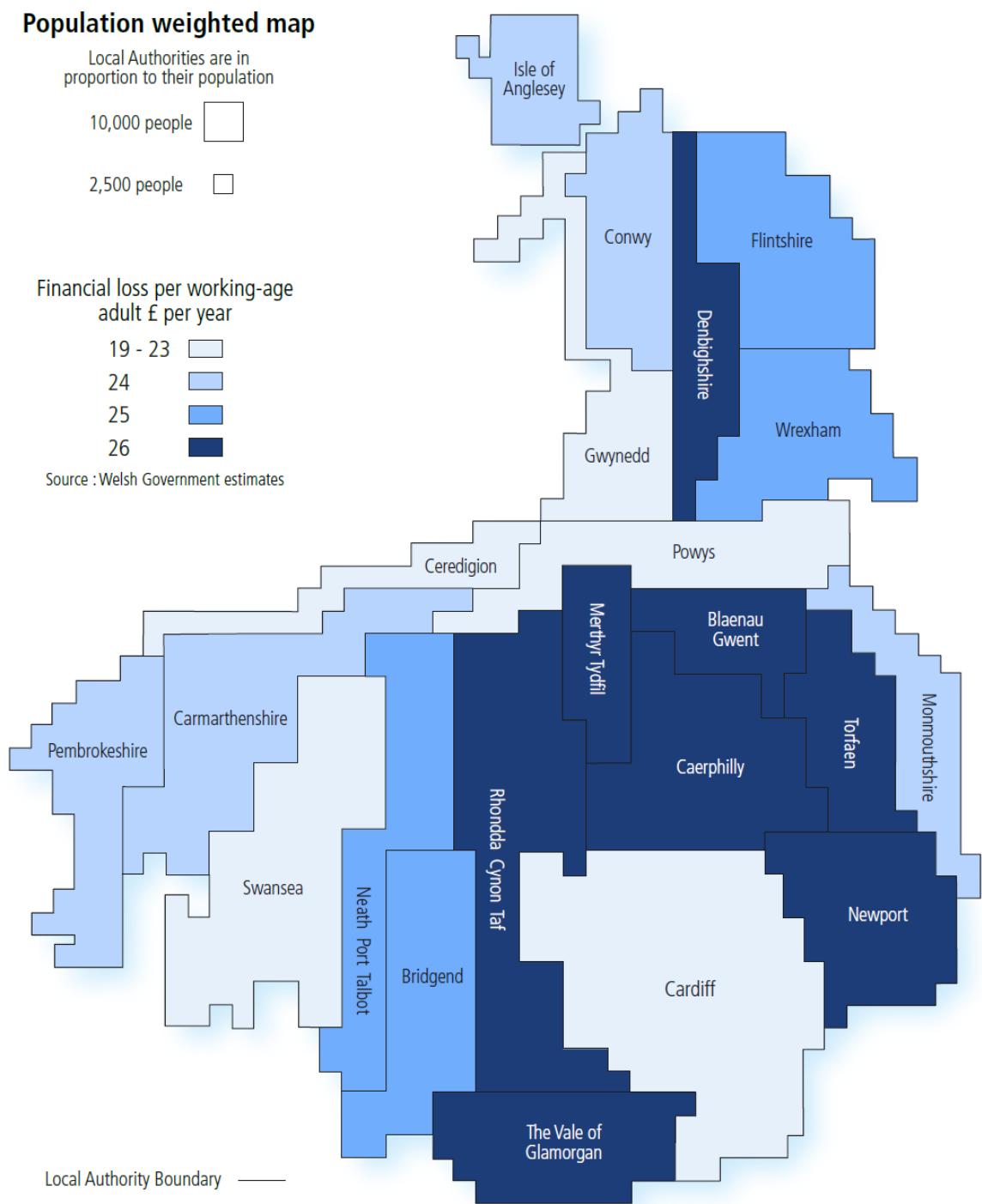
19 - 23 

24 

25 

26 

Source : Welsh Government estimates

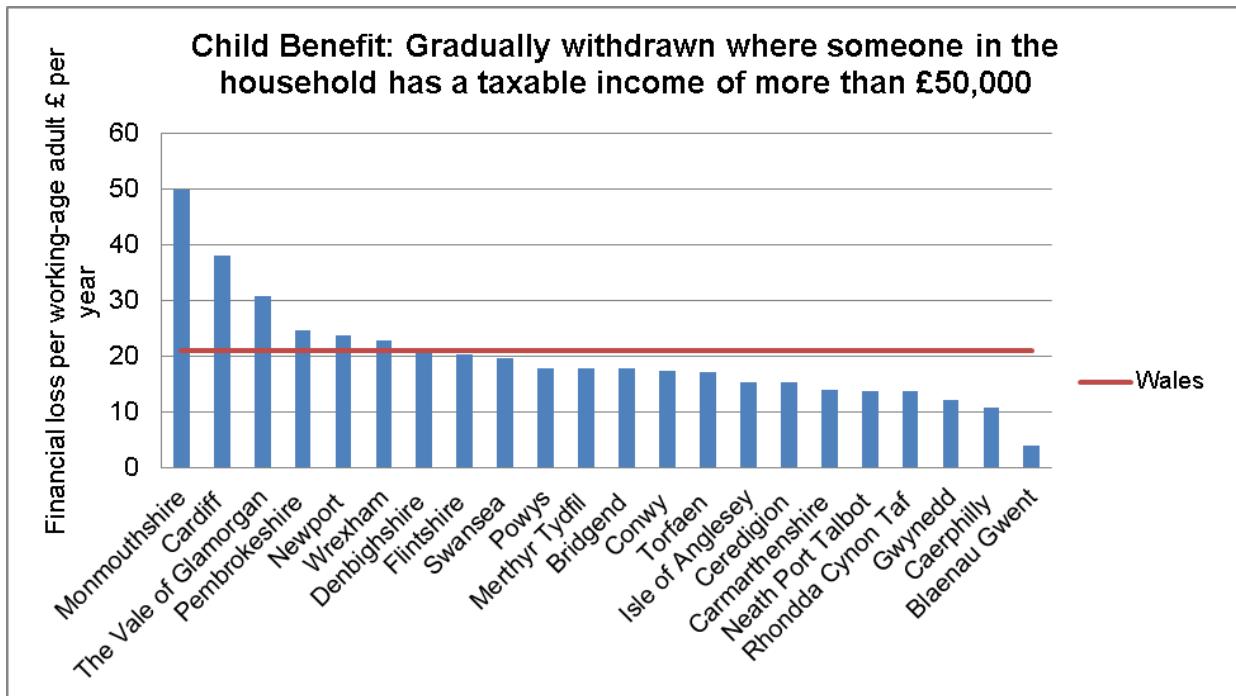


© Crown copyright 2013
Cartographics • Welsh Government
ML/197/13.14
November 2013

Child Benefit (CB): Gradually withdrawn where someone in the household has a taxable income of more than £50,000

From January 2013, CB has been withdrawn where someone in the household has a taxable income of more than £50,000. Via changes to income tax, it has been withdrawn at 1 per cent for every £100 earned over £50,000.

Rank	Local authority area	Income loss per working-age adult £ per year	Number of families affected (proportion of total CB claimant families in each LA)	Average loss per losing family £ per year	Income loss £m per year
1.	Monmouthshire	50	2,100 (20%)		2.8
2.	Cardiff	38	6,900 (17%)		9.0
3.	The Vale of Glamorgan	31	1,900 (12%)		2.4
4.	Pembrokeshire	25	1,400 (10%)		1.8
5.	Newport	24	1,700 (9%)		2.2
6.	Wrexham	23	1,500 (9%)		2.0
	Wales	21	31,000 (8%)		41.0
7.	Denbighshire	21	900 (8%)		1.2
8.	Flintshire	20	1,500 (8%)		1.9
9.	Swansea	20	2,300 (8%)		3.0
10.	Powys	18	1,100 (7%)		1.4
11.	Merthyr Tydfil	18	500 (7%)		0.7
12.	Bridgend	18	1,200 (7%)		1.6
13.	Conwy	17	900 (7%)		1.2
14.	Torfaen	17	800 (6%)		1.0
15.	Isle of Anglesey	15	500 (6%)		0.6
16.	Ceredigion	15	600 (8%)		0.7
17.	Carmarthenshire	14	1,200 (6%)		1.6
18.	Neath Port Talbot	14	900 (5%)		1.2
19.	Rhondda Cynon Taf	14	1,600 (5%)		2.0
20.	Gwynedd	12	700 (5%)		0.9
21.	Caerphilly	11	900 (4%)		1.2
22.	Blaenau Gwent	4	100 (1%)		0.2
				£1,300	



- This reform affects CB claimant households where one member has a taxable income of more than £50,000.
- As expected, the local authority areas worst affected by this reform are those with higher than average proportions of employee jobs in their area earning more than £50,000. For example, out of all Welsh local authority areas, Monmouthshire, the hardest hit area by this reform, has the highest proportion of employee jobs earning more than £50,000 (8.5% compared to 4.3% for Wales as a whole).
- Gwynedd, Caerphilly and Blaenau Gwent are the least affected by this reform. This reflects the relatively low proportion of employee jobs in each area earning more than £50,000 (2.5% or less).

Child Benefit: Taper away from families containing someone earning more than £50,000

Population weighted map

Local Authorities are in proportion to their population

10,000 people 

2,500 people 

Financial loss per working-age adult £ per year

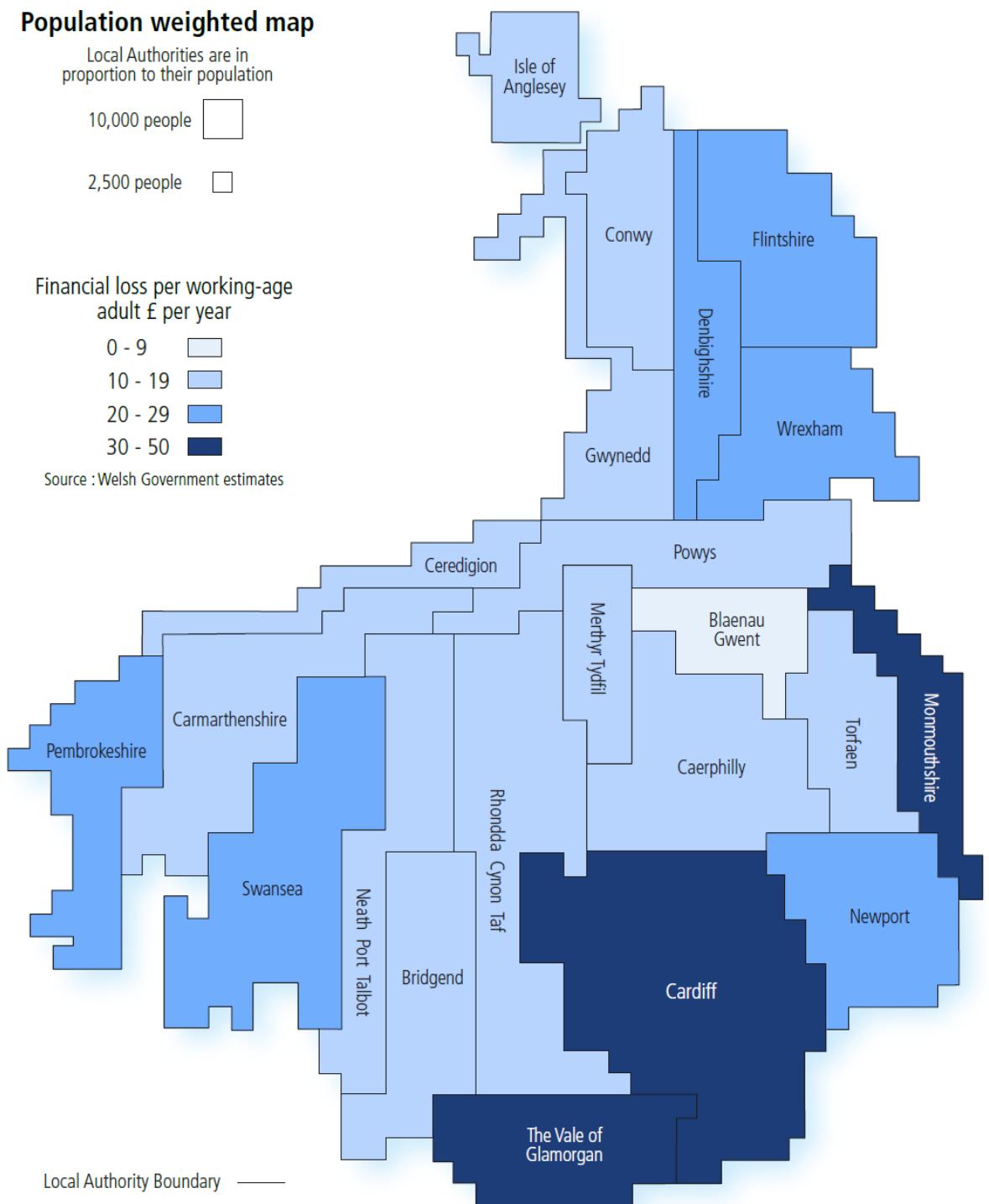
0 - 9 

10 - 19 

20 - 29 

30 - 50 

Source : Welsh Government estimates



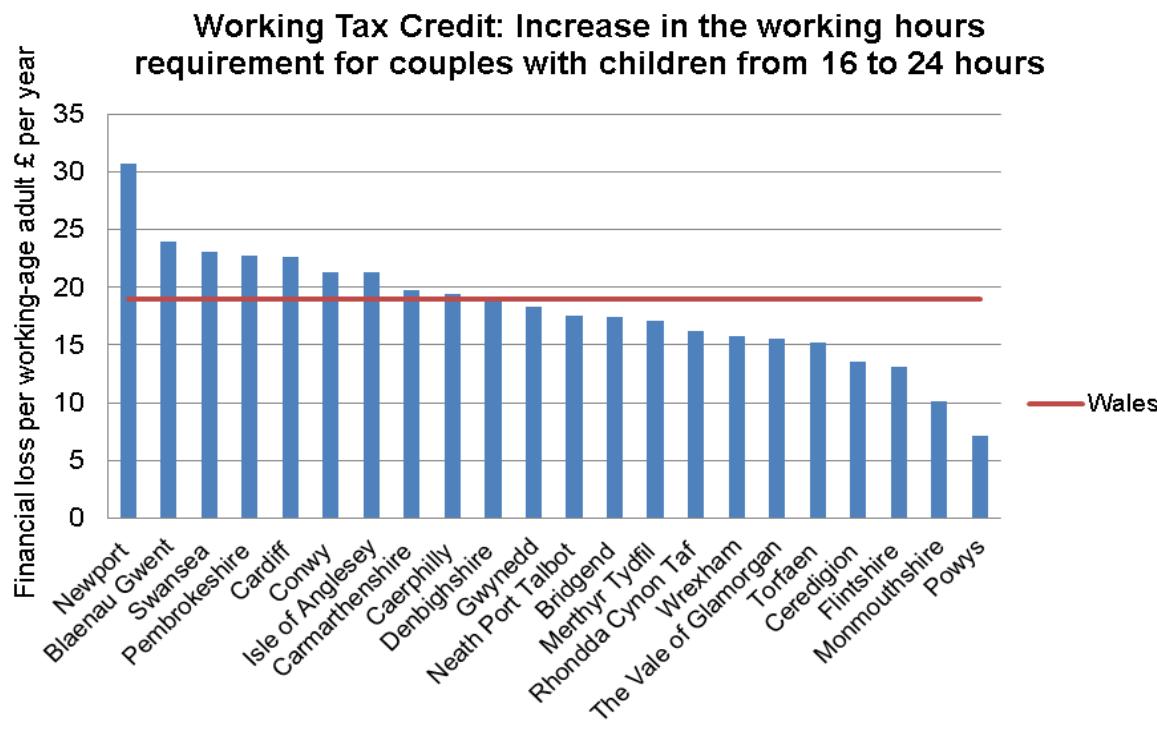
© Crown copyright 2013
Cartographics • Welsh Government
ML/197/13.14
November 2013

Working Tax Credit (WTC): Increase in the working hours requirement for couples with children from 16 to 24 hours

WTC provides in-work support for people on low incomes, with or without children. Prior to April 2012, couples with children needed to work at least 16 hours per week in order to qualify for WTC. However, from April 2012, couples with children need to work at least 24 hours per week between them to qualify for WTC (with at least one person working 16 hours per week). This change does not affect lone parents, for whom the 16 hour threshold for WTC still applies. The 16 hour threshold also continues to apply to certain other groups, including disabled workers.

The UK Government sees this change as reducing the disparity between couples and lone parents by ensuring that at least one member of a couple is required to work the same minimum number of hours per week as must a lone parent.

Rank	Local authority area	Income loss per working-age adult £ per year	Number of households affected (proportion of WTC claimant households in each LA)	Maximum loss per losing household £ per year	Maximum income loss £m per year
1.	Newport	31	730 (11%)		2.8
2.	Blaenau Gwent	24	280 (8%)		1.1
3.	Swansea	23	920 (9%)		3.5
4.	Pembrokeshire	23	430 (7%)		1.7
5.	Cardiff	23	1,390 (10%)		5.4
6.	Conwy	21	370 (7%)		1.4
7.	Isle of Anglesey	21	230 (7%)		0.9
8.	Carmarthenshire	20	570 (6%)		2.2
9.	Caerphilly	19	570 (7%)		2.2
10.	Denbighshire	19	280 (6%)		1.1
	Wales	19	9,400 (7%)		36.0
11.	Gwynedd	18	360 (6%)		1.4
12.	Neath Port Talbot	17	400 (7%)		1.5
13.	Bridgend	17	400 (7%)		1.5
14.	Merthyr Tydfil	17	170 (5%)		0.6
15.	Rhondda Cynon Taf	16	630 (6%)		2.4
16.	Wrexham	16	350 (6%)		1.4
17.	The Vale of Glamorgan	16	320 (7%)		1.2
18.	Torfaen	15	230 (5%)		0.9
19.	Ceredigion	14	170 (5%)		0.7
20.	Flintshire	13	330 (5%)		1.3
21.	Monmouthshire	10	150 (5%)		0.6
22.	Powys	7	150 (2%)		0.6
				£3,848	



- Although those affected by this reform may incur the largest annual losses out of all of the reforms analysed (up to £3,848), this is a very specific measure and so a relatively small number of families will be affected in Wales (around 9,400 or 7% of WTC recipients).
- In terms of the impact across local authority areas, there are some similarities with the proportion of working-age households receiving both WTC and CTC (i.e. in-work families with children). For example, Pembrokeshire and Conwy are among both the worst affected areas and those with the highest proportions of working-age households claiming both WTC and CTC. Similarly, Monmouthshire and Ceredigion are among both the least affected areas and those with the lowest proportions of working-age households claiming both WTC and CTC. However, given the specific nature of this measure, no clear pattern prevails.

Working Tax Credit - Increase working hours requirement for couples with children from 16 to 24 hours

Population weighted map

Local Authorities are in proportion to their population

10,000 people 

2,500 people 

Financial loss per working-age adult £ per year

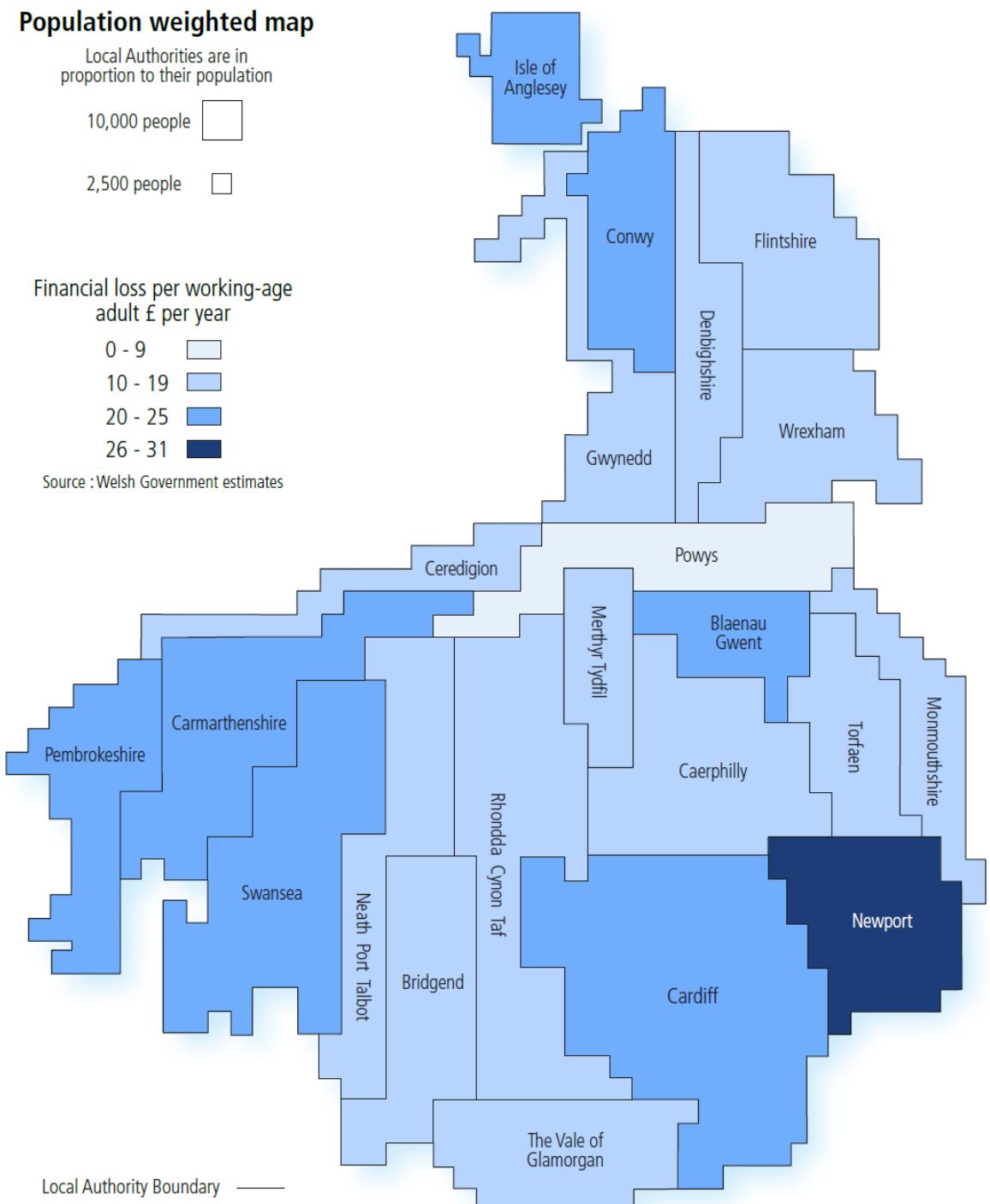
0 - 9 

10 - 19 

20 - 25 

26 - 31 

Source : Welsh Government estimates

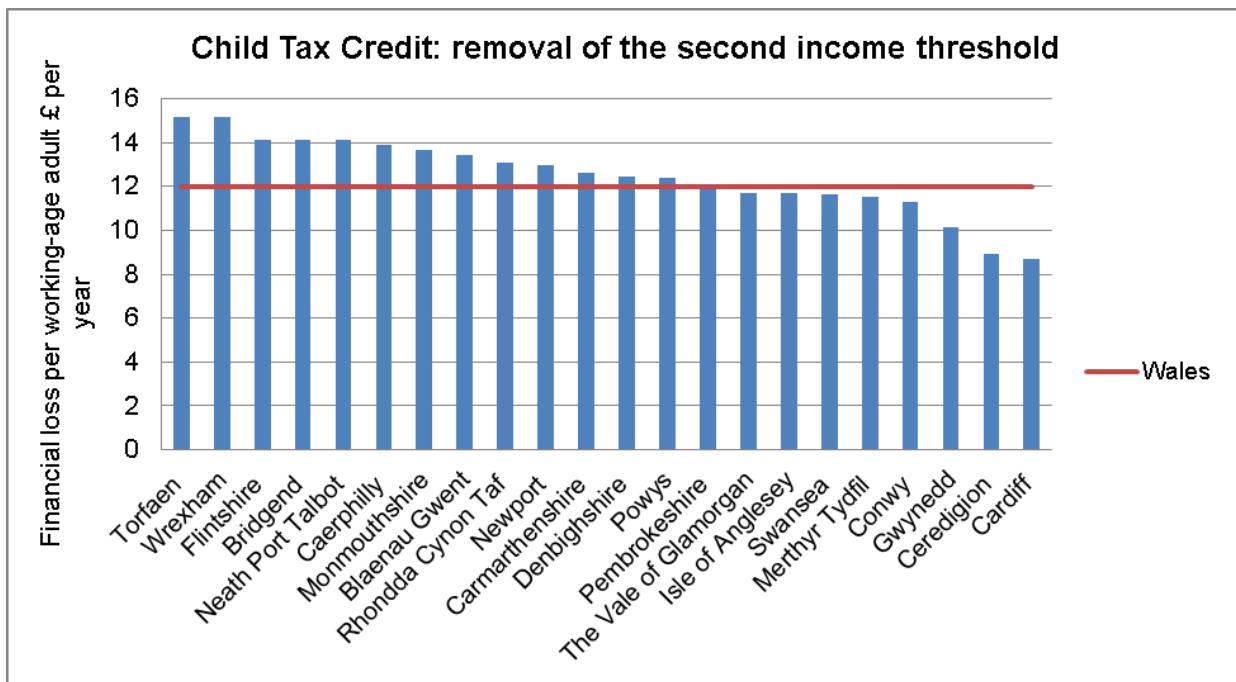


© Crown copyright 2013
Cartographics • Welsh Government
ML/197/13.14
November 2013

Child Tax Credit (CTC): removal of the second income threshold

CTC brings together income-related support for children and qualifying young people into a single tax credit, which is payable to the main carer (regardless of whether or not the adults are in work). Prior to April 2012, there were two income thresholds for WTC and CTC or CTC only claims. The first income threshold (either £6,420 or £15,860 in 2011-12) was used to calculate entitlement to all elements except for the family element of CTC. The second income threshold was only used for the family element, which remained protected until income reached that second income threshold. The second income threshold was not a fixed figure, it depended on circumstances. However, for the majority of claimants the threshold was £40,000 in 2011-12 (£50,000 in 2010-11 and earlier years). Above this threshold the family element was tapered away. From April 2012, this second income threshold was removed.

Rank	Local authority area	Income loss per working-age adult £ per year	Number of households affected (proportion of CTC claimant households in each LA)	Maximum loss per losing household £ per year	Maximum income loss £m per year
1.	Torfaen	15	1,600 (16%)		0.9
2.	Wrexham	15	2,400 (17%)		1.3
3.	Flintshire	14	2,500 (16%)		1.4
4.	Bridgend	14	2,300 (16%)		1.2
5.	Neath Port Talbot	14	2,300 (15%)		1.2
6.	Caerphilly	14	2,900 (15%)		1.6
7.	Monmouthshire	14	1,400 (19%)		0.8
8.	Blaenau Gwent	13	1,100 (14%)		0.6
9.	Rhondda Cynon Taf	13	3,600 (14%)		2.0
10.	Newport	13	2,200 (14%)		1.2
11.	Carmarthenshire	13	2,600 (15%)		1.4
12.	Denbighshire	12	1,300 (14%)		0.7
13.	Powys	12	1,800 (15%)		1.0
	Wales	12	43,700 (15%)		24.0
14.	Pembrokeshire	12	1,600 (14%)		0.9
15.	The Vale of Glamorgan	12	1,700 (15%)		0.9
16.	Isle of Anglesey	12	900 (14%)		0.5
17.	Swansea	12	3,300 (15%)		1.8
18.	Merthyr Tydfil	12	800 (12%)		0.4
19.	Conwy	11	1,400 (13%)		0.8
20.	Gwynedd	10	1,400 (13%)		0.8
21.	Ceredigion	9	800 (14%)		0.4
22.	Cardiff	9	3,800 (13%)		2.1
				£520	



- There are some similarities of the above ranking of local authority areas with the proportion of working-age households receiving CTC. For example, Torfaen, Caerphilly and Blaenau Gwent are among the worst affected areas. This aligns with the fact that they are among those areas with the highest rates of working-age households claiming CTC (32-33%). Similarly, Cardiff and Ceredigion are among the least affected areas. This is in line with the lower rate of working-age households claiming CTC (22-23%). However, overall, no clear pattern prevails.

Child Tax Credit: Removal of the second income threshold

Population weighted map

Local Authorities are in proportion to their population

10,000 people 

2,500 people 

Financial loss per working-age adult £ per year

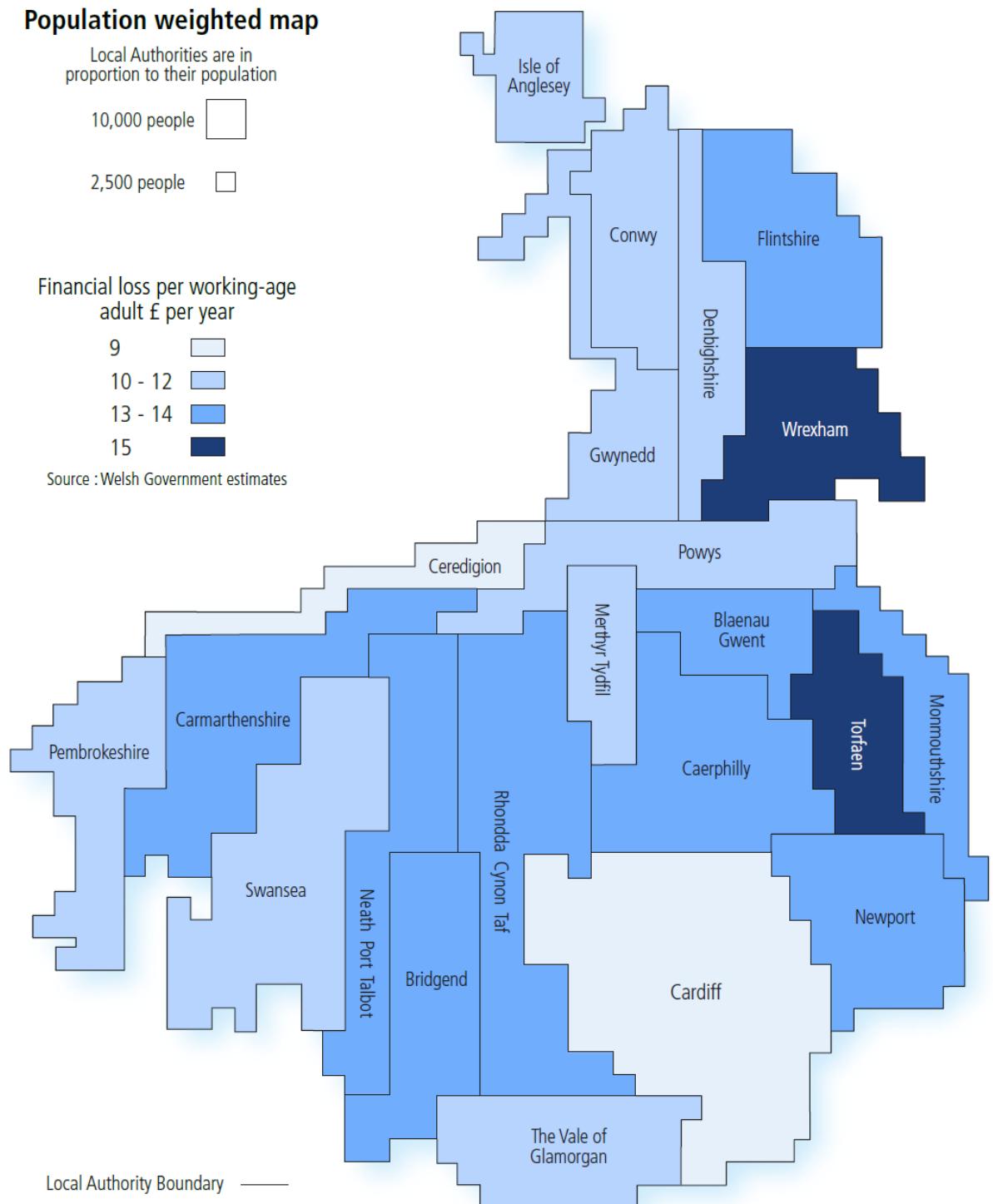
9 

10 - 12 

13 - 14 

15 

Source : Welsh Government estimates



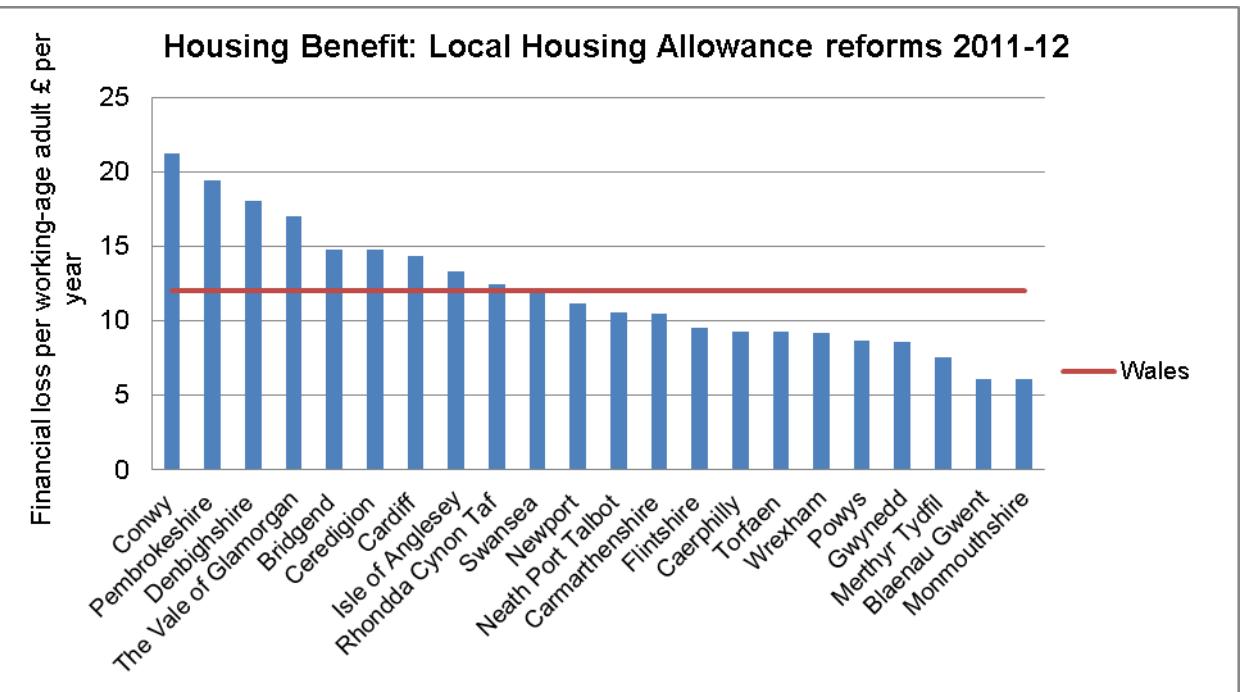
© Crown copyright 2013
 Cartographics • Welsh Government
 ML/197/13.14
 November 2013

Housing Benefit (HB): Local Housing Allowance (LHA) reforms 2011-12

These reforms, introduced from April 2011, include:

- restricting LHA levels to the 4-bedroom rate and applying maximum weekly caps;
- removing the provision for claimants to retain a maximum of £15 per week where their rent is below the LHA rate; and,
- changing the basis for setting LHA rates from the median to the thirtieth percentile of local market rents.

Rank	Local authority area	Income loss per working-age adult £ per year	Number of LHA recipients affected (proportion of LHA caseload)	Average financial loss per losing claimant £ per year	Income loss £m per year
1.	Conwy	21	3,500 (100%)	410	1.4
2.	Pembrokeshire	19	2,500 (100%)	570	1.4
3.	Denbighshire	18	2,400 (100%)	430	1.0
4.	The Vale of Glamorgan	17	2,300 (100%)	590	1.3
5.	Bridgend	15	2,600 (100%)	510	1.3
6.	Ceredigion	15	1,200 (100%)	580	0.7
7.	Cardiff	14	5,900 (100%)	580	3.4
8.	Isle of Anglesey	13	900 (100%)	600	0.6
9.	Rhondda Cynon Taf	12	4,400 (100%)	430	1.9
	Wales	12	48,600 (100%)	490	24.0
10.	Swansea	12	3,500 (100%)	530	1.8
11.	Newport	11	2,300 (100%)	440	1.0
12.	Neath Port Talbot	11	2,600 (100%)	360	0.9
13.	Carmarthenshire	10	2,800 (100%)	420	1.2
14.	Flintshire	10	1,700 (100%)	530	0.9
15.	Caerphilly	9	2,200 (100%)	490	1.1
16.	Torfaen	9	1,000 (100%)	540	0.5
17.	Wrexham	9	1,300 (100%)	600	0.8
18.	Powys	9	1,300 (100%)	520	0.7
19.	Gwynedd	9	1,300 (100%)	500	0.6
20.	Merthyr Tydfil	8	900 (100%)	320	0.3
21.	Blaenau Gwent	6	1,300 (100%)	220	0.3
22.	Monmouthshire	6	800 (100%)	440	0.3



- Those areas hardest hit by the reforms to LHA are generally those with a high proportion of rented housing stock in the private rented sector. For example in Conwy, the worst affected area, around 60% of rented housing stock is privately rented compared to around 30% in Blaenau Gwent and Merthyr Tydfil, both of which are among the least affected areas.
- Although there are a few exceptions, it is generally the case that those areas that are relatively hard hit by this reform have average weekly Housing Benefit awards (which reflect rent levels) close to or above the Wales average in the private rented sector (£84) and will therefore lose more from changing the basis for setting LHA rates from the median to the thirtieth percentile of local market rents.
- Existing claimants affected by these changes would have received transitional protection based on their LHA rate for up to nine months. The UK Government has also increased the budget for Discretionary Housing Payments (DHPs) to help support those who are hardest hit by the reforms. However, as illustrated on pages 65-66, the demand for DHPs has significantly increased.

Housing Benefit: Local Housing Allowance reforms introduced in 2011-12

Population weighted map

Local Authorities are in proportion to their population

10,000 people 

2,500 people 

Financial loss per working-age adult £ per year

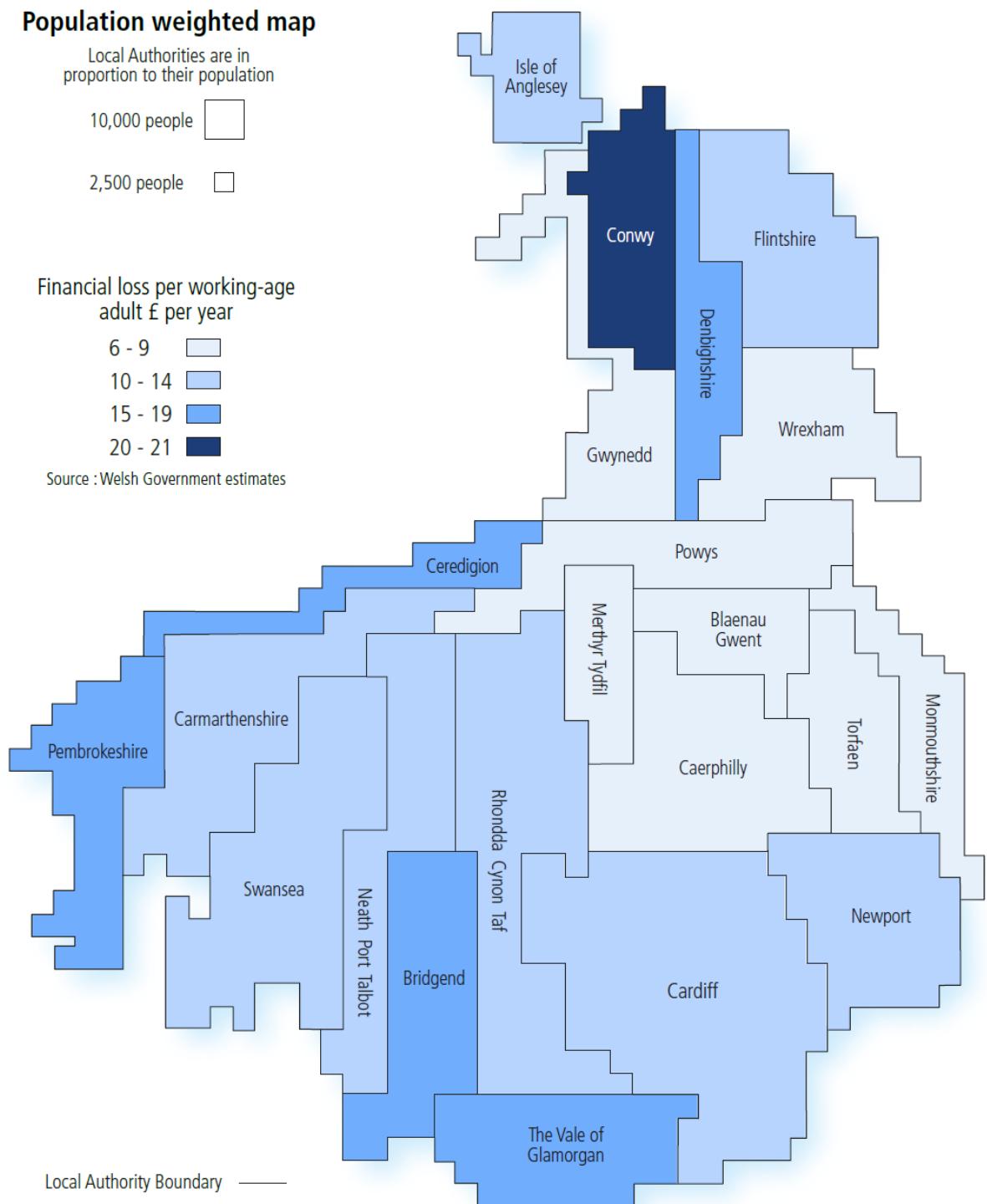
6 - 9 

10 - 14 

15 - 19 

20 - 21 

Source : Welsh Government estimates



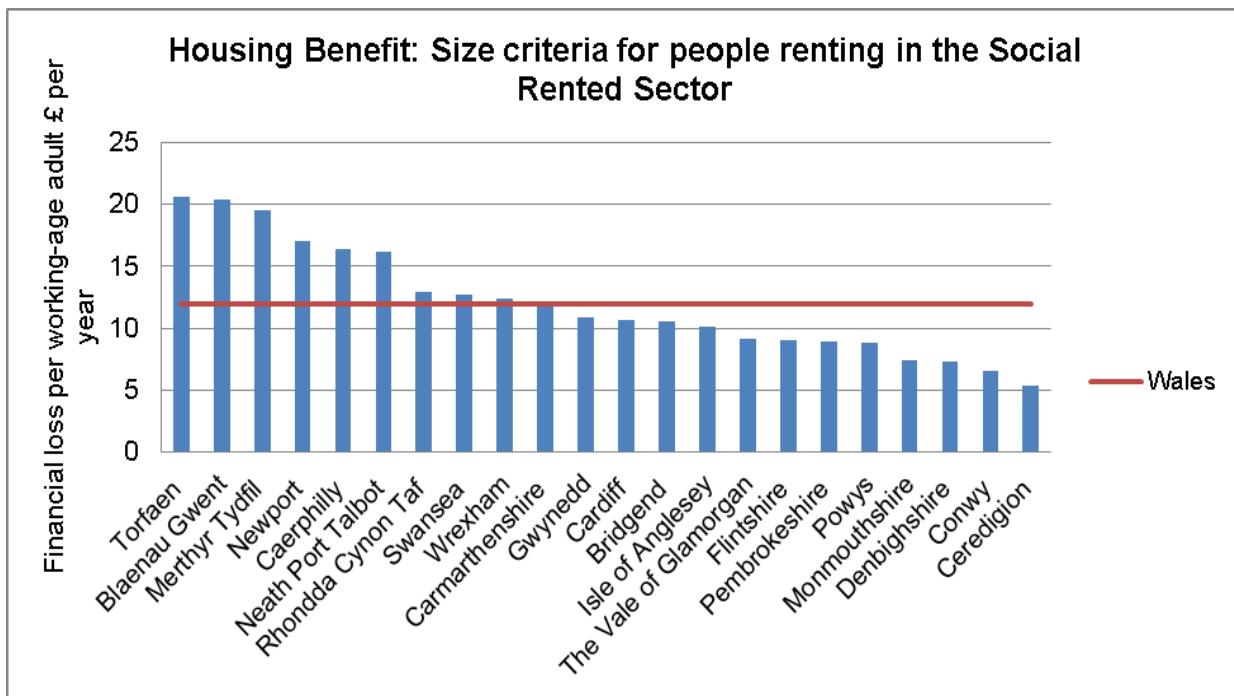
© Crown copyright 2013
Cartographics • Welsh Government
ML/197/13.14

November 2013

Housing Benefit (HB): Size criteria for people renting in the Social Rented Sector (SRS)

In April 2013, size criteria for new and existing working-age HB claimants was introduced in the social rented sector, which means that working-age social housing tenants that are claiming Housing Benefit will see a reduction in their entitlement if they are deemed to be living in accommodation that is too large for their needs. The applicable maximum rent is reduced by a national percentage rate (14% for one spare bedroom and 25% where there are two or more spare bedrooms). One bedroom is allowed for each person or couple living as part of the household with the following exceptions: two children under 16 of the same gender are expected to share; two children under 10 are expected to share regardless of gender; a disabled tenant or partner who needs a non-resident overnight carer will be allowed an extra bedroom; approved foster carers will be allowed an additional room as long as they have fostered a child, or become an approved foster carer in the last 12 months; adult children in the Armed Forces will be treated as continuing to live at home when deployed on operations; and, children who are unable to share because of their severe disabilities.

Rank	Local authority area	Income loss per working-age adult £ per year	Number of claimants affected (proportion of HB caseload in the SRS)	Average financial loss per losing claimant £ per year	Income loss £m per year
1.	Torfaen	21	1,700 (23%)	691	1.2
2.	Blaenau Gwent	20	1,500 (26%)	608	0.9
3.	Merthyr Tydfil	19	1,100 (26%)	639	0.7
4.	Newport	17	2,200 (23%)	700	1.6
5.	Caerphilly	16	2,700 (24%)	692	1.9
6.	Neath Port Talbot	16	2,200 (24%)	656	1.4
7.	Rhondda Cynon Taf	13	2,800 (23%)	677	1.9
8.	Swansea	13	2,900 (19%)	672	1.9
9.	Wrexham	12	1,500 (18%)	693	1.1
	Wales	12	33,900 (21%)	682	23.1
10.	Carmarthenshire	12	1,900 (23%)	671	1.3
11.	Gwynedd	11	1,300 (23%)	636	0.8
12.	Cardiff	11	3,200 (15%)	803	2.5
13.	Bridgend	11	1,400 (20%)	686	0.9
14.	Isle of Anglesey	10	700 (23%)	594	0.4
15.	The Vale of Glamorgan	9	1,000 (21%)	697	0.7
16.	Flintshire	9	1,300 (20%)	657	0.9
17.	Pembrokeshire	9	1,000 (18%)	624	0.7
18.	Powys	9	1,000 (20%)	674	0.7
19.	Monmouthshire	7	600 (15%)	737	0.4
20.	Denbighshire	7	700 (16%)	639	0.4
21.	Conwy	7	600 (13%)	713	0.4
22.	Ceredigion	5	400 (18%)	633	0.3



- The introduction of the size criteria in the social rented sector affects those areas where a high proportion of rented properties are from local authorities or registered social landlords. The worst affected areas are Torfaen, Blaenau Gwent and Merthyr Tydfil where social housing makes up around 70-80% of rented housing stock (significantly higher than the proportion for Wales as a whole – 54%). These areas also have relatively high proportions of the population claiming working-age benefits (around 25% in Blaenau Gwent compared to 17% for Wales as a whole).
- Denbighshire, Conwy and Ceredigion are the least affected by this reform reflecting their relatively low proportions of social housing stock (as low as 36% of rented housing stock in Ceredigion).
- Recent research undertaken by Community Housing Cymru (CHC) (2013) reports that:
 - 22,000 of their housing association tenants have been affected by this reform.
 - Only 3% (around 660 tenants) have successfully downsized.
 - 78% of housing associations who are members of CHC have seen an increase in rent arrears, with over £1 million attributed to this reform. CHC expect this to increase to £2 million by April 2014.
 - 51% of tenants are fully paying the shortfall in their rent, 37% are part-paying and 12% are not paying anything towards the shortfall.
 - Void (empty) properties are increasing with over 700 homes in the social rented sector becoming increasingly hard to let, with many remaining empty. CTC estimate that there are 90,000 people on social housing waiting lists.

Housing Benefit: Under-occupation of social housing

Population weighted map

Local Authorities are in proportion to their population

10,000 people

2,500 people

Financial loss per working-age adult £ per year

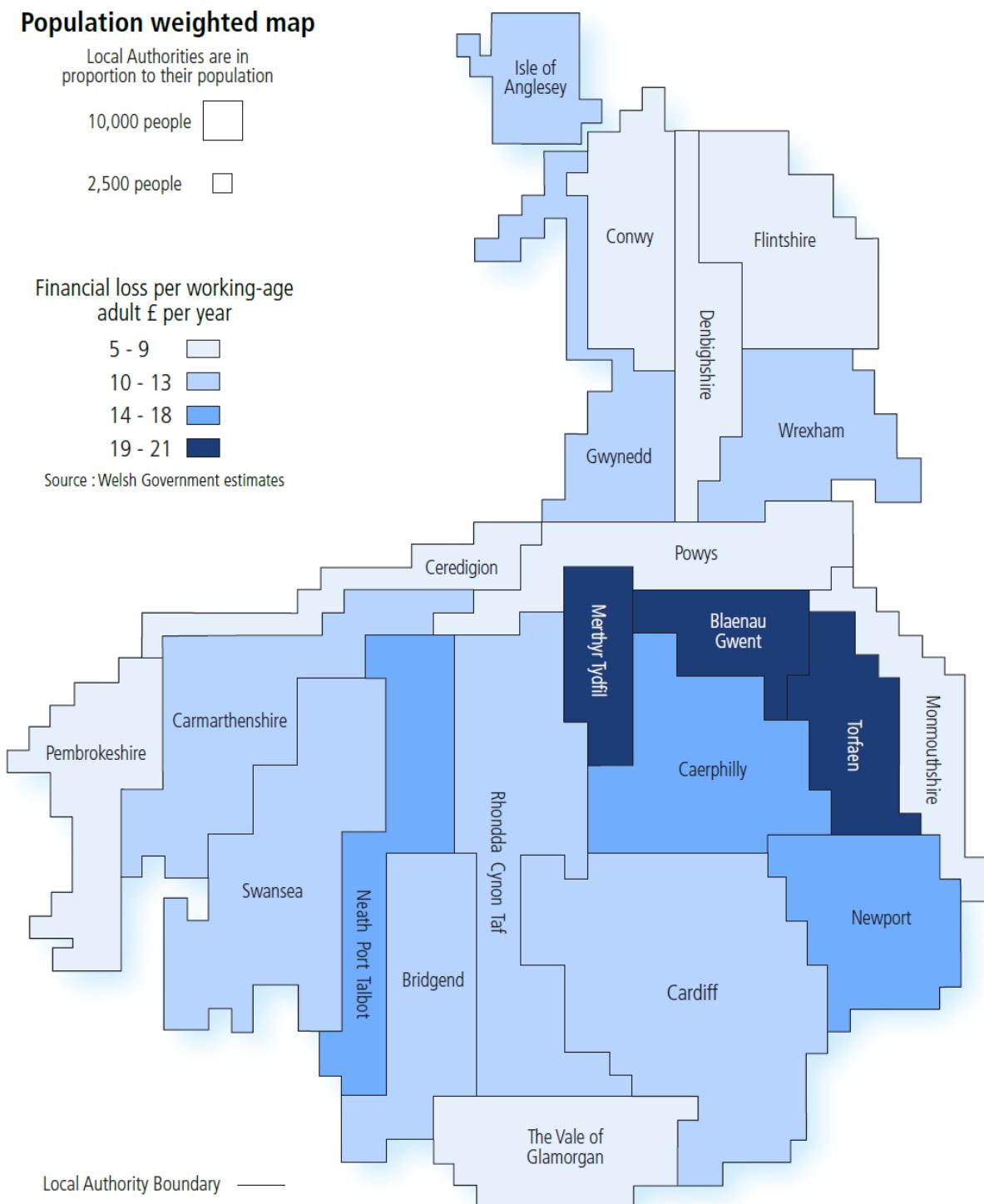
5 - 9

10 - 13

14 - 18

19 - 21

Source : Welsh Government estimates



© Crown copyright 2013
Cartographics • Welsh Government
ML/197/13.14

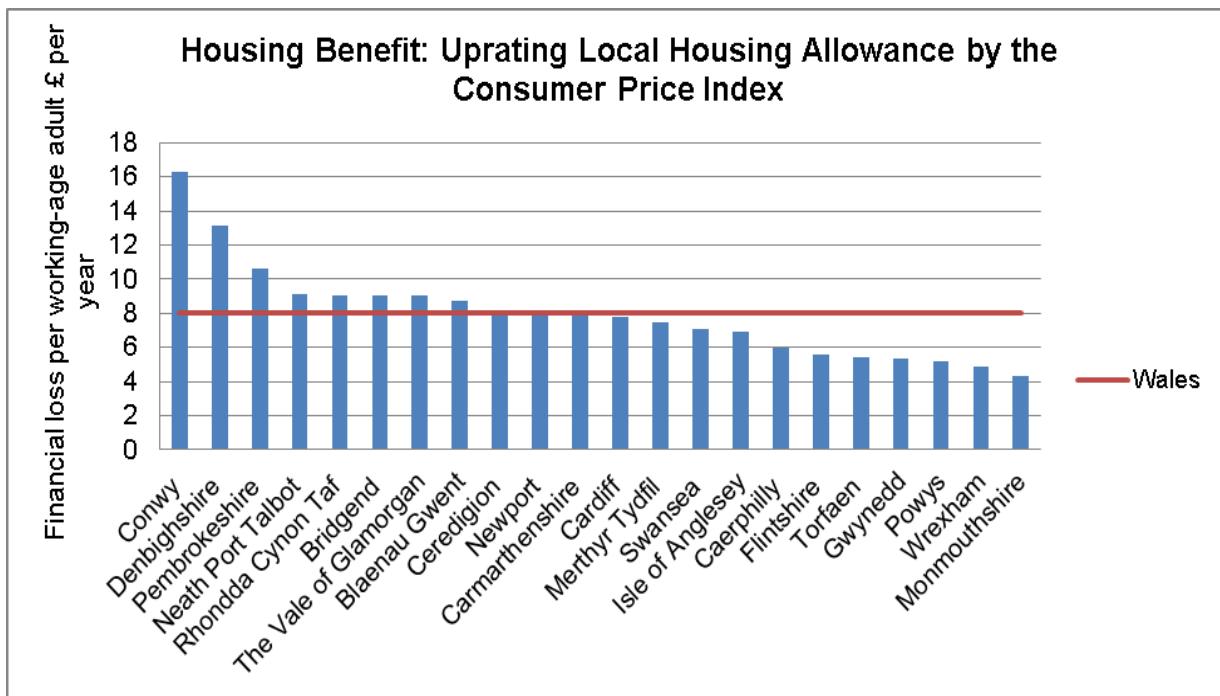
November 2013

Housing Benefit (HB): Uprating Local Housing Allowance (LHA) by the Consumer Price Index (CPI)

From April 2013, annual increases in LHA rates used to calculate HB for claimants in the private rented sector are restricted to equivalent increases in the CPI (rather than the 30th percentile of local market rents). However, LHA rates will be subject to a 1 per cent cap for two years from 2014–15.

Rank	Local authority area	Income loss per working-age adult £ per year	Number of LHA recipients affected (proportion of LHA caseload)	Average loss per losing LHA recipient £ per year	Income loss £m per year
1.	Conwy	16	3,500 (100%)	1.1	
2.	Denbighshire	13	2,400 (100%)	0.7	
3.	Pembrokeshire	11	2,500 (100%)	0.8	
4.	Neath Port Talbot	9	2,600 (100%)	0.8	
5.	Rhondda Cynon Taf	9	4,400 (100%)	1.4	
6.	Bridgend	9	2,600 (100%)	0.8	
7.	The Vale of Glamorgan	9	2,300 (100%)	0.7	
8.	Blaenau Gwent	9	1,300 (100%)	0.4	
9.	Ceredigion	8	1,200 (100%)	0.4	
10.	Newport	8	2,300 (100%)	0.7	
11.	Carmarthenshire	8	2,800 (100%)	0.9	
	Wales	8	48,600 (100%)	15.0	
12.	Cardiff	8	5,900 (100%)	1.8	
13.	Merthyr Tydfil	7	900 (100%)	0.3	
14.	Swansea	7	3,500 (100%)	1.1	
15.	Isle of Anglesey	7	900 (100%)	0.3	
16.	Caerphilly	6	2,200 (100%)	0.7	
17.	Flintshire	6	1,700 (100%)	0.5	
18.	Torfaen	5	1,000 (100%)	0.3	
19.	Gwynedd	5	1,300 (100%)	0.4	
20.	Powys	5	1,300 (100%)	0.4	
21.	Wrexham	5	1,300 (100%)	0.4	
22.	Monmouthshire	4	800 (100%)	0.2	

£312



- Those areas hardest hit by the reforms to LHA are generally those with a high proportion of rented housing stock in the private rented sector. For example in Conwy, the worst affected area, around 60% of rented housing stock is privately rented. Powys, Wrexham and Monmouthshire are the least affected areas reflecting the fact that they have smaller than average proportions of rented stock in the private rented sector.
- Although there are a few exceptions, it is generally the case that those areas that are relatively hard hit by this reform have average weekly Housing Benefit awards (which reflect rent levels) close to or above the Wales average in the private rented sector (£84) and will therefore lose more from changing the basis for setting LHA rates from the thirtieth percentile of local market rents to the CPI.

Housing Benefit: Uprating Local Housing Allowance rates by CPI

Population weighted map

Local Authorities are in proportion to their population

10,000 people 

2,500 people 

Financial loss per working-age adult £ per year

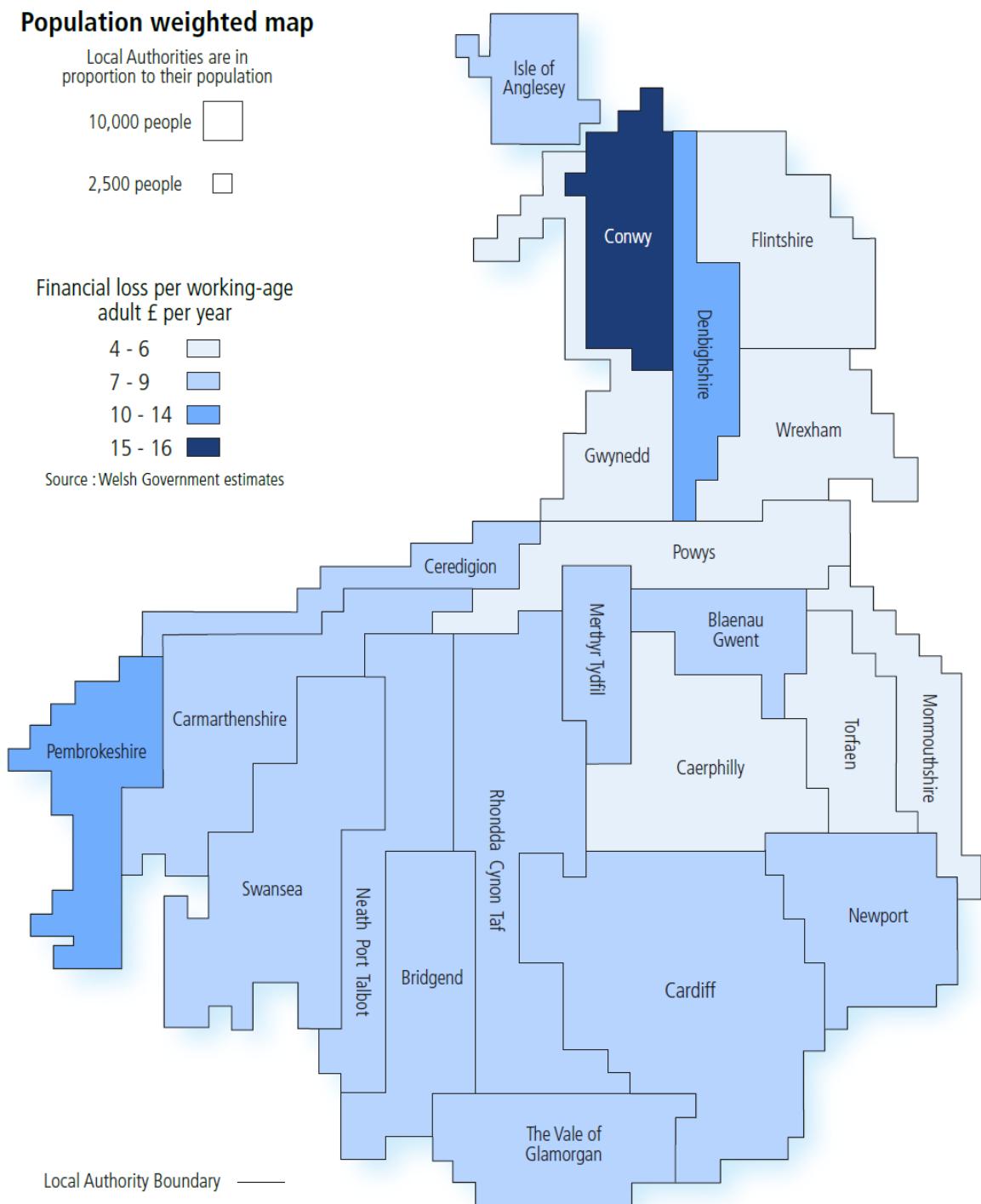
4 - 6 

7 - 9 

10 - 14 

15 - 16 

Source : Welsh Government estimates



© Crown copyright 2013
 Cartographics • Welsh Government
 ML/197/13.14
 November 2013

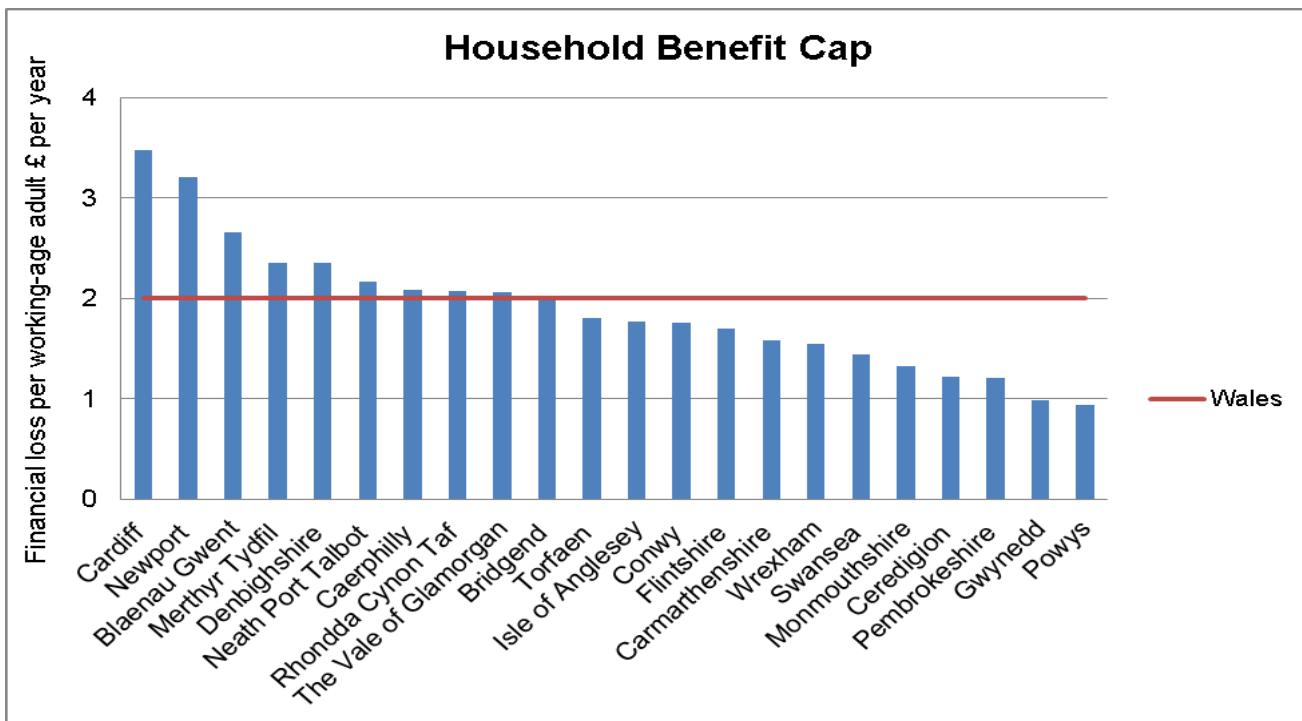
Household Benefit Cap

Since April 2013, total household benefit payments for working-age claimants have been capped so that workless households will no longer be entitled to receive more in benefit than the average weekly wage, after tax and National Insurance. Total entitlement to benefit payments will be capped at £500 per week for couples and lone parent households. The level of entitlement for single adults will be capped at £350 per week. There are some exemptions to protect certain groups from the cap.

The cap applies to the total amount that a household receives from the following benefits: Bereavement Allowance; CA; CB; CTC; ESA (except the support component); Guardian's Allowance; HB; IB; IS; JSA; Maternity Allowance; SDA; and, Widowed Parent's Allowance.

Those receiving WTC or any of the following benefits are exempt: DLA/PIP; Attendance Allowance; Industrial Injuries Benefits; ESA (those receiving the support component); War Widow's/Widower's Pension; War pensions; Armed Forces Compensation Scheme; and, Armed Forces Independence Payment.

Rank	Local authority area	Income loss per working-age adult £ per year	Number of households affected	Average loss per losing household £ per year	Income loss £m per year
1.	Cardiff	3	230	£3,536	0.8
2.	Newport	3	80		0.3
3.	Blaenau Gwent	3	30		0.1
4.	Merthyr Tydfil	2	30		0.1
5.	Denbighshire	2	40		0.1
6.	Neath Port Talbot	2	50		0.2
7.	Caerphilly	2	70		0.2
8.	Rhondda Cynon Taf	2	90		0.3
9.	The Vale of Glamorgan	2	50		0.2
	Wales	2	1,100		4.0
10.	Bridgend	2	50		0.2
11.	Torfaen	2	30		0.1
12.	Isle of Anglesey	2	20		0.1
13.	Conwy	2	30		0.1
14.	Flintshire	2	50		0.2
15.	Carmarthenshire	2	50		0.2
16.	Wrexham	2	40		0.1
17.	Swansea	1	60		0.2
18.	Monmouthshire	1	20		0.1
19.	Ceredigion	1	20		0.1
20.	Pembrokeshire	1	30		0.1
21.	Gwynedd	1	20		0.1
22.	Powys	1	20		0.1



- Broadly speaking, this policy affects families who are out of work, and are either: larger than average, in the most part with three or more children, and thereby receiving larger than average CTC payments and CB payments; or, situated in high-rent areas, and thereby receiving large Housing Benefit payments; or, both of these factors combined.
- Compared to the other welfare reforms analysed, this reform affects a relatively small number of households in Wales (1,100). However, those that are affected see a sizeable reduction in benefit payments (£68 per week on average – source: DWP, 2013). Nearly half of all households affected by this policy in Great Britain are in Greater London reflecting the significantly high rent levels.
- In Wales, with a few exceptions, annual CTC entitlements for out-of-work families in those local authority areas that are hardest hit by this reform (e.g. Cardiff, Newport and Denbighshire) are above the average for Wales as a whole (around £5,600). Furthermore, most areas that have a larger average household size than that for Wales as a whole lose more from this reform than the Wales average. This is in line with the expectation that this reform is more likely to have a greater impact on larger families. In addition, Cardiff, Newport and Denbighshire are among those areas with the highest average housing benefit awards (in the social and private rented sector) in Wales. This may also explain why they are relatively hard hit by the Household Benefit Cap.
- DWP's impact assessment notes that nearly three quarters of affected households in Great Britain are claiming either IS or JSA as their main benefit. In Wales, Blaenau Gwent (one of the worst affected areas by this reform) has the highest claimant count rate and the third highest IS claimant rate (Source: Nomis, May 2013 data) while some of the least affected areas (e.g. Pembrokeshire, Powys, Monmouthshire, Gwynedd and Ceredigion) have some of the lowest claimant count and IS claimant rates.

Household Benefit Cap

Population weighted map

Local Authorities are in proportion to their population

10,000 people 

2,500 people 

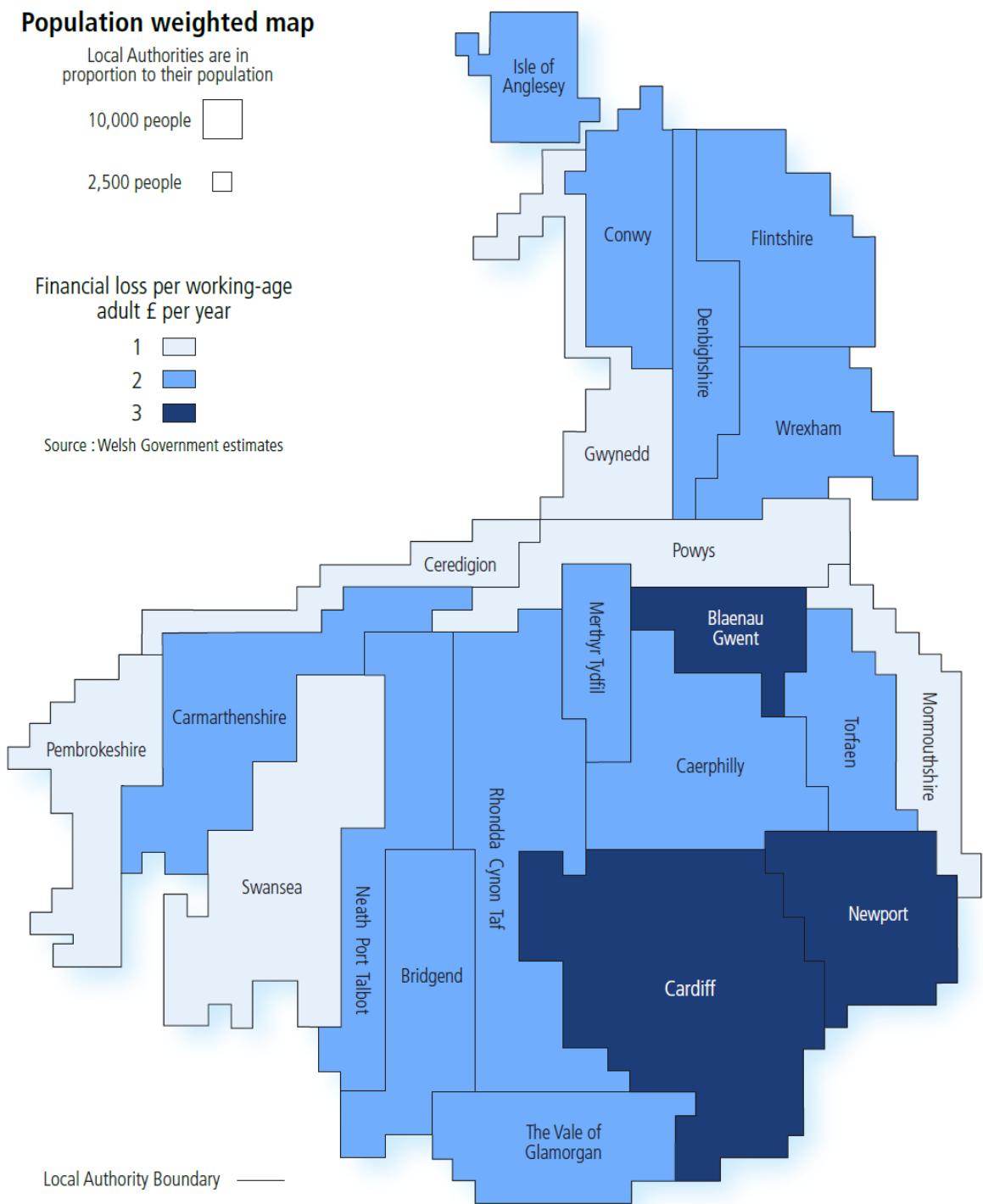
Financial loss per working-age adult £ per year

1 

2 

3 

Source : Welsh Government estimates



© Crown copyright 2013
Cartographics • Welsh Government
ML/197/13.14
November 2013

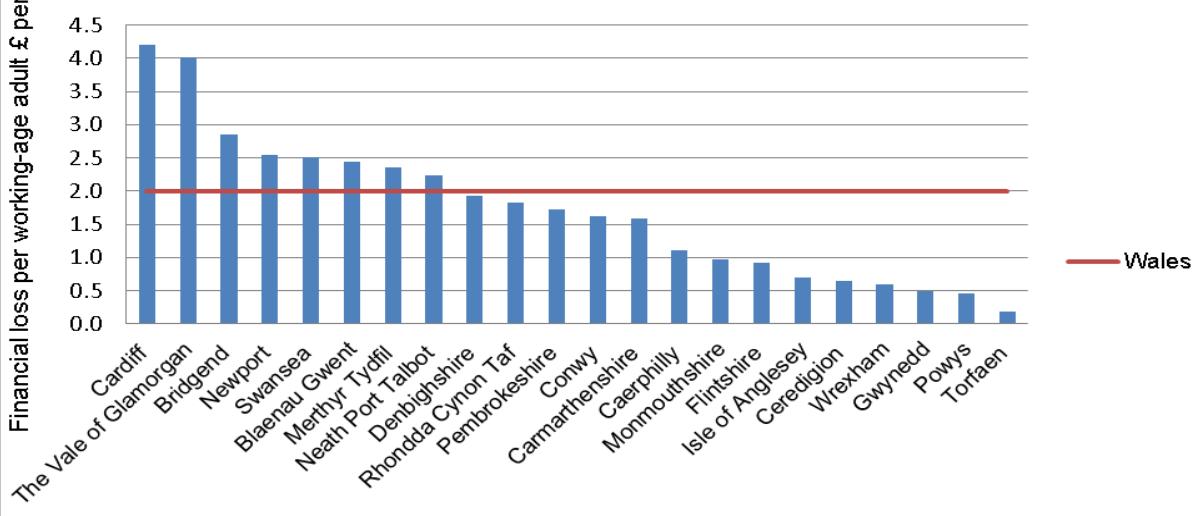
Housing Benefit (HB): Increasing the Shared Accommodation Rate (SAR) age threshold from 25 to 35 years

From January 2012, single people without dependants aged 25-34 entitled to Local Housing Allowance will have had their benefit restricted to rent for a room in shared accommodation. Prior to this, single people in this age group were entitled to rent for one-bedroom accommodation. Existing exemptions, including those for care leavers, those in receipt of the severe disability premium and those with a non-resident carer continue to apply. In addition, two new exemptions apply. The first relates to ex-offenders (which applies to a small group who are aged 25 or over and are subject to active multi-agency management under the Multi Agency Public Protection Arrangements) and the second relates to people who have spent three months or more in a hostel, or more than one hostel, specialising in rehabilitating and resettling the homeless within the community.

Rank	Local authority area	Income loss per working-age adult £ per year	Number of LHA recipients affected (proportion of total 1-bedroom LHA caseload)	Average financial loss per losing claimant £ per year	Income loss £m per year
1.	Cardiff	4.2	480 (26%)	2080	1.0
2.	The Vale of Glamorgan	4.0	160 (20%)	1980	0.3
3.	Bridgend	2.9	180 (22%)	1400	0.3
4.	Newport	2.5	180 (25%)	1300	0.2
5.	Swansea	2.5	240 (20%)	1610	0.4
6.	Blaenau Gwent	2.4	110 (23%)	990	0.1
7.	Merthyr Tydfil	2.4	90 (27%)	990	0.1
8.	Neath Port Talbot	2.2	190 (20%)	1040	0.2
	Wales	2.0	3,100 (18%)	1240	4.0
9.	Denbighshire	1.9	150 (15%)	730	0.1
10.	Rhondda Cynon Taf	1.8	310 (23%)	880	0.3
11.	Pembrokeshire	1.7	110 (9%)	1140	0.1
12.	Conwy	1.6	150 (9%)	730	0.1
13.	Carmarthenshire	1.6	180 (18%)	990	0.2
14.	Caerphilly	1.1	150 (20%)	830	0.1
15.	Monmouthshire	1.0	40 (13%)	1350	0.1
16.	Flintshire	0.9	90 (18%)	990	0.1
17.	Isle of Anglesey	0.7	40 (12%)	730	~
18.	Ceredigion	0.6	40 (10%)	780	~
19.	Wrexham	0.6	70 (17%)	730	0.1
20.	Gwynedd	0.5	70 (13%)	520	~
21.	Powys	0.5	70 (10%)	520	~
22.	Torfaen	~	10 (13%)	1040	~

~ Less than half the final digit shown and different from zero

Housing Benefit: Increasing the Shared Accommodation Rate age threshold from 25 to 35 years



- The SAR does not apply to those living in the social sector or living in certain supported accommodation. All of those affected are those in receipt of LHA for a 1-bedroom property. The majority of those affected are expected to be single males aged 25-34; and/or not in employment; and/or on income-based JSA (DWP, 2011d).
- In Wales, 18% of the 1-bedroom LHA caseload will be affected (around 3,100 claimants) with an average loss of £1,240 per year. The proportion affected varies at a local authority level from 27% to 9%.
- Areas such as Cardiff, the Vale of Glamorgan, Bridgend, Newport, Swansea, and Blaenau Gwent are likely to be particularly affected by the SAR extension since a relatively high proportion of one bedroom claimants are affected in these areas (up to 27%). Average annual income losses per affected claimant are also relatively high in these areas (up to £2,080 compared to £1,240 for Wales as a whole).
- Research suggests that the difference between the one room rate of HB and the SAR is considered likely to make self-contained accommodation unaffordable to the 25 to 35s in most cases. For example, the average income loss is estimated to be equivalent to around 35% of the IS/JSA 25+ personal allowance in Wales. As a result, there will be particular effects in these areas on the demand for shared accommodation. This is an issue given the limited supply of shared accommodation and the implications for homelessness (Centre for Housing Policy, The University of York, 2011).
- Areas such as Gwynedd, Powys and Torfaen are less affected by this reform with a comparatively small rise in SAR claimants and lower average income losses. Nevertheless, such impacts need to be viewed in relation to income levels of affected claimants, the availability of housing options in these areas and the impact of house moves on social support networks, for example.

Housing Benefit: Increasing the Shared Accommodation Rate age threshold to 35

Population weighted map

Local Authorities are in proportion to their population

10,000 people 

2,500 people 

Financial loss per working-age adult £ per year

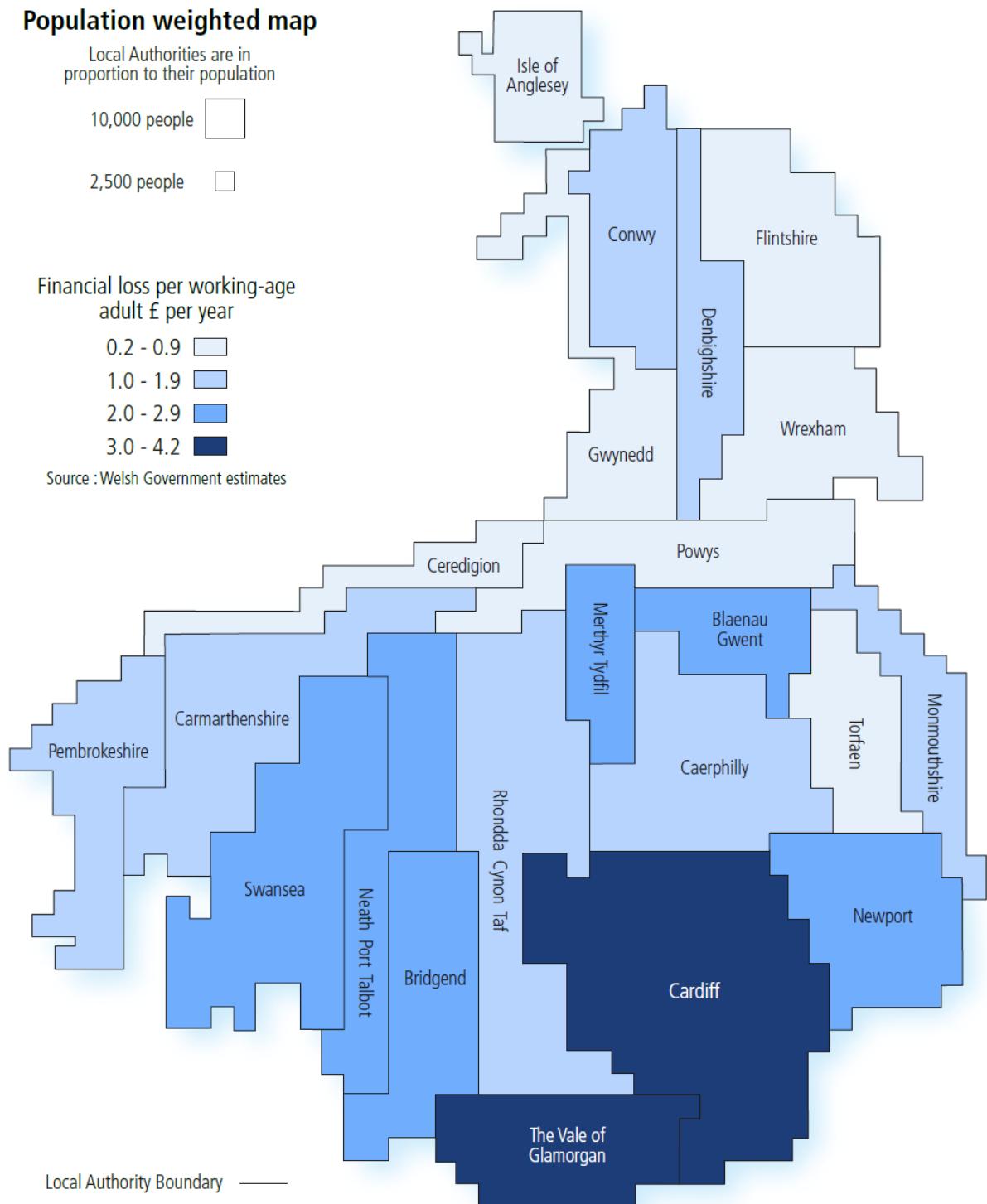
0.2 - 0.9 

1.0 - 1.9 

2.0 - 2.9 

3.0 - 4.2 

Source : Welsh Government estimates



© Crown copyright 2013
Cartographics • Welsh Government
ML197/13.14

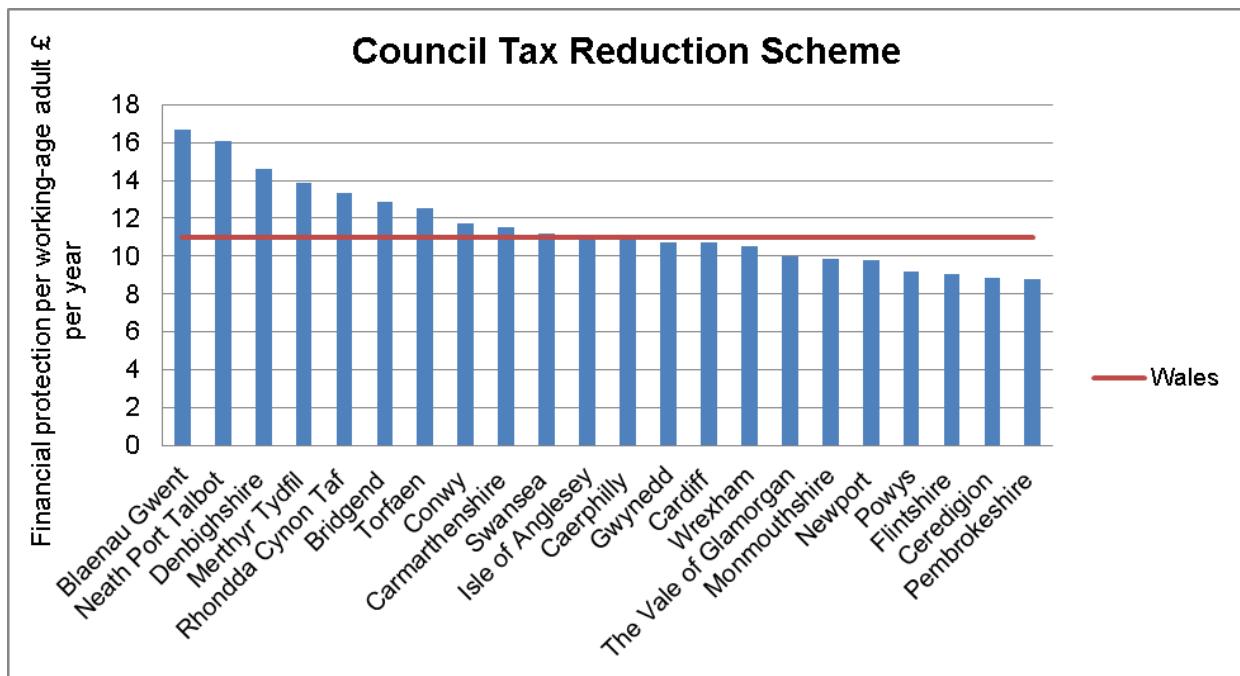
November 2013

Council Tax Reduction Scheme (CTRS)

In April 2013, the UK Government passed responsibility for providing support to low-income families with their council tax and cut funding by 10 per cent. The Welsh Government has made up a shortfall of £22 million in 2013–14. Welsh Ministers have decided that the provision of full entitlement for eligible claimants should be maintained in 2014–15. The Welsh Government is matching the level of funding provided for 2013–14 and Local Government will meet the remaining costs of the shortfall between the funding transferred from the UK Government and the total council tax income which would otherwise have been due from eligible claimants. A review has been commissioned by the Welsh Government to examine longer-term options for 2015–16 onwards.

Rank	Local authority area	Income protection per working-age adult £ per year	Number of households affected	Average income protection per affected household £ per year	Income protection £m per year
1.	Blaenau Gwent	17	10,700 (100%)	69	0.7
2.	Neath Port Talbot	16	19,300 (100%)	74	1.4
3.	Denbighshire	15	11,100 (100%)	74	0.8
4.	Merthyr Tydfil	14	7,800 (100%)	66	0.5
5.	Rhondda Cynon Taf	13	30,000 (100%)	66	2.0
6.	Bridgend	13	15,800 (100%)	71	1.1
7.	Torfaen	13	11,300 (100%)	64	0.7
8.	Conwy	12	12,300 (100%)	64	0.8
9.	Carmarthenshire	12	18,900 (100%)	68	1.3
	Wales	11	328,500 (100%)	67	22.0
10.	Swansea	11	27,200 (100%)	64	1.7
11.	Isle of Anglesey	11	7,100 (100%)	65	0.5
12.	Caerphilly	11	20,400 (100%)	61	1.2
13.	Gwynedd	11	11,400 (100%)	71	0.8
14.	Cardiff	11	35,900 (100%)	70	2.5
15.	Wrexham	11	13,900 (100%)	65	0.9
16.	The Vale of Glamorgan	10	11,200 (100%)	71	0.8
17.	Monmouthshire	10	6,800 (100%)	82	0.5
18.	Newport	10	16,200 (100%)	55	0.9
19.	Powys	9	10,300 (100%)	70	0.7
20.	Flintshire	9	13,100 (100%)	69	0.9
21.	Ceredigion	9	6,000 (100%)	71	0.4
22.	Pembrokeshire	9	11,800 (100%)	54	0.6

Note: the numbers affected assume that all CTB claimants are affected by the 10% reduction in funding by the UK Government. If only non-pensioners are affected, the affected population would be less but the average protection would be more.



- Adam and Browne (2012) report the following:
 - Non-working households are 13 times as likely to be receiving CTB as working households.
 - More than half of all CTB is paid to households where an adult is claiming a disability-related benefit including DLA, Attendance Allowance (AA), SDA, IB, IS with a disability premium, or ESA. This figure would be even higher if it included those with a disabled child in the household.
 - Only a quarter of owner-occupiers are entitled to CTB, and of those who are entitled less than half take it up. In contrast, nearly three-quarters of those in social rented housing are entitled to CTB, and of those more than 80% claim their entitlement.
- The above findings help to explain the degree to which different local authority areas are impacted by the CTRS in 2013-14. For example, Blaenau Gwent, Neath Port Talbot, Merthyr Tydfil and Rhondda Cynon Taf are among the areas in Wales that have the highest proportions of workless households and social rented housing stock and the highest DLA and ESA claimant rates. As expected, these areas also have relatively high CTB claimant rates (30% or above compared to 25% for Wales as a whole). They therefore benefit the most from the Welsh Government's decision to make up the shortfall in funding for the CTRS in 2013-14.
- On the other hand, those areas that benefit less from this funding decision (e.g. Powys, Flintshire, Ceredigion and Pembrokeshire) are among those with relatively low proportions of workless households and social rented housing stock (as a percentage of total housing stock) and low ESA and DLA claimant rates. In line with the findings from Adam and Browne, these areas also have relatively low CTB claimant rates (22% or below).

Council Tax Reduction Scheme

Population weighted map

Local Authorities are in proportion to their population

10,000 people

2,500 people

Financial protection per working-age adult £ per year

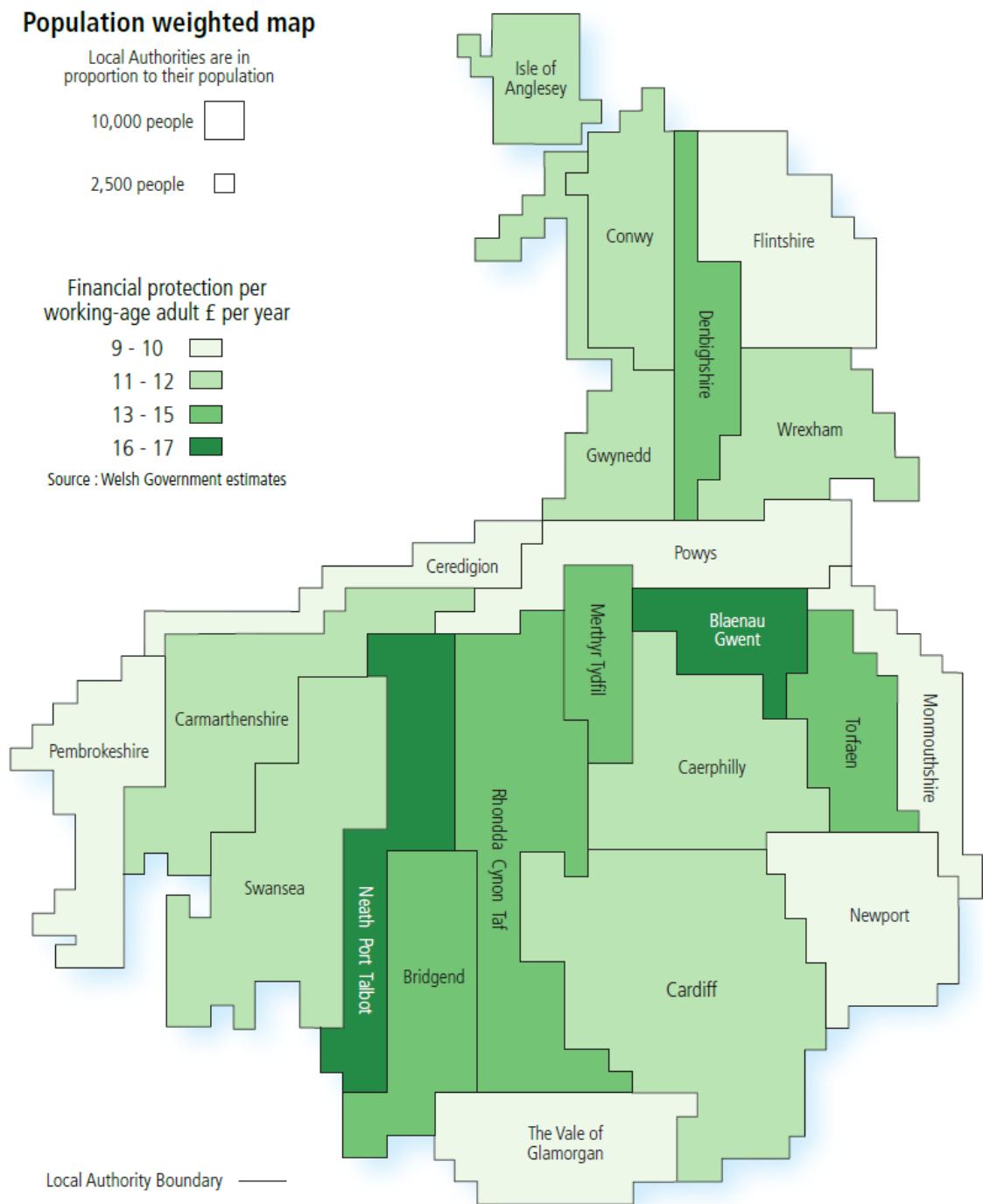
9 - 10

11 - 12

13 - 15

16 - 17

Source : Welsh Government estimates



© Crown copyright 2013
Cartographics • Welsh Government
ML/197/13.14

November 2013

4. Discretionary Housing Payment (DHP) fund

DHPs were introduced in July 2001 and are used by local authorities to provide financial assistance to claimants in receipt of HB and/or CTB, when the local authority considers that additional help with housing costs is required. DHPs may be awarded as a one-off payment or periodically for a period the local authority considers appropriate. Since April 2013, DHPs have been extended to people receiving UC providing they have had a rental liability and were eligible for support towards housing costs.

The UK government contribution towards DHPs has been increased to help local authorities provide support to people affected by some of the key welfare reforms, namely: introduction of the household benefit cap; introduction of the social sector size criteria; and, the LHA reforms.

The DHP fund for Great Britain between 2010/11 to 2014/15 is as follows.

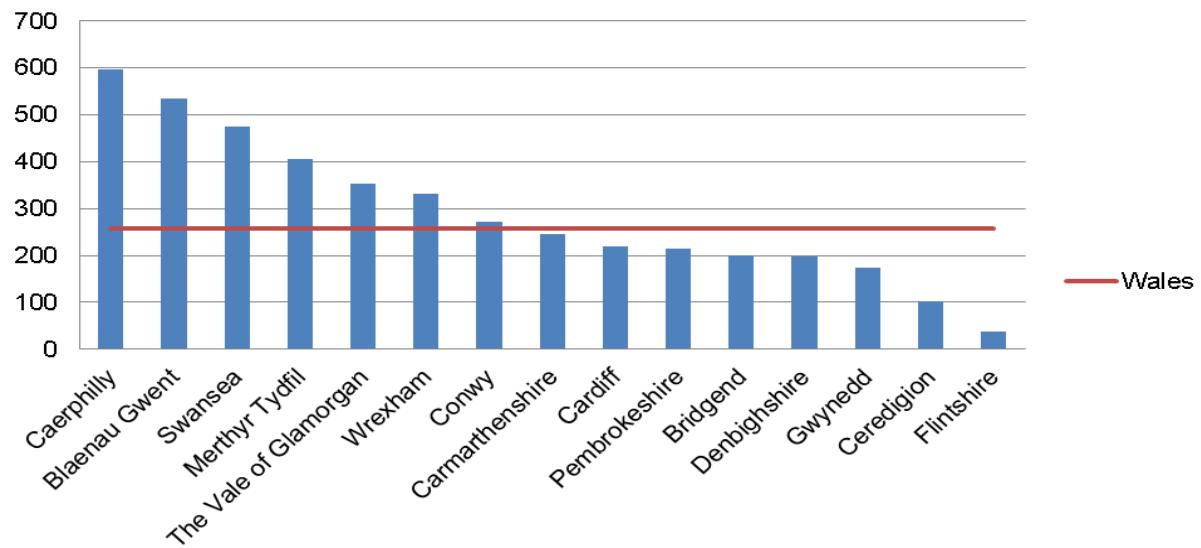
	£ million				
	2010/11	2011/12	2012/13	2013/14	2014/15
Core	£20	£20	£20	£20	£20
LHA	-	£10	£40	£40	£40
Size Criteria	-	-	-	£35	£60
Reserve Fund	-	-	-	£20	-
Benefit Cap	-	-	-	£65	£45
Total	£20	£30	£60	£180	£165

The UK Government's DHP contribution to Welsh local authorities has increased from £2.8 million in 2012/13 to nearly £8 million in 2014/15. In addition to this funding, the Welsh Government is making available to Welsh local authorities up to £1.3 million for use up to and including 31 March 2014. This is one-off support aimed at bolstering the DHP funds which, as illustrated below, are under extreme pressure due to increased demand caused by the welfare reforms.

Demand for DHP funds in Wales

The Welsh Local Government Association (WLGA) has collected information on the number of DHP applications received by Welsh local authorities between April – September 2013, and also the same period a year earlier. Fifteen of the 22 local authorities have provided a full set of data. As illustrated in the table and chart overleaf, all of these local authorities have seen a significant increase in applications. The increase varies across local authorities from around 40% to 600%. The increase in Wales as a whole is around 260%.

Percentage increase in DHP applications between April - September 2012 and April - September 2013



Local authority area	DHP applications received April - September 2012	DHP applications received April - September 2013	Percentage change
Caerphilly	146	1,017	597
Blaenau Gwent	97	616	535
Swansea	277	1,591	474
Merthyr Tydfil	60	304	407
The Vale of Glamorgan	164	743	353
Wrexham	175	756	332
Conwy	167	622	272
Carmarthenshire	257	891	247
Cardiff	671	2,139	219
Pembrokeshire	109	344	216
Bridgend	139	418	201
Denbighshire	180	534	197
Gwynedd	413	1,131	174
Ceredigion	216	439	103
Flintshire	256	351	37
WALES	3,327	11,896	258
Rhondda Cynon Taf	N/A	1,328	N/A
Torfaen	N/A	1,148	N/A
Neath Port Talbot	N/A	920	N/A
Newport	N/A	789	N/A
Powys	N/A	693	N/A
Monmouthshire	N/A	665	N/A
Isle of Anglesey	N/A	308	N/A

Source: WLGA. Note: the Wales percentage change is calculated using only those local authorities who submitted figures for April-September 2012 and April-September 2013.

Despite trying hard to engage with residents, local authorities are of the view that there are still residents who are not coming forward for help when they may be entitled. They anticipate that the numbers will further increase due to seasonal impacts (e.g. Christmas) and some finding it more difficult to meet the shortfall in housing benefit as time goes on.

5. Benefit Sanctions

The way in which JSA and ESA can be affected if claimants do not meet the conditions for receiving these benefits has recently changed.

Jobseeker's Allowance (JSA)

With regards to JSA, a regime of fixed period sanctions came into effect from October 2012. Under the new regime:

- Higher level sanctions (for example, for leaving a job voluntarily) - will lead to claimants losing all of their JSA for a fixed period of 13 weeks for a first failure, 26 weeks for a second failure and 156 weeks for a third and subsequent failure (within a 52 week period of their last failure).
- Intermediate level sanctions - of 4 weeks for a first failure, rising to 13 weeks for a second or subsequent failure (within a 52 week period of their last failure) may be applied following a period of disallowance for not actively seeking employment or not being available for work.
- Lower level sanctions (for example, for failing to attend an adviser interview) - will lead to claimants losing all of their JSA for a fixed period of 4 weeks for the first failure, followed by 13 weeks for subsequent failures (within a 52 week period of their last failure).

As illustrated in table 5.1 , in Wales, under the new JSA sanctions regime, a total of 60,990 sanction decisions have been made up to the 30th June 2013, of which, 26,510 (43 per cent) were adverse decisions¹³ (i.e. a sanction applied). This is the same as the rate for GB (43 per cent). Fifty-eight per cent of adverse decisions under the new sanctions regime were in the 'Low' group, 33 per cent in the 'Intermediate' group, and 10 per cent in the 'High' group. Across all sanction levels, 80 per cent of individuals receiving an adverse decision were doing so for the first time under the new sanctions regime.

Across local authority areas, adverse decisions made up the largest proportion (around 50 per cent) of total decisions in Blaenau Gwent and Powys while the lowest proportions were in Newport and Flintshire (37-38 per cent). With regards to sanction decision levels, among the three Jobcentre Plus districts in Wales (data is not published at a local authority level), South West Wales had the largest proportion of adverse decisions in the 'Intermediate' or 'High' group at 51 per cent compared to 41 per cent in South East Wales and 29 per cent in North and Mid Wales (table 5.2).

¹³ Decisions are adverse/non-adverse when the sanction is applied/not applied. Decisions are cancelled when the claimant is no longer claiming JSA at the time of the referral. Decisions are reserved when the claimant has stopped claiming between the time of referral and the time of decision.

Employment and Support Allowance (ESA)

From December 2012, a revised sanctions regime for ESA claimants who are in the WRAG was introduced. Under the previous system, claimants in the WRAG who failed to attend or participate in a work focused interview, or who failed to carry out work-related activity agreed with their adviser, received an open ended sanction. The sanction amount was 50 per cent of the work-related activity component, increasing to 100 per cent of the component after four weeks. The sanction was lifted when they re-complied. Under the new rules, ESA claimants in the WRAG who fail to comply with the conditions for receiving benefit receive an open ended sanction, followed by a fixed period sanction when they re-comply. The fixed period sanction will be one week for a first failure, two weeks for a second failure and four weeks for a third and subsequent failures in a 52 week period.

Claimants who are sanctioned will lose all of their personal allowance, but their work related activity component will not be affected (source: DWP, 2013g).

Under the new ESA sanctions regime, 3,190 sanction decisions have been made up to the 30th June 2013 in Wales, of which, 950 (30 per cent) were adverse decisions compared to 25 per cent for GB (table 5.3). Amongst the 7 jobcentre plus groups in Great Britain, this was the joint highest percentage of adverse decisions with Scotland. The proportion of non-adverse decisions was also the highest in Wales (31 per cent, GB 25 per cent) – this is explained by a much lower rate of cancelled decisions (39 per cent in Wales compared to 50 per cent in GB). In Wales, 620 *individuals* received an adverse sanction decision under the new regime, with 74 per cent receiving their first adverse sanction. Among the 7 jobcentre plus office groups, this was the lowest. Eleven per cent of individuals in Wales had 3 adverse sanction decisions or more, the highest of the job centre regions and well above the GB average of 5 per cent.

Among the three Jobcentre Plus districts in Wales (data is not published at a local authority level), adverse decisions made up the largest proportion (36 per cent) of total ESA decisions in South East Wales compared to 27 per cent in North and Mid Wales and 24 per cent in South West Wales (table 5.3).

Table 5.1: JSA Sanction Decisions by local authority area

Rank	Area	JSA Sanction Decisions ¹⁴					
		Non-Adverse Decisions	Adverse Decisions	Reserved Decisions	Cancelled Decisions	Total Decisions (% of Wales total)	Adverse Decisions as % of Total Decisions
1.	Blaenau Gwent	670	1,420	80	640	2,800 (5%)	51
2.	Powys	450	750	50	270	1,510 (2%)	50
3.	Monmouthshire	340	560	50	240	1,180 (2%)	47
4.	Rhondda Cynon Taf	1,770	3,050	290	1,350	6,450 (11%)	47
5.	Merthyr Tydfil	580	980	60	460	2,080 (3%)	47
6.	Caerphilly	1,390	2,090	200	860	4,550 (7%)	46
7.	Vale of Glamorgan	810	1,210	130	550	2,690 (4%)	45
8.	Swansea	1,700	2,650	230	1,370	5,930 (10%)	45
9.	Gwynedd	480	630	70	280	1,430 (2%)	44
	Wales	18,240	26,510	2,560	13,670	60,990 (100%)	43
10.	Torfaen	440	770	60	520	1,780 (3%)	43
11.	Carmarthenshire	730	1,000	70	530	2,330 (4%)	43
12.	Bridgend	900	1,290	150	700	3,030 (5%)	43
13.	Isle of Anglesey	240	290	20	140	690 (1%)	42
14.	Ceredigion	280	290	40	80	690 (1%)	42
15.	Conwy	410	540	60	280	1,300 (2%)	42
16.	Cardiff	2,490	3,390	340	2,020	8,230 (13%)	41
17.	Wrexham	840	930	100	410	2,270 (4%)	41
18.	Neath Port Talbot	860	1,060	130	550	2,600 (4%)	41
19.	Denbighshire	520	640	80	350	1,580 (3%)	41
20.	Pembrokeshire	600	750	90	450	1,890 (3%)	40
21.	Newport	1,050	1,430	180	1,120	3,780 (6%)	38
22.	Flintshire	730	810	110	560	2,200 (4%)	37

Source: DWP (2013g) Data relates to 22nd October 2012 to 30th June 2013.

¹⁴ Decisions are adverse/non-adverse when the sanction is applied/not applied. Decisions are cancelled when the claimant is no longer claiming JSA at the time of the referral. Decisions are reserved when the claimant has stopped claiming between the time of referral and the time of decision.

Table 5.2: JSA Adverse Decision Levels by Jobcentre Plus District

Area	JSA Adverse Sanction Decision Level (% of total)			Total Adverse Decisions
	Low	Intermediate	High	
Wales	15,280 (58%)	8,650 (33%)	2,580 (10%)	26,510
North and Mid Wales	3,290 (72%)	760 (17%)	530 (12%)	4,580
South East Wales	7,030 (59%)	3,990 (34%)	810 (7%)	11,830
South West Wales	4,960 (49%)	3,900 (39%)	1,240 (12%)	10,100

Source: DWP (2013g) Data relates to 22nd October 2012 to 30th June 2013.

Table 5.3: ESA Sanction Decisions by Jobcentre Plus District

Area	ESA Sanction Decisions				
	Non-Adverse Decisions	Adverse Decisions	Cancelled Decisions	Total Decisions (% of Wales total)	Adverse Decisions as % of Total Decisions
Wales	980	950	1,260	3,190 (100%)	30
North and Mid Wales	150	140	220	510 (16%)	27
South East Wales	390	490	490	1,360 (43%)	36
South West Wales	440	320	560	1,320 (41%)	24

Source: DWP (2013g) Data relates to 3rd December 2012 to 30th June 2013.

6. Conclusions and next steps

Conclusions

This report has analysed the impact of the UK Government's welfare reforms in local authority areas in Wales. Fourteen welfare reforms have been assessed in terms of the number of claimants affected and potential impacts on income.

The reforms that affect the largest number of individuals/households in Wales are the: switch to indexing almost all benefits and tax credits to the CPI rather than the RPI or Rossi Index; one per cent cap on most working-age benefits, certain elements of tax credits and Child Benefit; and the freezing of Child Benefit rates. These reforms are expected to result in relatively small income losses for those affected. While other reforms such as the Household Benefit Cap affect a smaller number of individuals/households, average income losses are much larger.

In aggregate, the policy changes that have been assessed are estimated to reduce annual benefit and tax credit entitlements in Wales by around £900 million in 2015/16 (2 per cent of gross disposable household income). Around half of this loss is due to the way benefits and tax credits are uprated. Other large financial losses arise from a reduced caseload under PIP compared to DLA and the time-limiting of contributory ESA to one year for those in the work-related activity group. By contrast, some of the HB reforms and the Household Benefit Cap result in much smaller total income losses in Wales.

Although losses will vary widely depending on individual circumstances, the average annual loss per working-age adult in Wales is estimated to be around £500 in 2015/16.

For those whose income is affected by the welfare reforms, there may be subsequent changes in spending and wider knock on effects for the economy.

The findings clearly illustrate that the impact of welfare reform varies across local authority areas in terms of the number and proportion of individuals / households affected and average financial losses.

Out of all local authority areas in Wales, Neath Port Talbot, Blaenau Gwent and Merthyr Tydfil are estimated to be the hardest hit by the welfare reforms analysed. The average annual loss per working-age adult in these areas is estimated to be around £600 in 2015/16 compared to £500 for Wales as whole.

Nearly a quarter of the population aged 16-64 in these areas claim working-age benefits, the highest proportion in Wales. These areas are particularly affected by the changes to the way benefits and tax credits are uprated, time-limiting of contributory ESA, the introduction of PIP and the size criteria in the social rented sector. Such impacts reflect the relatively high overall working-age benefit claimant rates, particularly for disability and sickness benefits (i.e. DLA and ESA), and the high proportion of rented housing stock that is in the social rented sector.

At the bottom end of the scale, on average, Powys, Gwynedd and Ceredigion are much less affected by the welfare reforms analysed. This reflects their relatively low benefit claimant rates with just over a tenth of the population aged 16-64 in these areas claiming working-age benefits, the lowest proportion in Wales. The average annual loss per working-age adult in these areas is estimated to be around £400 in 2015/16, around two-thirds of the loss experienced by the hardest hit areas.

The above findings are based on average losses per working-age adult, which can sometimes mask differences in impacts within large local authority areas.

In terms of absolute income losses, Cardiff (£103 million), Rhondda Cynon Taf (£81 million) and Swansea (£75 million) are estimated to incur the greatest losses (each equivalent to 8-11% of the Welsh total) in line with their working-age population shares. While Merthyr Tydfil (£22 million), the Isle of Anglesey (£19 million) and Ceredigion (£18 million), which are among Wales' smallest local authority areas based on population shares, see the lowest total income losses (each equivalent to 2% of the Welsh total).

It is important to note that the above estimates are based on static models and therefore do not take into account any behavioural effects such as claimants moving into employment or cheaper properties, or landlords reducing rent levels. Nor does the research take into account any additional income losses due to benefit sanctions.

As highlighted in this latest report, the UK Government is imposing welfare reforms on Wales with significant implications for individuals and communities. As far as it is able, the Welsh Government will continue to use the findings of its research into the impact of the reforms to help inform policy and support people to manage the change.

Next steps

At the time of writing, it is expected that the next part of the Stage 3 research will consist of:

- Quantification of the distributional impact in Wales of the welfare reforms announced by the UK Government up to and included in Budget 2014. This will include an assessment of the total income loss in Wales and the average income loss across the income distribution and by family type. Expected publication date: Spring 2014.

Research requirements are considered on an ongoing basis and are therefore subject to change.

References

- Adam, S, and Browne, J (2012) Reforming Council Tax Benefit: Options for Wales. Institute for Fiscal Studies www.ifs.org.uk/publications/6204
- Adam, S and Phillips, D (2013) An ex-ante analysis of the effects of the UK Government's welfare reforms on labour supply in Wales. Institute for Fiscal Studies www.ifs.org.uk/publications/6586
- Beatty, C. and Fothergill, S. (2013) Hitting the poorest places hardest. The local and regional impact of welfare reform
- Centre for Housing Policy, University of York (2011) Unfair Shares: A report on the impact of extending the Shared Accommodation Rate of Housing Benefit
- Community Housing Cymru (2013) News release: 'Bedroom tax' will mean 1,000 fewer homes in Wales (20th November 2013)
- DWP (2010a) Impacts of Housing Benefit Proposals: Changes to the Local Housing Allowance to be introduced in 2011-12
- DWP (2010b) Housing Benefit: Changes to the Local Housing Allowance Arrangements – Impact Assessment
- DWP (2011a) Time limit contributory Employment and Support Allowance to one year for those in the work-related activity group – Impact Assessment
- DWP (2011b) Time limiting contributory Employment and Support Allowance to one year for those in the work-related activity group – Equality Impact Assessment
- DWP (2011c) Housing Benefit: Up-rating Local Housing Allowance by the Consumer Price Index – Determination of Appropriate Maximum Housing Benefit in the Private Rented Sector – Equality Impact Assessment
- DWP (2011d) Housing Benefit equality impact assessment – Increasing the Shared Accommodation Rate age threshold to 35
- DWP (2012a) Benefit Cap – Equality Impact Assessment
- DWP (2012b) Benefit Cap (Housing Benefit) Regulations 2012: Impact Assessment for the benefit cap
- DWP (2012c) Disability Living Allowance Reform– Equality Impact Assessment
- DWP (2012d) Disability Living Allowance Reform– Impact Assessment
- DWP (2012e) Housing Benefit: Size Criteria for People Renting in the Social Rented Sector – Equality Impact Assessment
- DWP (2012f) Universal Credit – Impact Assessment

DWP (2012g) Housing Benefit: Under occupation of social housing – Impact Assessment

DWP (2012h) Housing Benefit – Up-rating Local Housing Allowance Rates by CPI from April 2013 – Impact Assessment

DWP (2012i) Personal Independence Payment: Reassessment and Impacts

DWP (2012j) GB households and individuals in receipt of a letter notifying them they may be affected by the benefit cap in April 2013. Ad hoc statistical analysis

DWP (2013a) Welfare Benefits Up-rating Bill – Impact Assessment

DWP (2013b) Social Security Benefits Uprating Order 2013 – Impact Assessment

DWP (2013c) Housing Benefit and Council Tax Benefit Caseload Statistics: November 2008 to February 2013

DWP (2013d) Ad hoc statistics on Households identified as potentially impacted by the benefit cap

DWP (2013e) Number of Housing Benefit claimants and average weekly spare room subsidy amount withdrawal

DWP (2013f) Benefit expenditure by country, region and local authority from 2000/01 to 2011/12

DWP (2013g) Jobseeker's Allowance and Employment and Support Allowance Sanctions – decisions made to June 2013, GB

DWP (2013h) Equality Analysis for Housing Benefit: Uprating Local Housing Allowance by 1 per cent and the Targeted Affordability Funding. Limiting the annual uprating of Local Housing Allowance rates to 1 per cent in 2014-15 and 2015-16

HMRC (2012a) Child Benefit: Income Tax Charge for Those on Higher Incomes.

HMRC (2012b) Child Benefit, Child Tax Credit and Working Tax Credit Take-up Rates 2010-11

HMRC (2012c) Child and Working Tax Credits Statistics. Finalised Annual Awards 2011-12. Geographical Analysis

HMRC (2012d) Child Benefit Statistics. Geographical Analysis. August 2011

HMRC (2013a) Child Benefit Statistics. Geographical Analysis. August 2012

HMRC (2013b) A disaggregation of HMRC tax receipts between England, Wales, Scotland and Northern Ireland

Office for Budget Responsibility (2013) Economic and Fiscal Outlook, March 2013

Welsh Government (2011) Programme for Government

Welsh Government (2012a) Analysing the impact of the UK Government's welfare reforms in Wales – Stage 1 analysis

Welsh Government (2012b) Tackling Poverty Action Plan 2012-16

Welsh Government (2013a) Analysing the impact of the UK Government's welfare reforms in Wales – Stage 2 analysis

Welsh Government (2013b) Programme for Government – Annual Report

Welsh Government (2013c) Building Resilient Communities: Taking Forward the Tackling Poverty Action Plan

Annex 1: Local authority area summaries

The beginning of this Annex provides benefit and tax credit claimant rates, which among other data, has been used to understand the different impacts of the welfare reforms at a local level in Wales. The remainder of the Annex is structured by local authority area. This is likely to be of use to readers who are interested in the impacts for a particular area. The average financial loss per working-age adult (£ per year) for each reform is illustrated and compared to the equivalent average loss for Wales as a whole. The absolute annual financial loss (£m in 2015-16) for each local authority area is also presented.

Benefit claimant rates by local authority area

Rank	Area	Total		Out-of-work benefits	
		Number	Rate (% of working-age households)	Number	Rate (% of working-age households)
1.	Blaenau Gwent	11,100	25	9,350	21
2.	Merthyr Tydfil	9,080	24	7,570	20
3.	Neath Port Talbot	20,040	23	15,870	18
4.	Rhondda Cynon Taf	33,010	22	27,380	18
5.	Caerphilly	23,850	21	19,160	17
6.	Torfaen	11,450	20	9,260	16
7.	Bridgend	17,440	20	14,020	16
8.	Newport	17,570	19	14,450	16
9.	Denbighshire	10,570	19	8,230	15
10.	Swansea	26,910	18	21,740	14
	Wales	335,530	17	269,470	14
11.	Carmarthenshire	19,280	17	15,220	14
12.	Conwy	11,330	17	8,920	13
13.	Isle of Anglesey	6,960	17	5,590	13
14.	Wrexham	13,680	16	10,610	12
15.	Pembrokeshire	11,430	16	8,900	12
16.	Cardiff	36,530	15	30,420	13
17.	The Vale of Glamorgan	11,020	14	8,710	11
18.	Flintshire	13,020	14	9,950	10
19.	Gwynedd	9,310	12	7,410	10
20.	Powys	9,750	12	7,400	9
21.	Monmouthshire	6,660	12	5,070	9
22.	Ceredigion	5,560	11	4,270	9

Source: DWP, Nomis (May 2013 data). Includes the following working-age benefits: Bereavement Benefit; CA; DLA; ESA; IB / SDA; IS (including Pension Credit for males aged 60 to 64); JSA; and, Widow's Benefit. Out-of-work benefits include: JSA, ESA and IB, lone parents and others on income related benefits. Each person is classified just once and presented by the main reasons why they are claiming benefit.

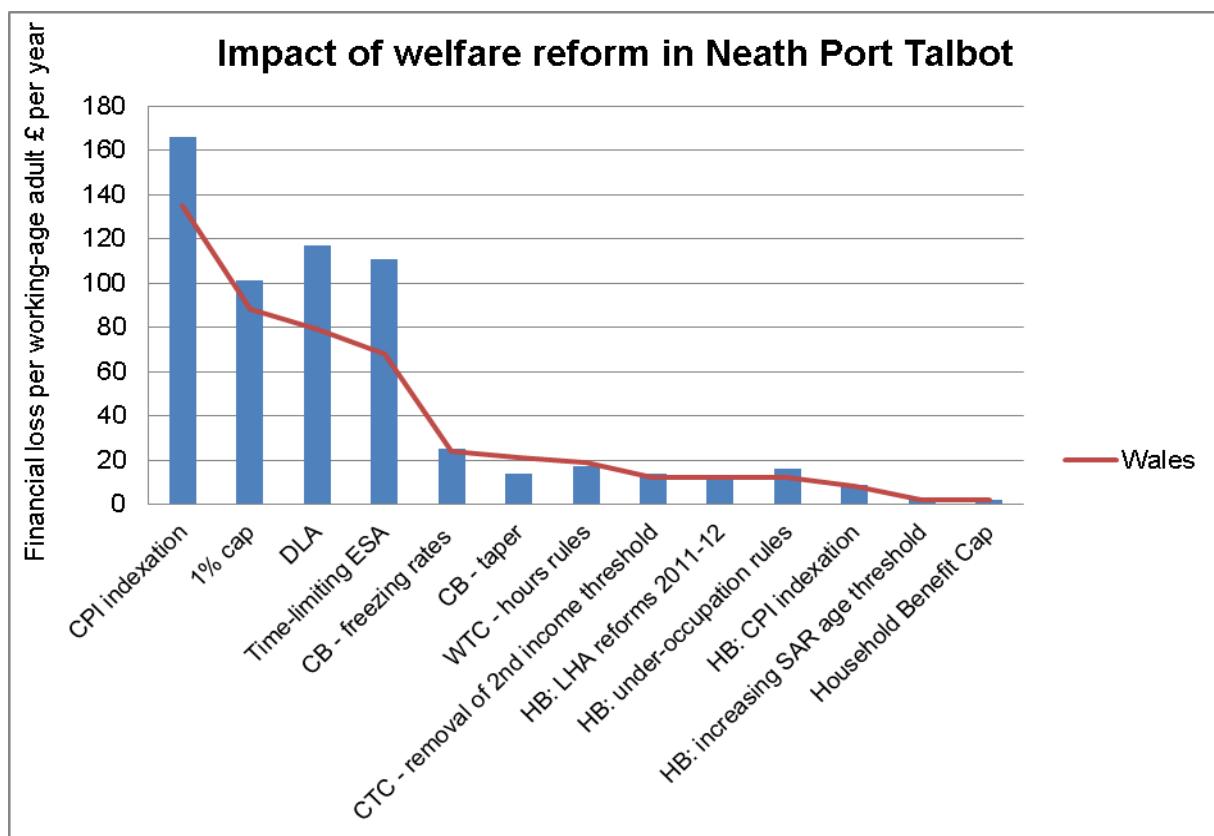
Tax Credit claimant rates by local authority area

Rank	Area	Total	
		Number of out-of-work and in-work families in receipt of Tax Credits	Rate (% of working-age households)
1.	Merthyr Tydfil	7,000	38
2.	Blaenau Gwent	8,100	37
3.	Caerphilly	19,600	35
4.	Torfaen	9,900	35
5.	Conwy	11,000	34
6.	Pembrokeshire	12,100	34
7.	Newport	15,500	34
8.	Rhondda Cynon Taf	25,400	33
9.	Isle of Anglesey	6,600	33
10.	Carmarthenshire	18,100	33
11.	Neath Port Talbot	14,900	32
12.	Wrexham	13,800	32
13.	Bridgend	14,200	32
14.	Denbighshire	9,400	32
15.	Flintshire	14,500	32
	Wales	300,000	31
16.	Gwynedd	10,900	30
17.	Powys	12,100	30
18.	Swansea	22,600	29
19.	The Vale of Glamorgan	11,000	28
20.	Ceredigion	6,500	27
21.	Monmouthshire	6,700	26
22.	Cardiff	30,100	26

Source: HMRC (2012c) Child and Working Tax Credit Statistics. Finalised annual awards 2011-12. Geographical analysis.

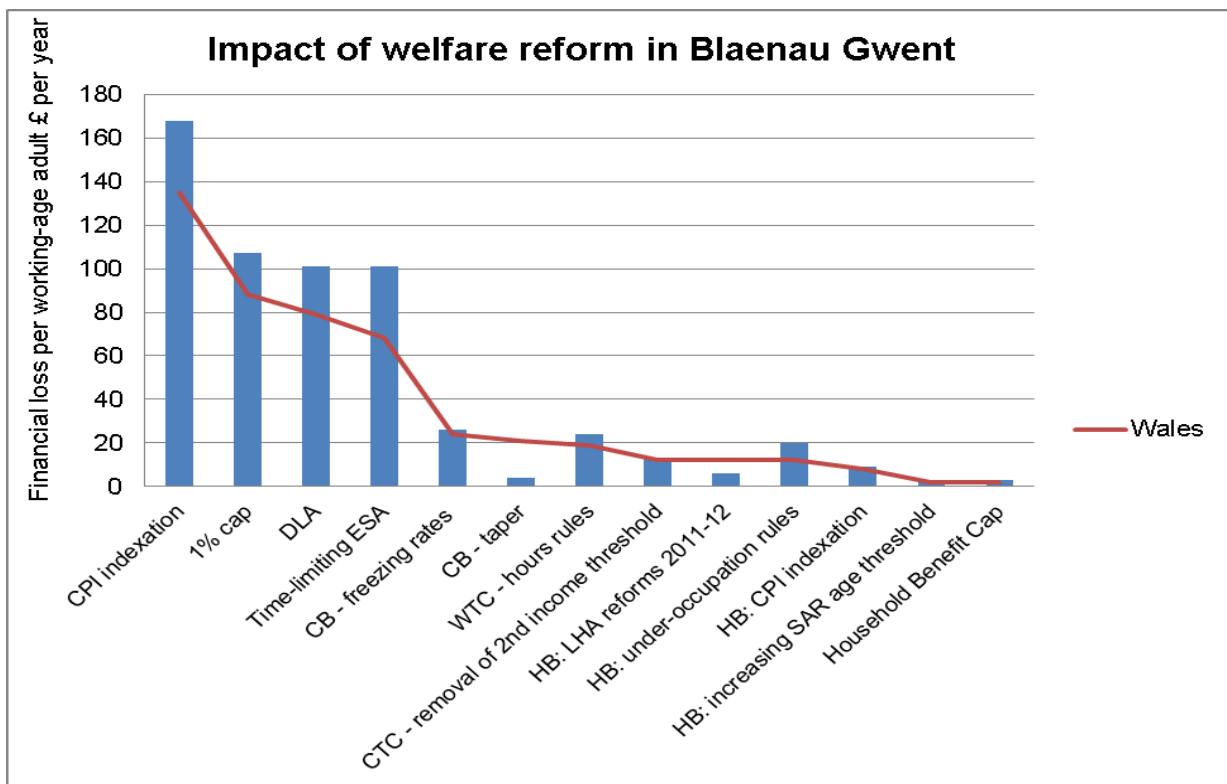
Neath Port Talbot

Welfare Reform	Financial loss per working-age adult £ per year		Total income loss £m per year
	Neath Port Talbot	Wales	
CPI indexation	166	135	14.7
1% cap	101	88	8.9
DLA	117	79	10.4
Time-limiting ESA	111	68	9.9
CB - freezing rates	25	24	2.2
CB - taper	14	21	1.2
WTC - hours rules	17	19	1.5
CTC - removal of 2nd income threshold	14	12	1.2
HB: LHA reforms 2011-12	11	12	0.9
HB: under-occupation rules	16	12	1.4
HB: CPI indexation	9	8	0.8
HB: increasing SAR age threshold	2	2	0.2
Household Benefit Cap	2	2	0.2
Total	606	480	53.7



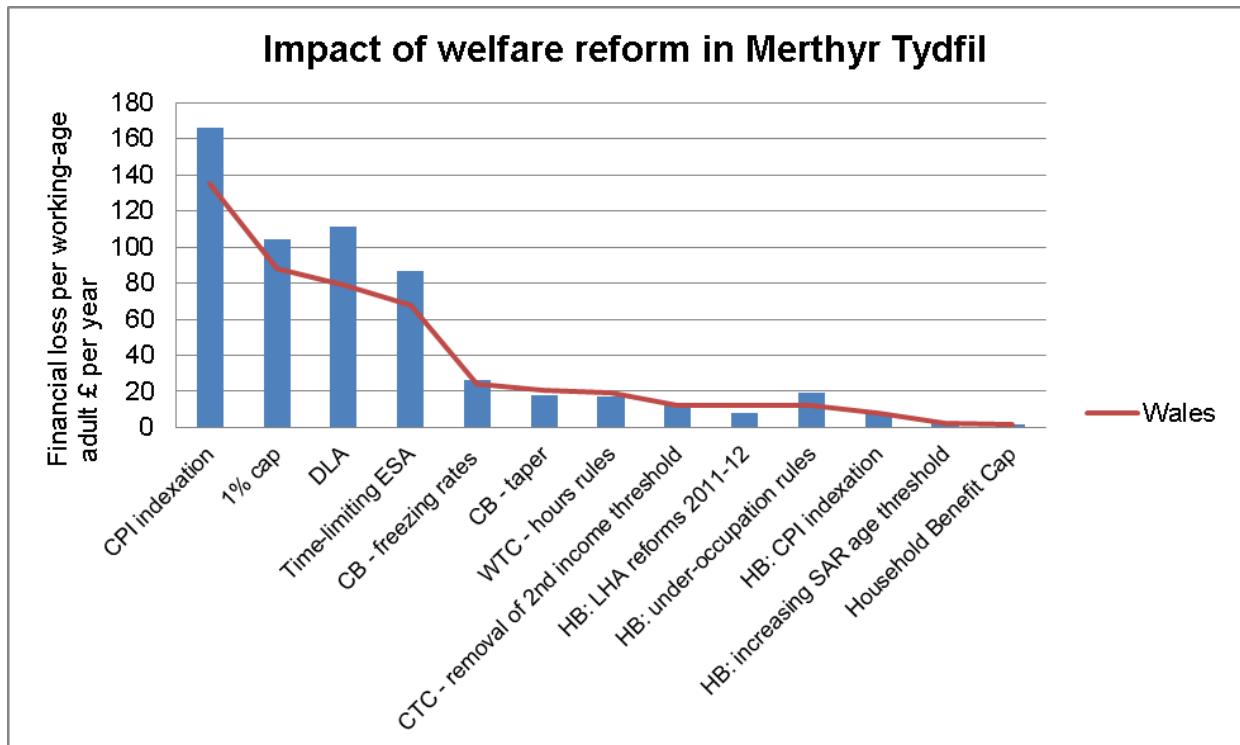
Blaenau Gwent

Welfare Reform	Financial loss per working-age adult £ per year		Total income loss £m per year
	Blaenau Gwent	Wales	
CPI indexation	168	135	7.5
1% cap	107	88	4.8
DLA	101	79	4.5
Time-limiting ESA	101	68	4.5
CB - freezing rates	26	24	1.1
CB - taper	4	21	0.2
WTC - hours rules	24	19	1.1
CTC - removal of 2nd income threshold	13	12	0.6
HB: LHA reforms 2011-12	6	12	0.3
HB: under-occupation rules	20	12	0.9
HB: CPI indexation	9	8	0.4
HB: increasing SAR age threshold	2	2	0.1
Household Benefit Cap	3	2	0.1
Total	585	480	26.0



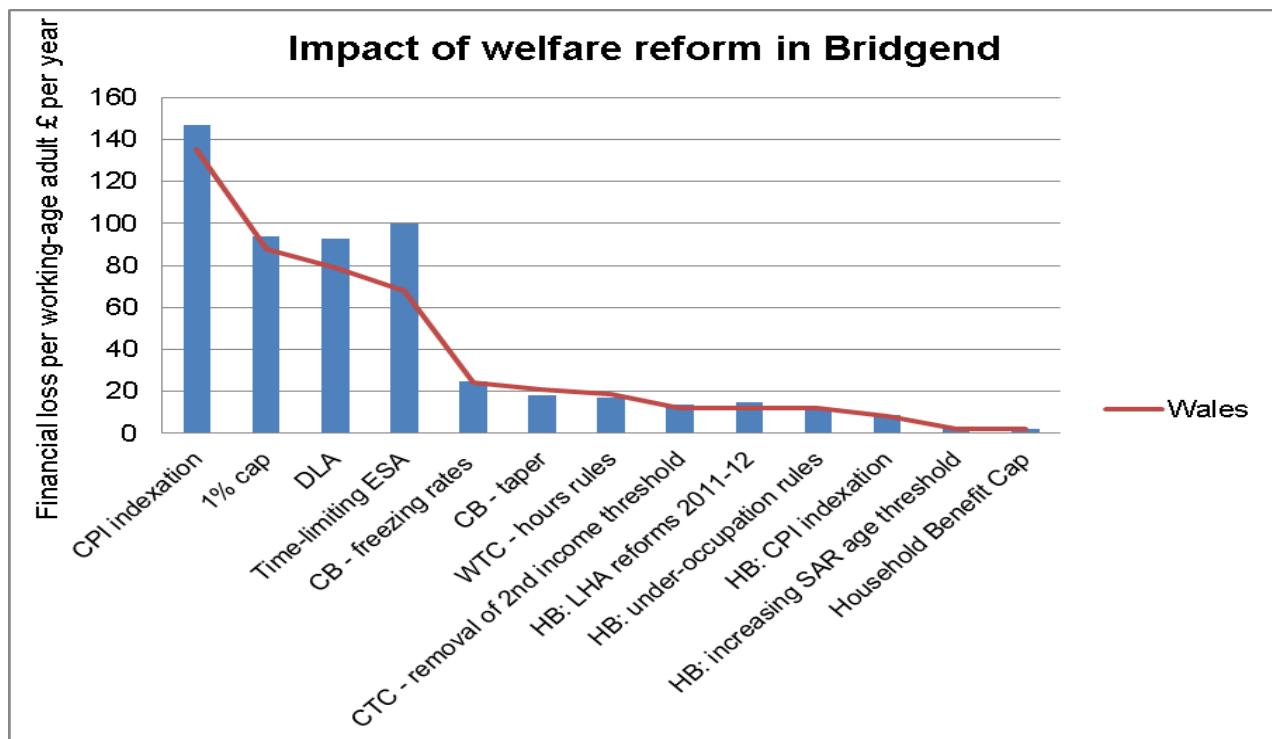
Merthyr Tydfil

Welfare Reform	Financial loss per working-age adult £ per year		Total income loss £m per year
	Merthyr Tydfil	Wales	
CPI indexation	166	135	6.3
1% cap	104	88	3.9
DLA	111	79	4.2
Time-limiting ESA	87	68	3.3
CB - freezing rates	26	24	1.0
CB - taper	18	21	0.7
WTC - hours rules	17	19	0.6
CTC - removal of 2nd income threshold	12	12	0.4
HB: LHA reforms 2011-12	8	12	0.3
HB: under-occupation rules	19	12	0.7
HB: CPI indexation	7	8	0.3
HB: increasing SAR age threshold	2	2	0.1
Household Benefit Cap	2	2	0.1
Total	580	480	21.9



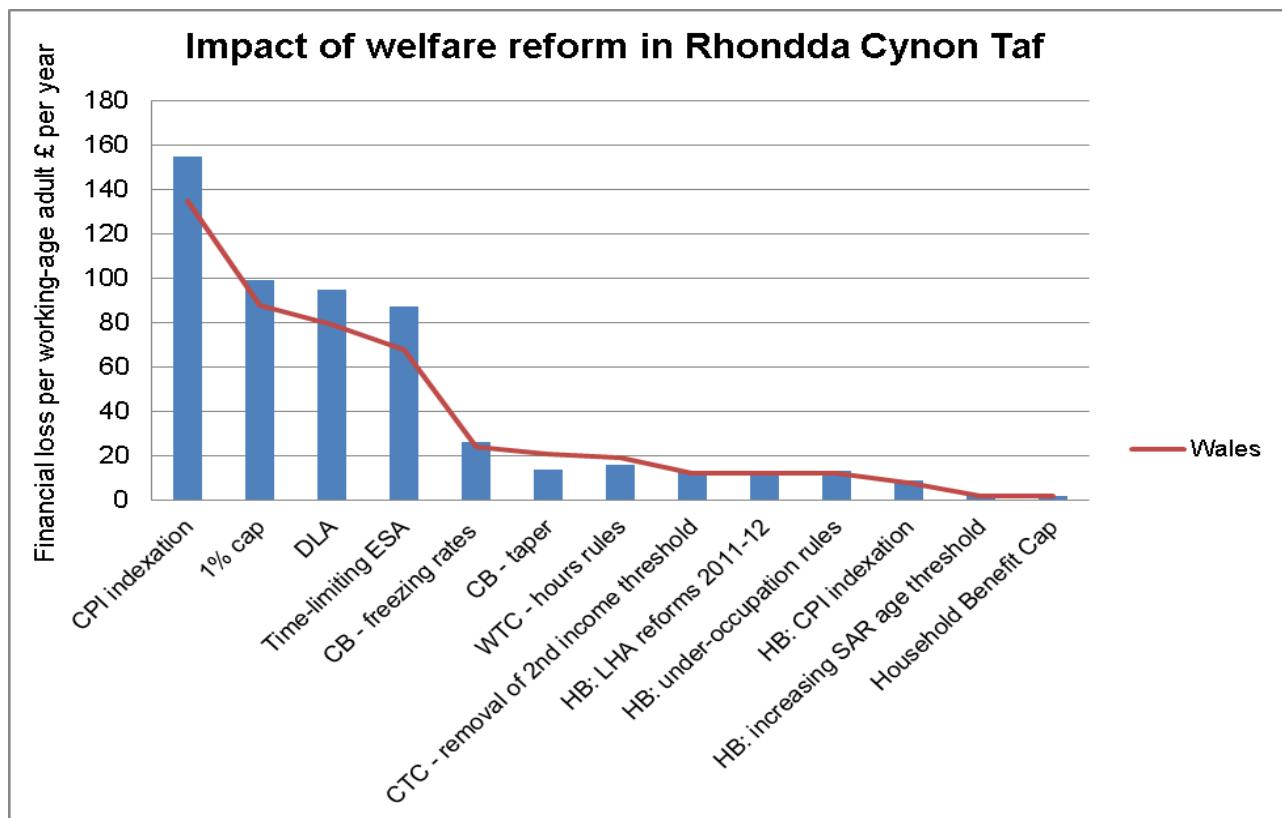
Bridgend

Welfare Reform	Financial loss per working-age adult £ per year		Total income loss £m per year
	Bridgend	Wales	
CPI indexation	147	135	13.0
1% cap	94	88	8.3
DLA	93	79	8.2
Time-limiting ESA	100	68	8.8
CB - freezing rates	25	24	2.2
CB - taper	18	21	1.6
WTC - hours rules	17	19	1.5
CTC - removal of 2nd income threshold	14	12	1.2
HB: LHA reforms 2011-12	15	12	1.3
HB: under-occupation rules	11	12	0.9
HB: CPI indexation	9	8	0.8
HB: increasing SAR age threshold	3	2	0.3
Household Benefit Cap	2	2	0.2
Total	548	480	48.4



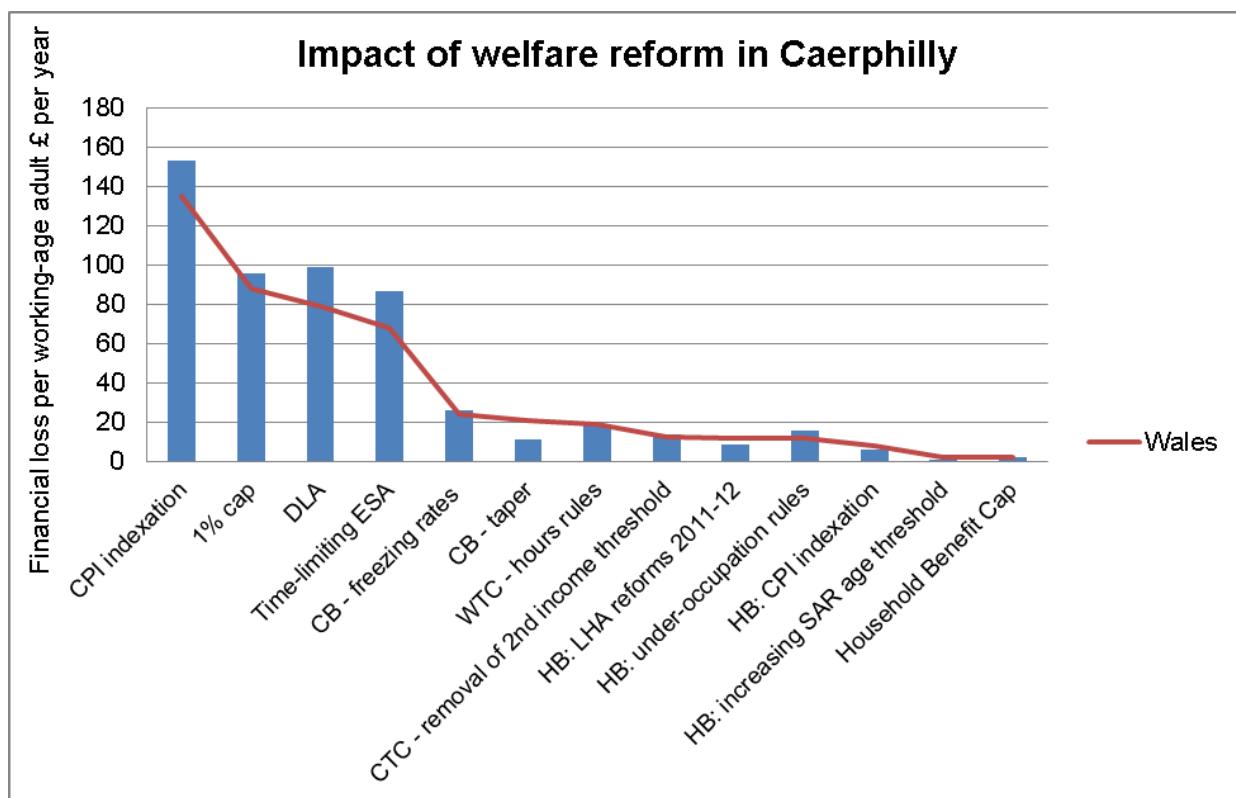
Rhondda Cynon Taf

Welfare Reform	Financial loss per working-age adult £ per year		Total income loss £m per year
	Rhondda Cynon Taf	Wales	
CPI indexation	155	135	23.2
1% cap	99	88	14.8
DLA	95	79	14.2
Time-limiting ESA	87	68	12.9
CB - freezing rates	26	24	3.9
CB - taper	14	21	2.0
WTC - hours rules	16	19	2.4
CTC - removal of 2nd income threshold	13	12	2.0
HB: LHA reforms 2011-12	12	12	1.9
HB: under-occupation rules	13	12	1.9
HB: CPI indexation	9	8	1.4
HB: increasing SAR age threshold	2	2	0.3
Household Benefit Cap	2	2	0.3
Total	543	480	81.2



Caerphilly

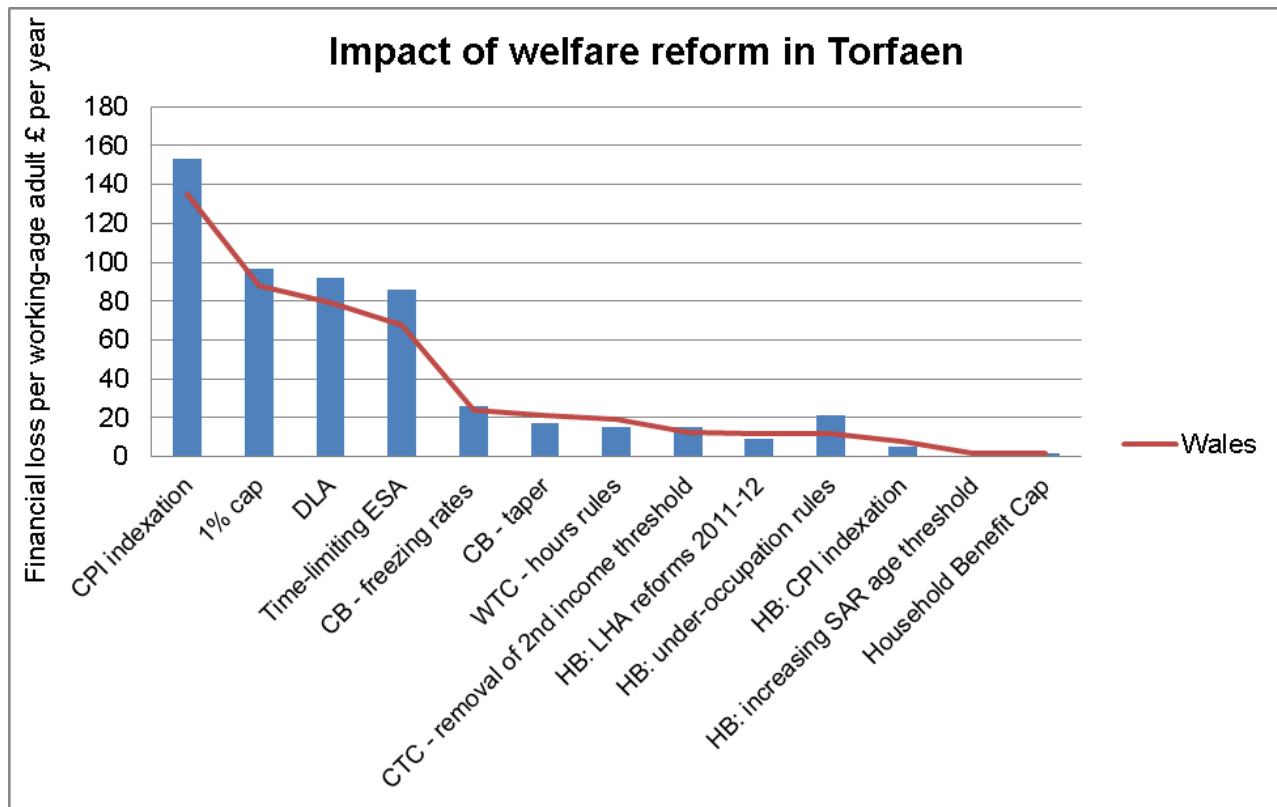
Welfare Reform	Financial loss per working-age adult £ per year		Total income loss £m per year
	Caerphilly	Wales	
CPI indexation	153	135	17.4
1% cap	96	88	10.9
DLA	99	79	11.2
Time-limiting ESA	87	68	9.9
CB - freezing rates	26	24	3.0
CB - taper	11	21	1.2
WTC - hours rules	19	19	2.2
CTC - removal of 2nd income threshold	14	12	1.6
HB: LHA reforms 2011-12	9	12	1.1
HB: under-occupation rules	16	12	1.9
HB: CPI indexation	6	8	0.7
HB: increasing SAR age threshold	1	2	0.1
Household Benefit Cap	2	2	0.2
Total	541	480	61.3



Torfaen

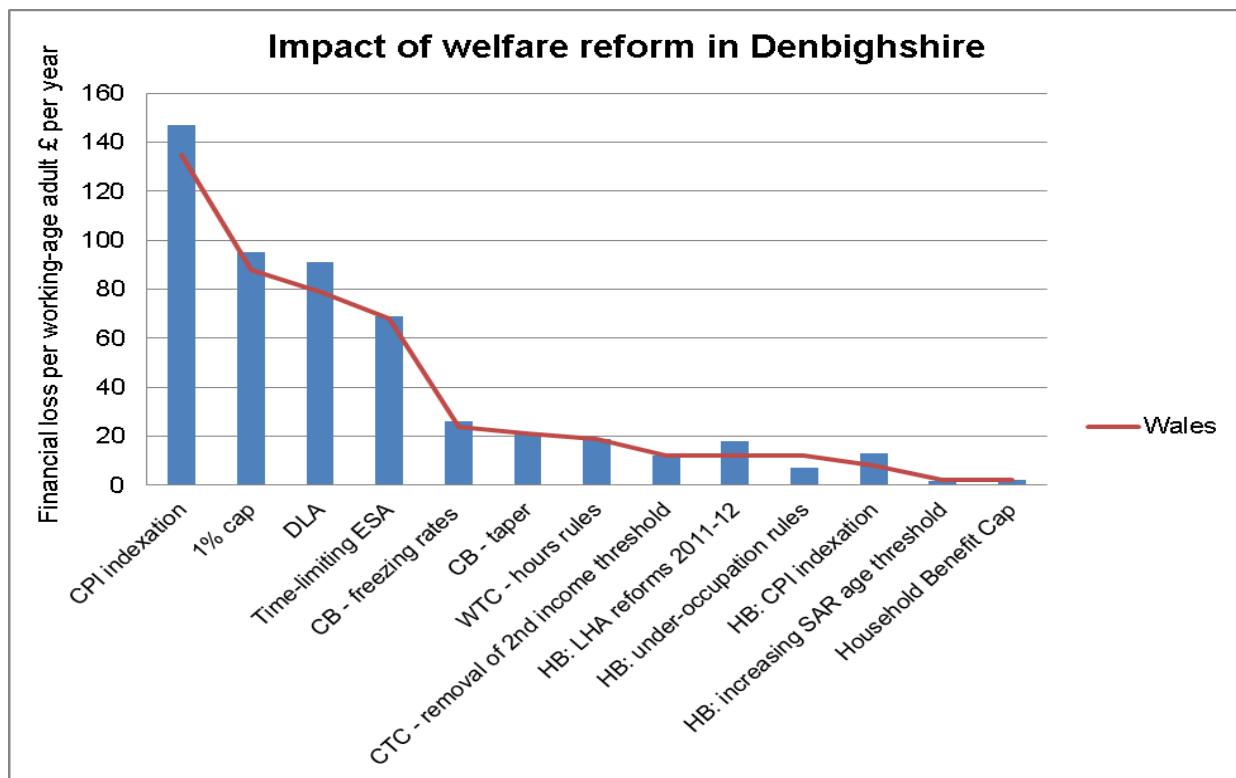
Welfare Reform	Financial loss per working-age adult £ per year		Total income loss £m per year
	Torfaen	Wales	
CPI indexation	153	135	8.8
1% cap	97	88	5.5
DLA	92	79	5.3
Time-limiting ESA	86	68	4.9
CB - freezing rates	26	24	1.5
CB - taper	17	21	1.0
WTC - hours rules	15	19	0.9
CTC - removal of 2nd income threshold	15	12	0.9
HB: LHA reforms 2011-12	9	12	0.5
HB: under-occupation rules	21	12	1.2
HB: CPI indexation	5	8	0.3
HB: increasing SAR age threshold	~	2	~
Household Benefit Cap	2	2	0.1
Total	539	480	30.8

~ Less than half the final digit shown and different from zero



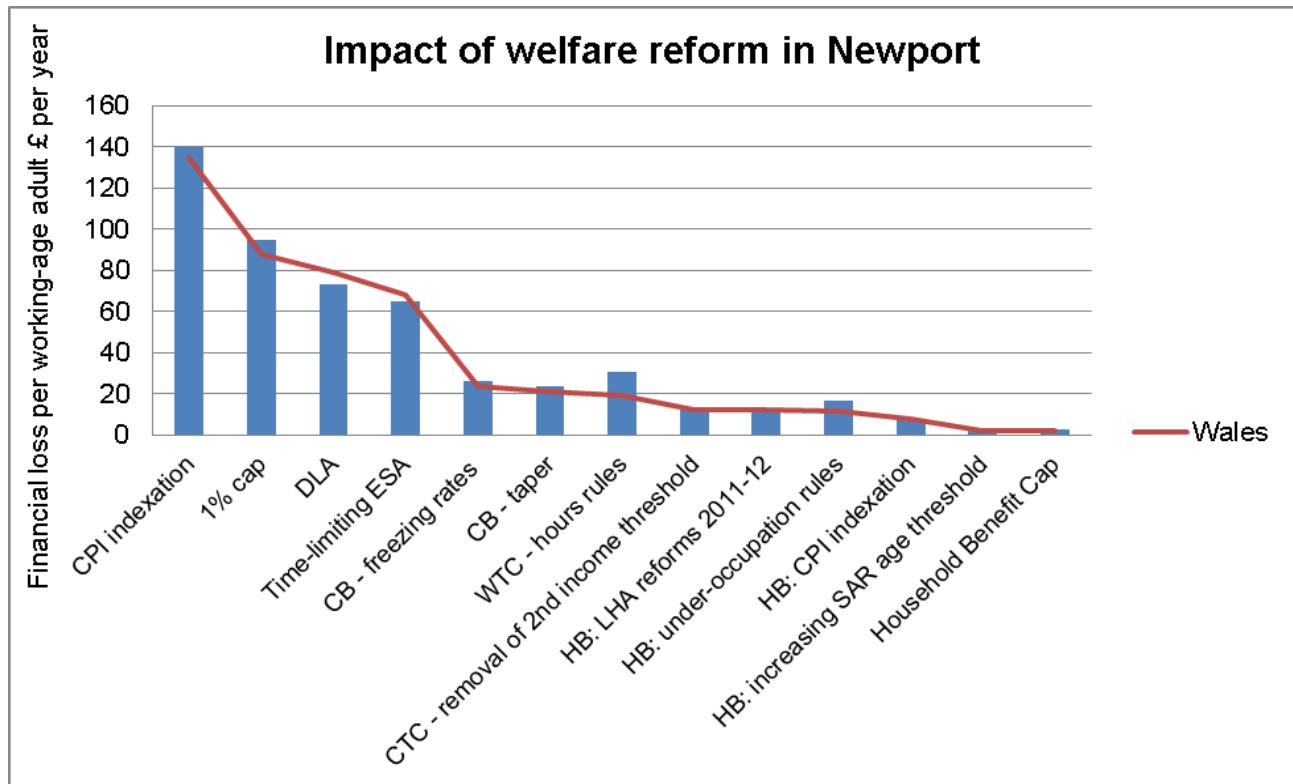
Denbighshire

Welfare Reform	Financial loss per working-age adult £ per year		Total income loss £m per year
	Denbighshire	Wales	
CPI indexation	147	135	8.3
1% cap	95	88	5.4
DLA	91	79	5.1
Time-limiting ESA	69	68	3.9
CB - freezing rates	26	24	1.5
CB - taper	21	21	1.2
WTC - hours rules	19	19	1.1
CTC - removal of 2nd income threshold	12	12	0.7
HB: LHA reforms 2011-12	18	12	1.0
HB: under-occupation rules	7	12	0.4
HB: CPI indexation	13	8	0.7
HB: increasing SAR age threshold	2	2	0.1
Household Benefit Cap	2	2	0.1
Total	522	480	29.6



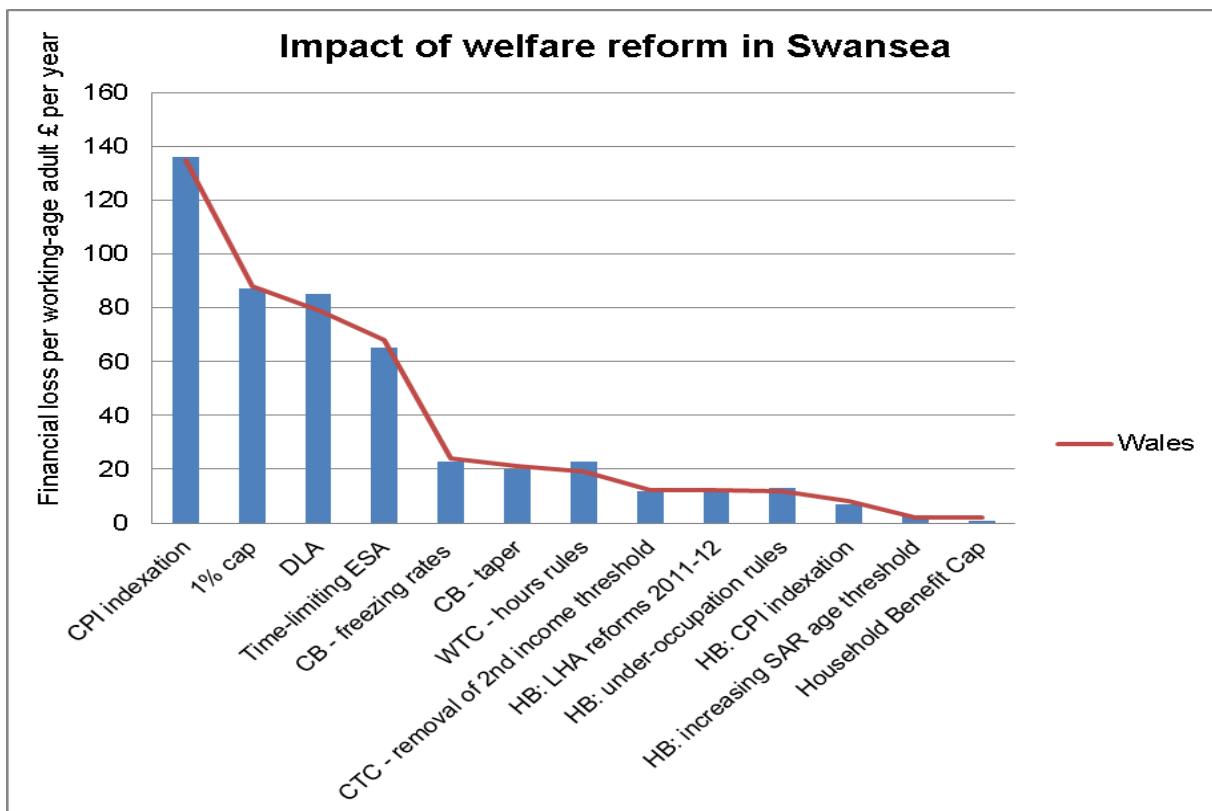
Newport

Welfare Reform	Financial loss per working-age adult £ per year		Total income loss £m per year
	Newport	Wales	
CPI indexation	140	135	12.9
1% cap	95	88	8.7
DLA	73	79	6.7
Time-limiting ESA	65	68	6.0
CB - freezing rates	26	24	2.4
CB - taper	24	21	2.2
WTC - hours rules	31	19	2.8
CTC - removal of 2nd income threshold	13	12	1.2
HB: LHA reforms 2011-12	11	12	1.0
HB: under-occupation rules	17	12	1.6
HB: CPI indexation	8	8	0.7
HB: increasing SAR age threshold	3	2	0.2
Household Benefit Cap	3	2	0.3
Total	508	480	46.8



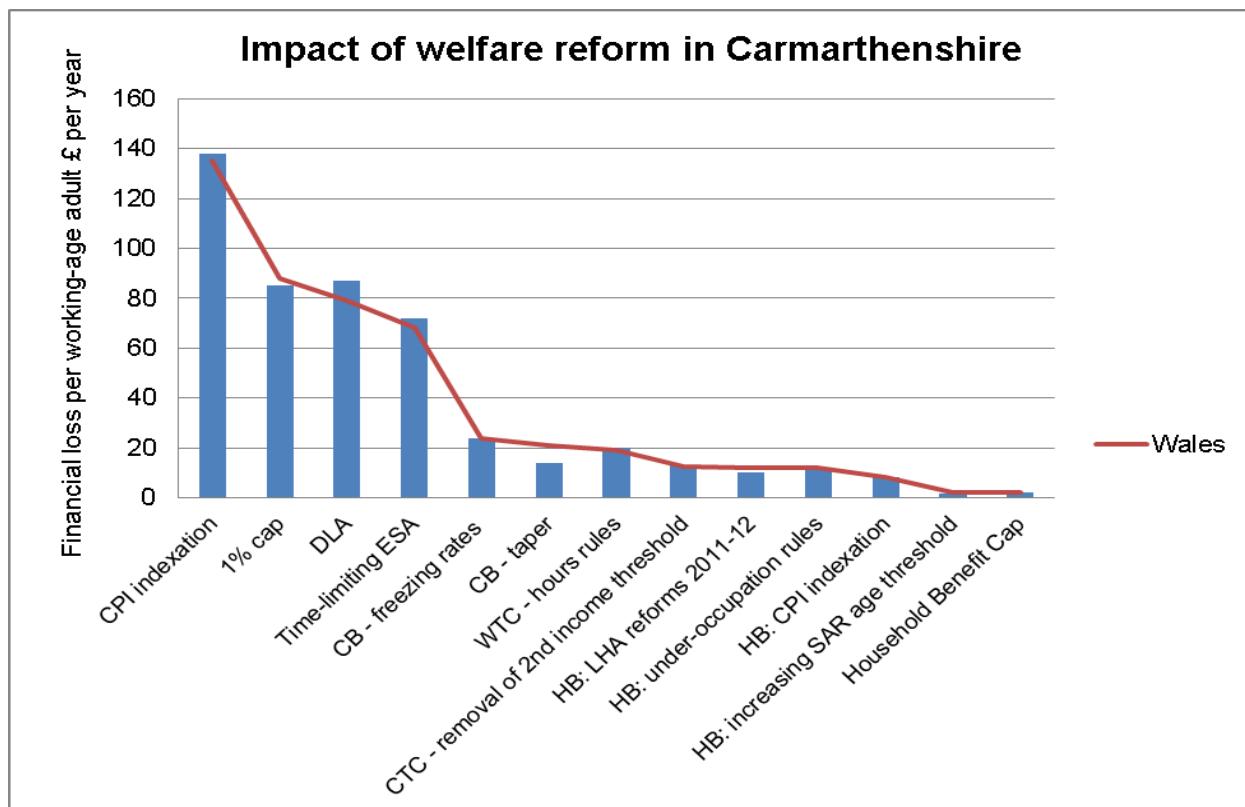
Swansea

Welfare Reform	Financial loss per working-age adult £ per year		Total income loss £m per year
	Swansea	Wales	
CPI indexation	136	135	20.9
1% cap	87	88	13.3
DLA	85	79	13.1
Time-limiting ESA	65	68	10.1
CB - freezing rates	23	24	3.5
CB - taper	20	21	3.0
WTC - hours rules	23	19	3.5
CTC - removal of 2nd income threshold	12	12	1.8
HB: LHA reforms 2011-12	12	12	1.8
HB: under-occupation rules	13	12	1.9
HB: CPI indexation	7	8	1.1
HB: increasing SAR age threshold	3	2	0.4
Household Benefit Cap	1	2	0.2
Total	486	480	74.7



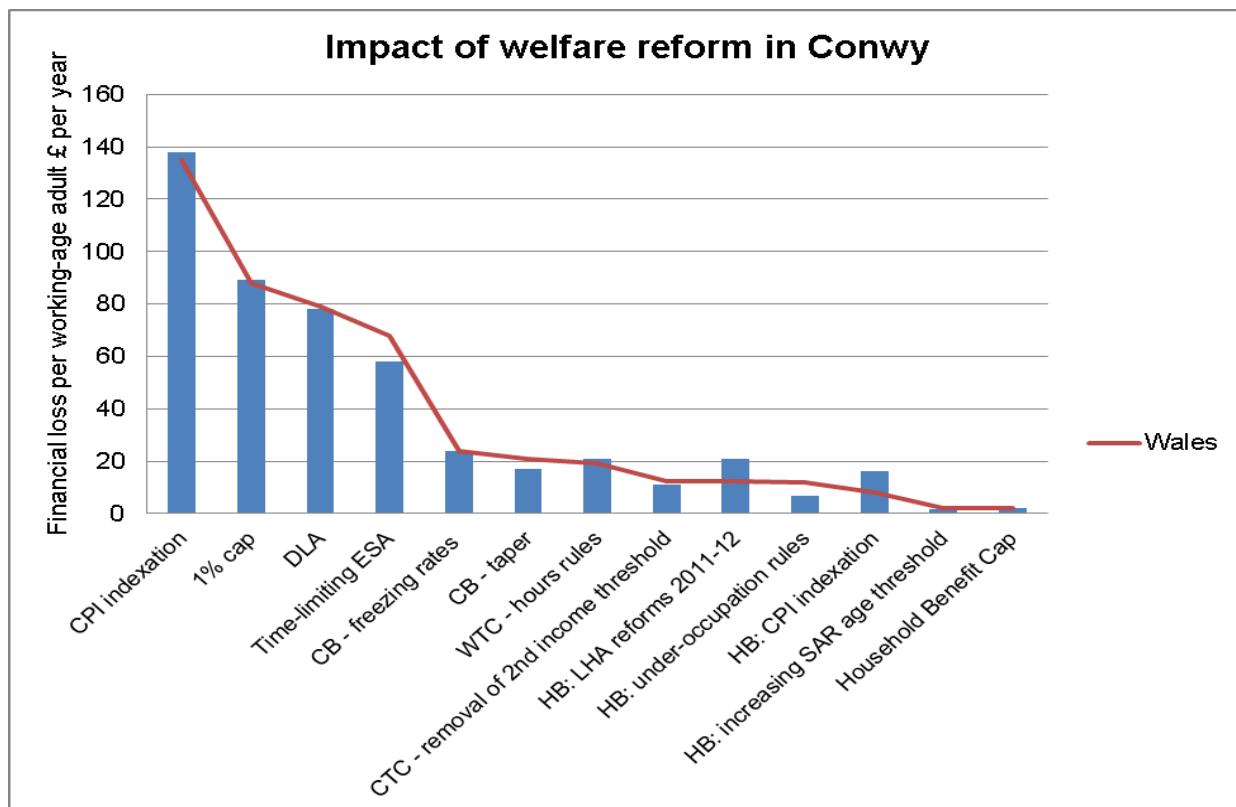
Carmarthenshire

Welfare Reform	Financial loss per working-age adult £ per year		Total income loss £m per year
	Carmarthenshire	Wales	
CPI indexation	138	135	15.4
1% cap	85	88	9.5
DLA	87	79	9.7
Time-limiting ESA	72	68	8.0
CB - freezing rates	24	24	2.7
CB - taper	14	21	1.6
WTC - hours rules	20	19	2.2
CTC - removal of 2nd income threshold	13	12	1.4
HB: LHA reforms 2011-12	10	12	1.2
HB: under-occupation rules	12	12	1.3
HB: CPI indexation	8	8	0.9
HB: increasing SAR age threshold	2	2	0.2
Household Benefit Cap	2	2	0.2
Total	485	480	54.2



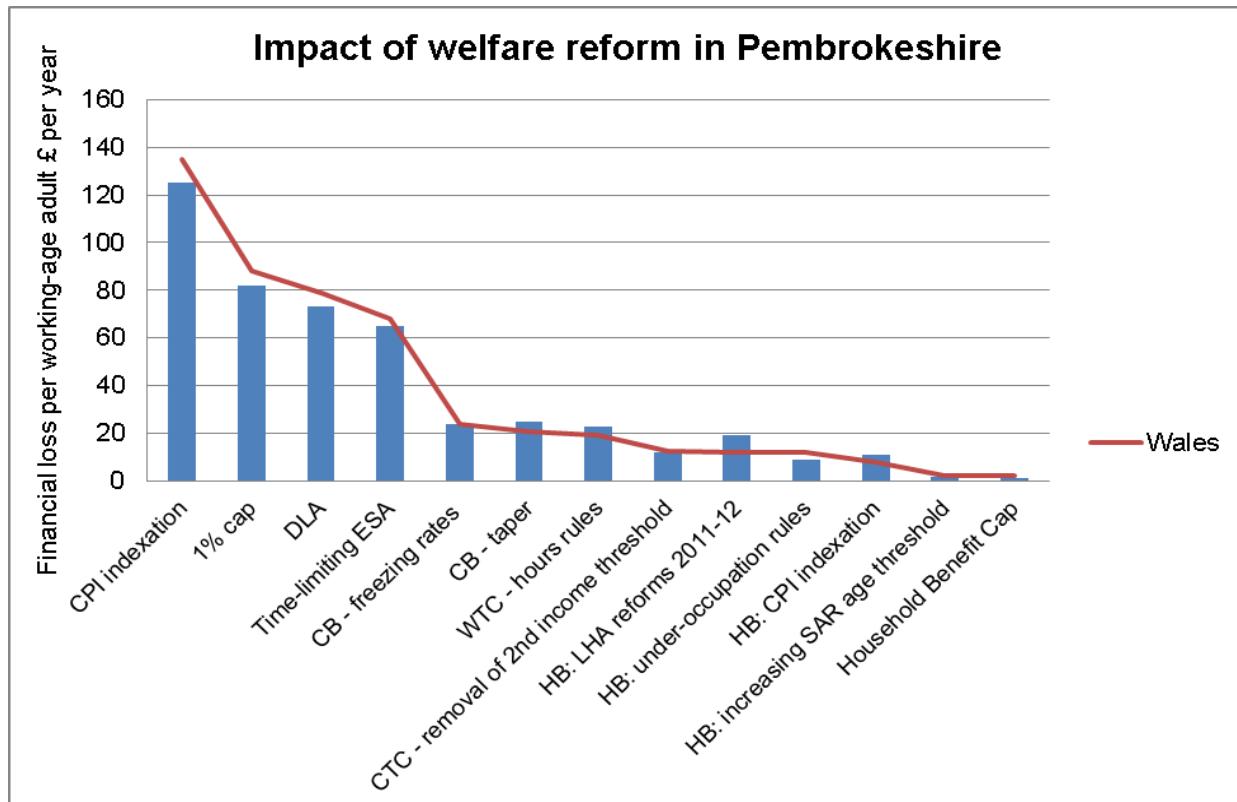
Conwy

Welfare Reform	Financial loss per working-age adult £ per year		Total income loss £m per year
	Conwy	Wales	
CPI indexation	138	135	9.3
1% cap	89	88	6.0
DLA	78	79	5.3
Time-limiting ESA	58	68	3.9
CB - freezing rates	24	24	1.6
CB - taper	17	21	1.2
WTC - hours rules	21	19	1.4
CTC - removal of 2nd income threshold	11	12	0.8
HB: LHA reforms 2011-12	21	12	1.4
HB: under-occupation rules	7	12	0.4
HB: CPI indexation	16	8	1.1
HB: increasing SAR age threshold	2	2	0.1
Household Benefit Cap	2	2	0.1
Total	484	480	32.6



Pembrokeshire

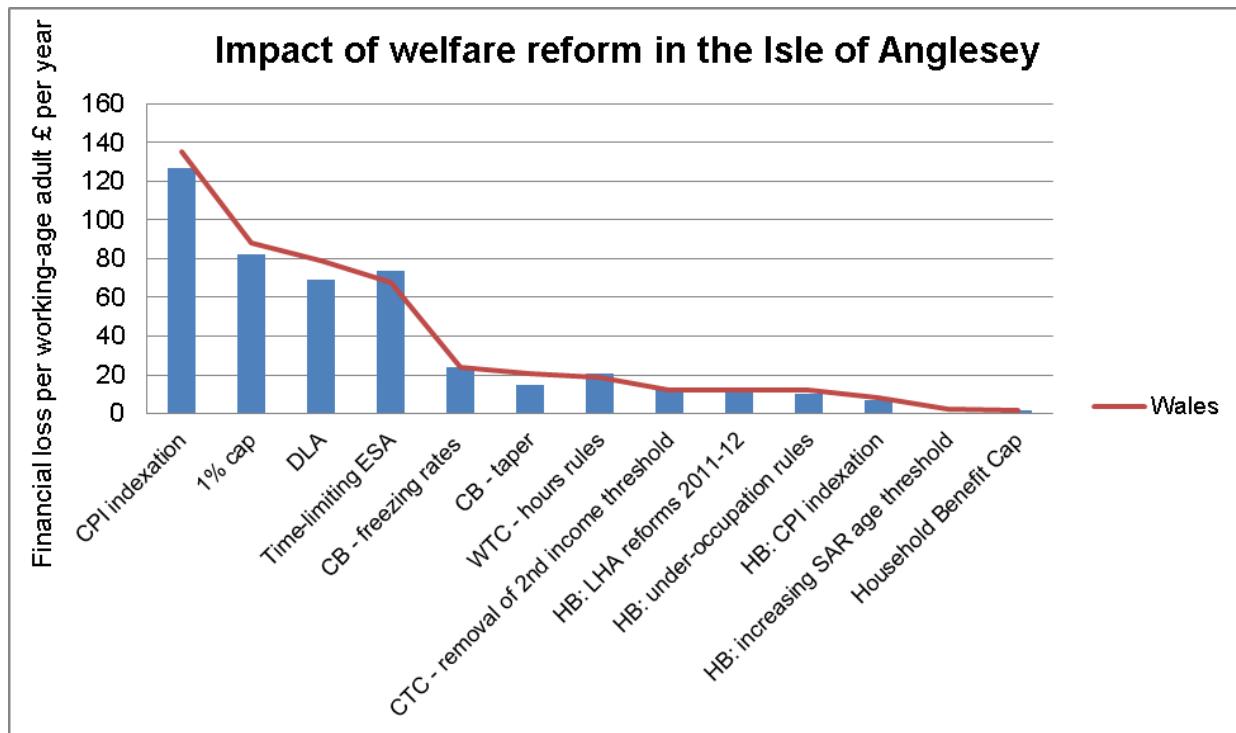
Welfare Reform	Financial loss per working-age adult £ per year		Total income loss £m per year
	Pembrokeshire	Wales	
CPI indexation	125	135	9.2
1% cap	82	88	6.0
DLA	73	79	5.4
Time-limiting ESA	65	68	4.7
CB - freezing rates	24	24	1.8
CB - taper	25	21	1.8
WTC - hours rules	23	19	1.7
CTC - removal of 2nd income threshold	12	12	0.9
HB: LHA reforms 2011-12	19	12	1.4
HB: under-occupation rules	9	12	0.7
HB: CPI indexation	11	8	0.8
HB: increasing SAR age threshold	2	2	0.1
Household Benefit Cap	1	2	0.1
Total	470	480	34.4



Isle of Anglesey

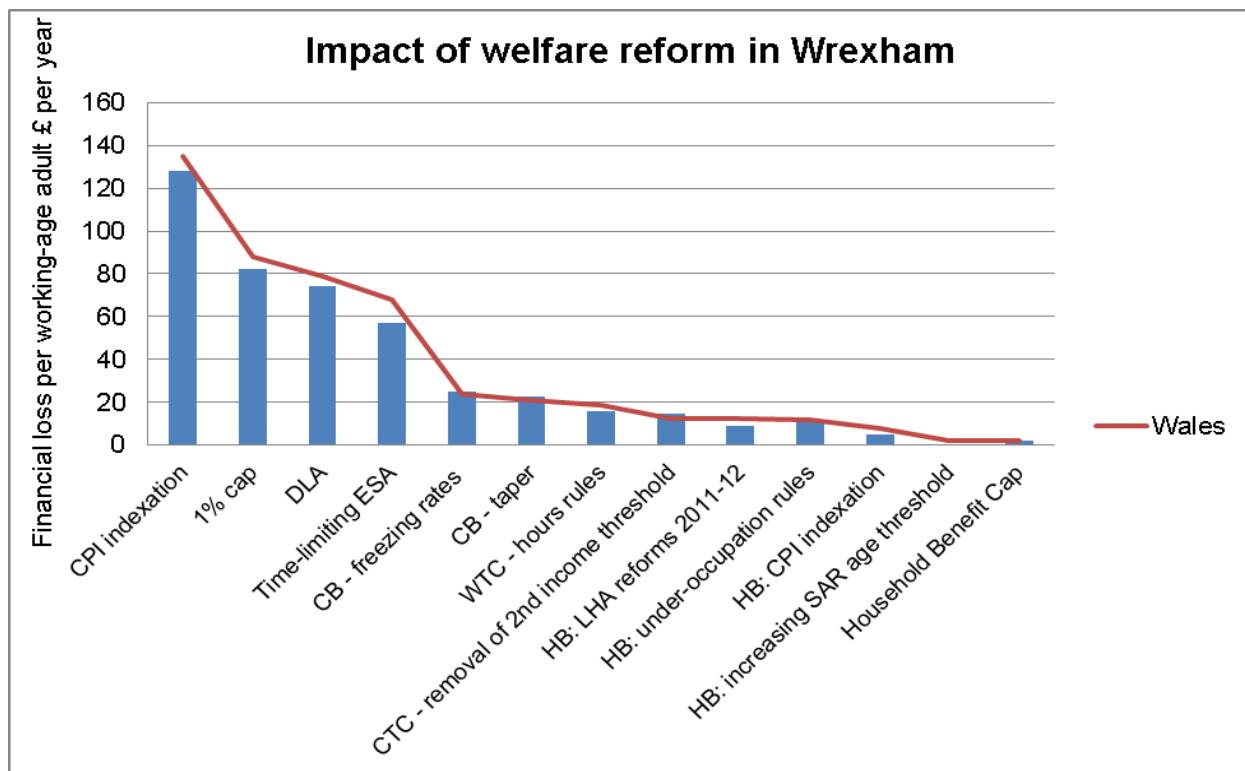
Welfare Reform	Financial loss per working-age adult £ per year		Total income loss £m per year
	Isle of Anglesey	Wales	
CPI indexation	127	135	5.3
1% cap	82	88	3.4
DLA	69	79	2.9
Time-limiting ESA	74	68	3.1
CB - freezing rates	24	24	1.0
CB - taper	15	21	0.6
WTC - hours rules	21	19	0.9
CTC - removal of 2nd income threshold	12	12	0.5
HB: LHA reforms 2011-12	13	12	0.6
HB: under-occupation rules	10	12	0.4
HB: CPI indexation	7	8	0.3
HB: increasing SAR age threshold	1	2	~
Household Benefit Cap	2	2	0.1
Total	457	480	19.1

~ Less than half the final digit shown and different from zero



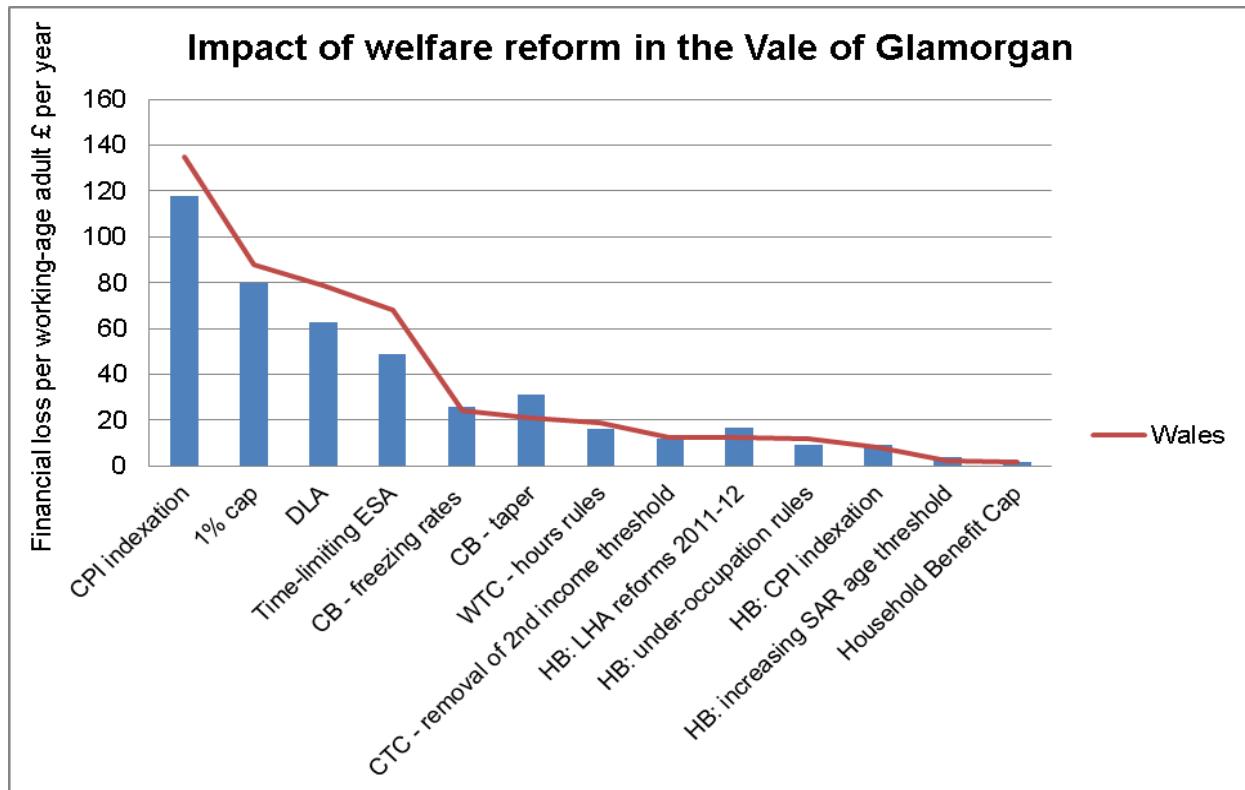
Wrexham

Welfare Reform	Financial loss per working-age adult £ per year		Total income loss £m per year
	Wrexham	Wales	
CPI indexation	128	135	11.0
1% cap	82	88	7.1
DLA	74	79	6.3
Time-limiting ESA	57	68	4.9
CB - freezing rates	25	24	2.2
CB - taper	23	21	2.0
WTC - hours rules	16	19	1.4
CTC - removal of 2nd income threshold	15	12	1.3
HB: LHA reforms 2011-12	9	12	0.8
HB: under-occupation rules	12	12	1.1
HB: CPI indexation	5	8	0.4
HB: increasing SAR age threshold	1	2	0.1
Household Benefit Cap	2	2	0.1
Total	449	480	38.5



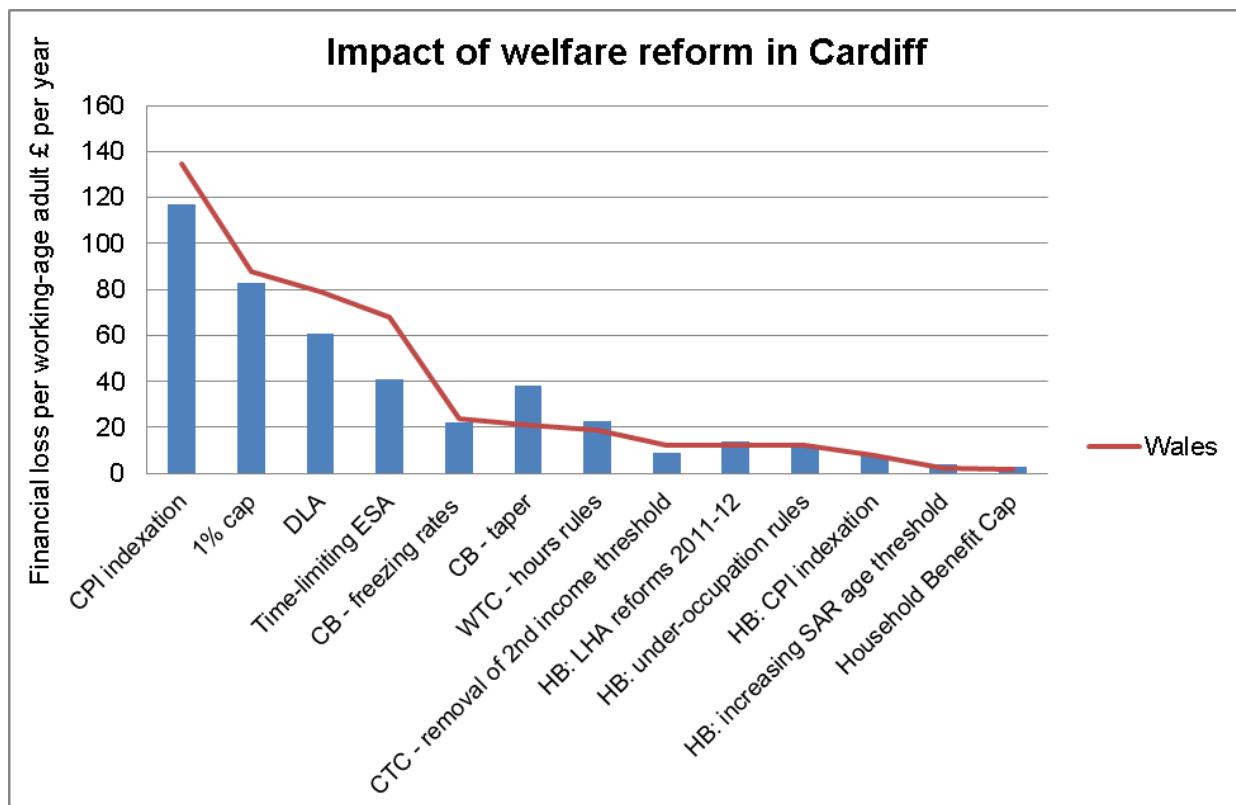
The Vale of Glamorgan

Welfare Reform	Financial loss per working-age adult £ per year		Total income loss £m per year
	The Vale of Glamorgan	Wales	
CPI indexation	118	135	9.3
1% cap	80	88	6.3
DLA	63	79	4.9
Time-limiting ESA	49	68	3.9
CB - freezing rates	26	24	2.0
CB - taper	31	21	2.4
WTC - hours rules	16	19	1.2
CTC - removal of 2nd income threshold	12	12	0.9
HB: LHA reforms 2011-12	17	12	1.3
HB: under- occupation rules	9	12	0.7
HB: CPI indexation	9	8	0.7
HB: increasing SAR age threshold	4	2	0.3
Household Benefit Cap	2	2	0.2
Total	436	480	34.3



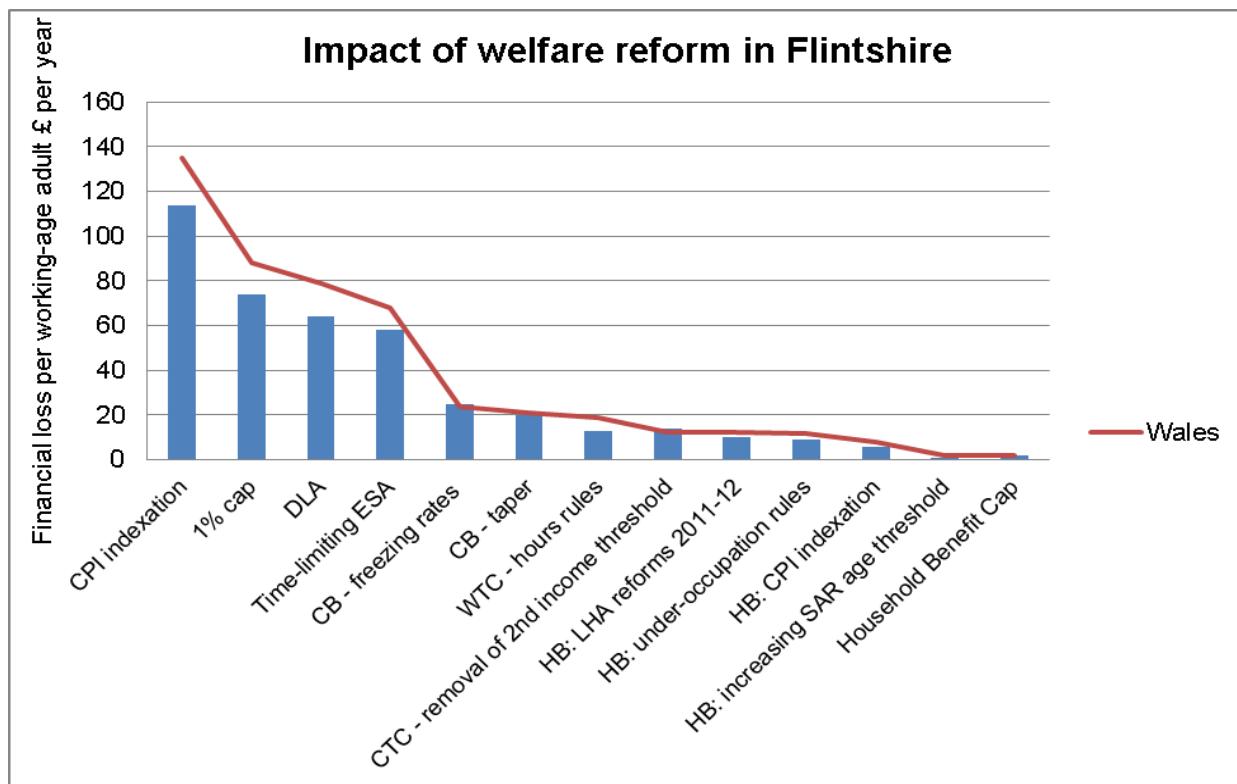
Cardiff

Welfare Reform	Financial loss per working-age adult £ per year		Total income loss £m per year
	Cardiff	Wales	
CPI indexation	117	135	27.8
1% cap	83	88	19.8
DLA	61	79	14.4
Time-limiting ESA	41	68	9.6
CB - freezing rates	22	24	5.1
CB - taper	38	21	9.0
WTC - hours rules	23	19	5.4
CTC - removal of 2nd income threshold	9	12	2.1
HB: LHA reforms 2011-12	14	12	3.4
HB: under-occupation rules	11	12	2.5
HB: CPI indexation	8	8	1.8
HB: increasing SAR age threshold	4	2	1.0
Household Benefit Cap	3	2	0.8
Total	433	480	102.9



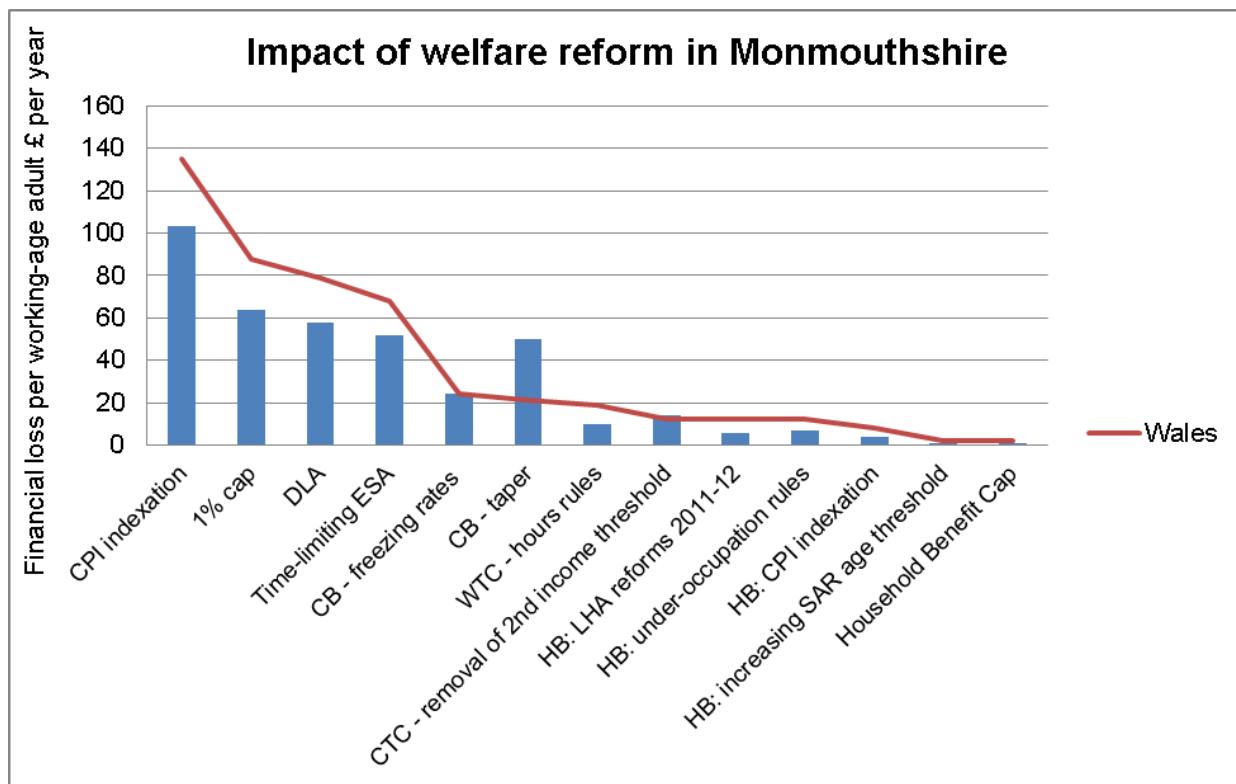
Flintshire

Welfare Reform	Financial loss per working-age adult £ per year		Total income loss £m per year
	Flintshire	Wales	
CPI indexation	114	135	11.0
1% cap	74	88	7.1
DLA	64	79	6.1
Time-limiting ESA	58	68	5.5
CB - freezing rates	25	24	2.4
CB - taper	20	21	1.9
WTC - hours rules	13	19	1.3
CTC - removal of 2nd income threshold	14	12	1.4
HB: LHA reforms 2011-12	10	12	0.9
HB: under-occupation rules	9	12	0.9
HB: CPI indexation	6	8	0.5
HB: increasing SAR age threshold	1	2	0.1
Household Benefit Cap	2	2	0.2
Total	410	480	39.3



Monmouthshire

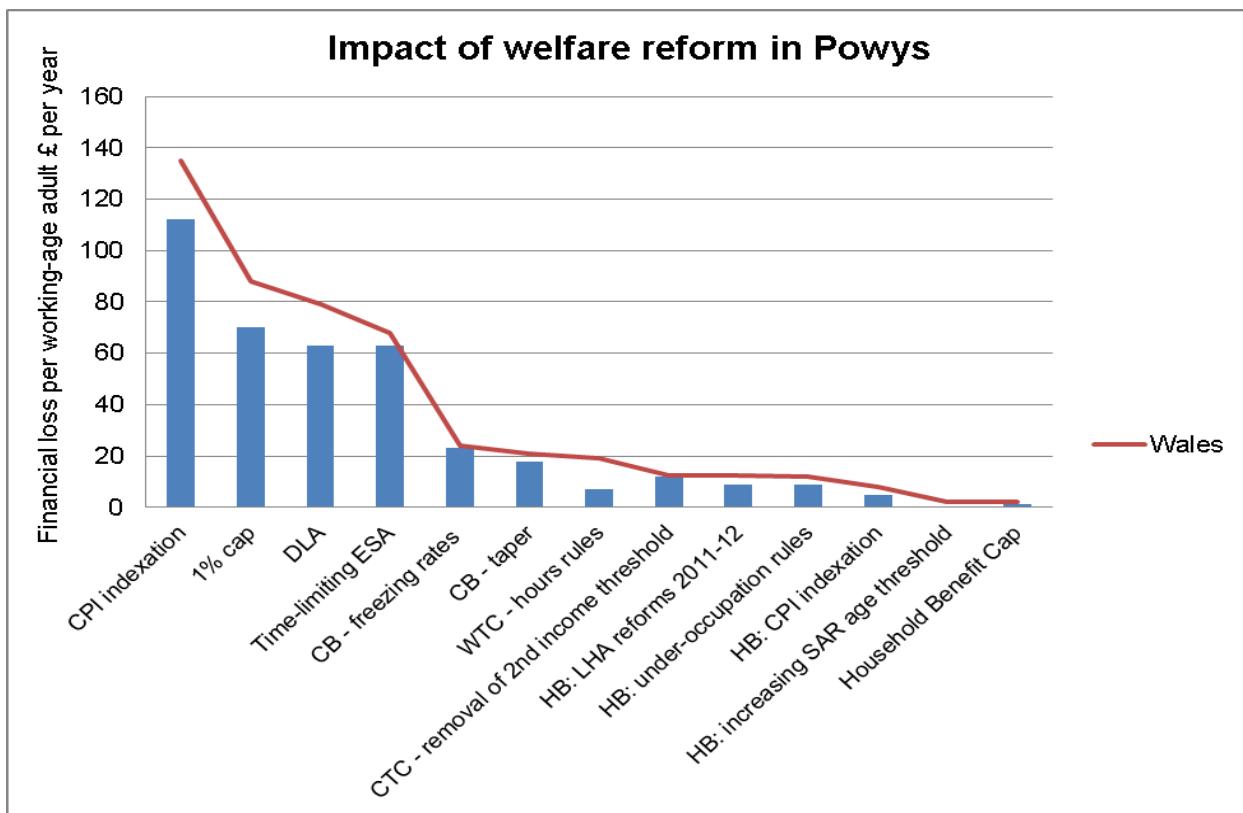
Welfare Reform	Financial loss per working-age adult £ per year		Total income loss £m per year
	Monmouthshire	Wales	
CPI indexation	103	135	5.7
1% cap	64	88	3.6
DLA	58	79	3.2
Time-limiting ESA	52	68	2.9
CB - freezing rates	24	24	1.3
CB - taper	50	21	2.8
WTC - hours rules	10	19	0.6
CTC - removal of 2nd income threshold	14	12	0.8
HB: LHA reforms 2011-12	6	12	0.3
HB: under-occupation rules	7	12	0.4
HB: CPI indexation	4	8	0.2
HB: increasing SAR age threshold	1	2	0.1
Household Benefit Cap	1	2	0.1
Total	394	480	21.9



Powys

Welfare Reform	Financial loss per working-age adult £ per year		Total income loss £m per year
	Powys	Wales	
CPI indexation	112	135	8.8
1% cap	70	88	5.5
DLA	63	79	4.9
Time-limiting ESA	63	68	4.9
CB - freezing rates	23	24	1.8
CB - taper	18	21	1.4
WTC - hours rules	7	19	0.6
CTC - removal of 2nd income threshold	12	12	1.0
HB: LHA reforms 2011-12	9	12	0.7
HB: under-occupation rules	9	12	0.7
HB: CPI indexation	5	8	0.4
HB: increasing SAR age threshold	~	2	~
Household Benefit Cap	1	2	0.1
Total	391	480	30.8

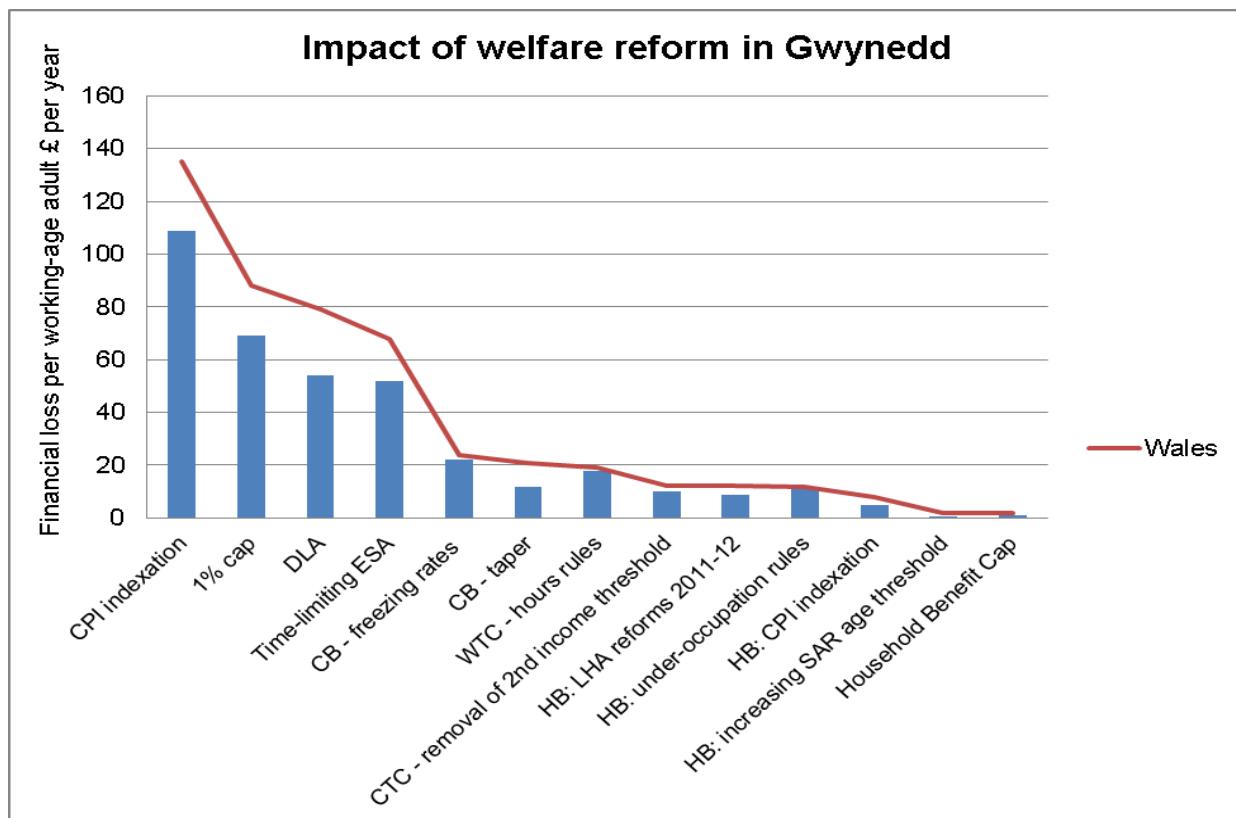
~ Less than half the final digit shown and different from zero



Gwynedd

Welfare Reform	Financial loss per working-age adult £ per year		Total income loss £m per year
	Gwynedd	Wales	
CPI indexation	109	135	8.2
1% cap	69	88	5.2
DLA	54	79	4.1
Time-limiting ESA	52	68	3.9
CB - freezing rates	22	24	1.6
CB - taper	12	21	0.9
WTC - hours rules	18	19	1.4
CTC - removal of 2nd income threshold	10	12	0.8
HB: LHA reforms 2011-12	9	12	0.6
HB: under-occupation rules	11	12	0.8
HB: CPI indexation	5	8	0.4
HB: increasing SAR age threshold	~	2	~
Household Benefit Cap	1	2	0.1
Total	373	480	27.9

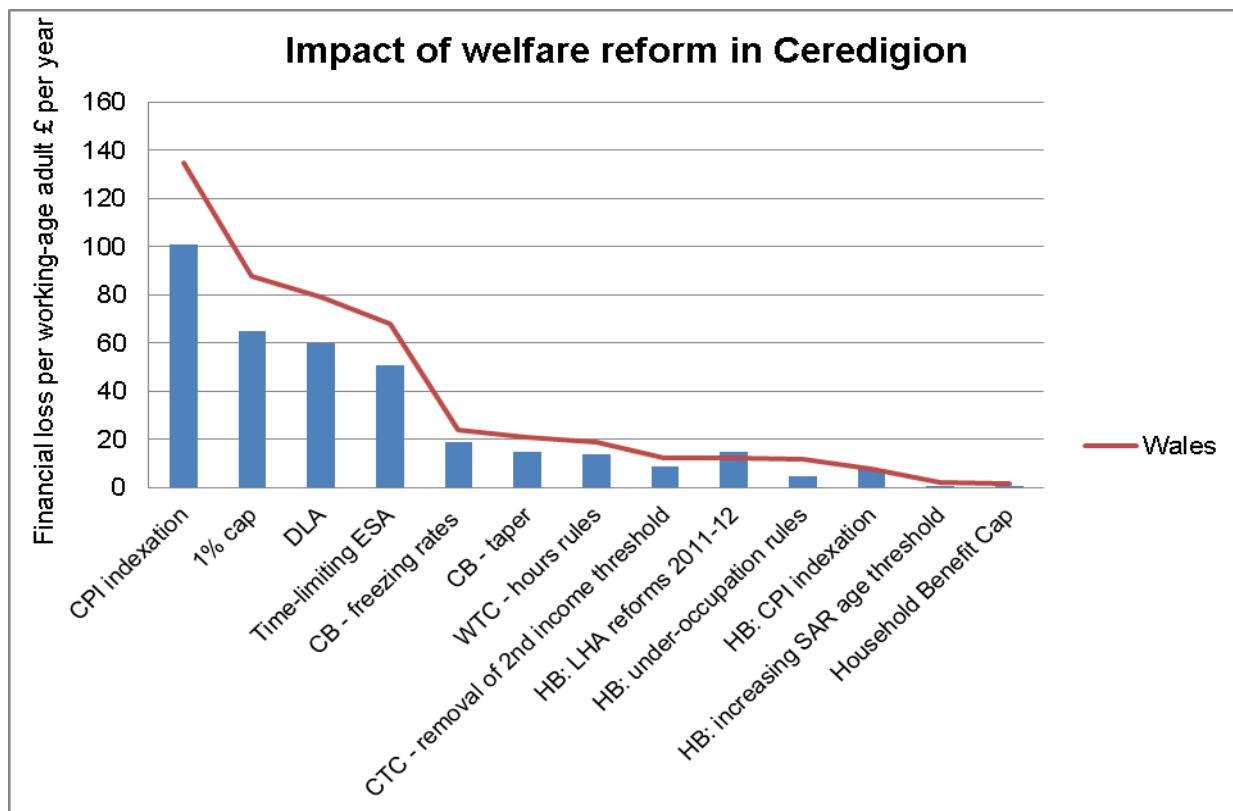
~ Less than half the final digit shown and different from zero



Ceredigion

Welfare Reform	Financial loss per working-age adult £ per year		Total income loss £m per year
	Ceredigion	Wales	
CPI indexation	101	135	4.9
1% cap	65	88	3.2
DLA	60	79	2.9
Time-limiting ESA	51	68	2.5
CB - freezing rates	19	24	0.9
CB - taper	15	21	0.7
WTC - hours rules	14	19	0.7
CTC - removal of 2nd income threshold	9	12	0.4
HB: LHA reforms 2011-12	15	12	0.7
HB: under-occupation rules	5	12	0.3
HB: CPI indexation	8	8	0.4
HB: increasing SAR age threshold	1	2	~
Household Benefit Cap	1	2	0.1
Total	363	480	17.7

~ Less than half the final digit shown and different from zero



Annex 2: Data sources and methodology

This Annex outlines the data sources and methodology used for the assessment summarised in this report.

Universal Credit (assessed at a Wales level only)

Numbers affected and average income losses are based on UC data for Wales received via email from DWP. This impact relates to the steady state; that is once UC is fully implemented and transitional protection has been fully exhausted. For the purposes of the modelling, this is assumed to be in 2014-15. The analysis includes an adjustment to account for incomplete take-up.

Switch to indexing almost all benefits and tax credits to the Consumer Price Index rather than the Retail Price Index or Rossi Index

Numbers affected in Wales are based on DWP benefit caseloads (CA, DLA, ESA/IB, IS, JSA, Widows' Benefit, HB and CTB) and HMRC tax credit and CB caseloads.

Financial impact in Wales calculated by uprating relevant benefits/tax credit expenditure by the RPI/Rossi index ('without policy' option) and comparing to a scenario where expenditure had been uprated by the CPI ('with policy' option). The difference was then apportioned to benefit, tax credit and CB expenditure and allocated to each local authority area based on expenditure/caseload shares (sources: DWP benefit expenditure by country, region and local authority, 2011/12, HMRC tax receipts between England, Wales, Scotland and Northern Ireland, 2012/13, Inflation forecasts – OBR 2013, UK/GB benefit/tax credit expenditure – Budget 2013, HMRC Child Benefit Statistics Geographical Analysis, August 2012 and HMRC Geographical Tax Credit Statistics, 2011/12).

The total estimated financial loss differs from that included in the Welsh Government's Stage 2 report mainly because of revised inflation forecasts and a different methodology has also been used.

One per cent cap on most working-age benefits, certain elements of tax credits and Child Benefit

Working age discretionary benefits and tax credits: increase by 1% for three years from 2013-14

Numbers affected in Wales are based on DWP benefit caseloads (CA, DLA, ESA/IB, IS, JSA and Widows' Benefit) and HMRC tax credit caseloads.

Share of Exchequer savings from Wales estimated according to the proportion of relevant DWP and HMRC benefit/tax credit GB expenditure in Wales (source: DWP benefit expenditure by country, region and local authority, 2011/12 and HMRC tax receipts between England, Wales, Scotland and Northern Ireland, 2012/13). LA impacts allocated according to DWP benefit expenditure and

HMRC tax credit caseload proportions (source: DWP benefit expenditure by country, region and local authority, 2011/12 and HMRC Geographical Tax Credit Statistics, 2011/12).

DWP (2013a) estimate that the average loss for households affected by the 1 per cent uprating to working-age benefits, tax credits and CB will be £3 per week in 2015/16. This estimate is for Great Britain (no Wales level estimate available).

CB: up-rate by 1% for two years from 2014/15

Numbers affected in Wales are based on HMRC CB caseloads. Share of Exchequer savings from Wales estimated according to the proportion of total UK CB expenditure in Wales. LA impacts allocated according to caseload proportions (Source: HMRC tax receipts between England, Wales, Scotland and Northern Ireland, 2012/13 and HMRC Child Benefit Statistics Geographical Analysis, August 2012).

DWP (2013a) estimate that the average loss for households affected by the 1 per cent uprating to working-age benefits, tax credits and CB will be £3 per week in 2015/16. This estimate is for Great Britain (no Wales level estimate available).

1 per cent uprating for two years from 2014-15 for LHA within HB

Numbers affected in Wales are based on DWP HB caseload data for the Private Rented Sector. Share of Exchequer savings from Wales estimated according to the proportion of total Great Britain PRS HB expenditure in Wales (calculated using caseloads and average awards – source: DWP Stat-Xplore, May 2013 statistics). LA impacts allocated according to PRS HB expenditure proportions (calculated using caseloads and average awards - source: DWP Stat-Xplore, May 2013 statistics).

DWP (2013h) estimate that the average loss for households affected by the 1 per cent uprating of LHA rates will be £3 per week in 2015/16. This estimate is for Great Britain (no Wales level estimate available).

Thirty per cent of the savings from this measure (based on Autumn Statement 2012 forecasts) will be used to increase LHA rates by more than 1 per cent in areas where accommodation is at risk of becoming unaffordable. This funding is referred to as the Targeted Affordability Fund. There is a total of £140 million available over the two years; £45 million in 2014/15, increasing to £95 million in 2015/16. This analysis excludes the impact of this funding. There are 126 individual local housing allowances across the UK that will benefit from this funding:-

- (i) 11 local housing allowances in Wales (9%);
- (ii) 9 local housing allowance in Scotland (7%); and
- (iii) 106 local housing allowances in England (84%) [63 London and the Home Counties (50%)]

Those appearing in the table below will have their local housing allowances increased by four per cent in 2014/15 up to the local housing allowance maximum. Those not appearing in the list will have their rents increased by the lower of one per cent or local housing allowance based upon the 30th percentile.

Local authority area	Local Housing Allowance increased	April 2013	April 2014	Maximum rate
Blaenau Gwent	One bedroom, shared accommodation	£45.00	£46.80	£258.06
Brecon and Radnor	Three bedrooms	£106.13	£110.38	£350.95
Bridgend	One bedroom, shared accommodation	£55.19	£57.40	£258.06
Caerphilly	Four bedrooms	£129.71	£134.90	£412.89
Ceredigion	One bedroom, shared accommodation.	£59.50	£61.88	£258.06
	One bedroom, exclusive use	£85.00	£88.40	£258.06
Merthyr Cynon	One bedroom, shared accommodation	£45.00	£46.80	£258.06
Neath Port Talbot	One bedroom, shared accommodation	£47.17	£49.06	£258.06
North West Wales	Four bedrooms	£126.92	£132.00	£412.89
South Gwynedd	One bedroom, shared accommodation	£56.21	£58.46	£258.06
Taf Rhondda	One bedroom, shared accommodation	£45.00	£46.80	£258.06

Total impact

This has been calculated by aggregating the estimates from the three elements above. The total estimated financial loss differs from that included in the Welsh Government's Stage 2 report because of revised policy costings published by HMT in 2013, different coverage (the estimate now includes the 1 per cent cap on LHA rates) and use of a different methodology to enable local level impacts to be calculated.

Disability Living Allowance: loss of entitlement

DWP (2012i) estimate that PIP will result in 607,000 fewer claimants in Great Britain by May 2018 (compared to a scenario where PIP had not been introduced). Assuming an impact proportionate to the Great Britain aggregate based on caseloads, approximately 7 per cent of this total would be affected in Wales (i.e. 42,500) (Welsh Government, 2013a). Numbers affected in each

local authority area have been allocated on the basis of the DLA working-age caseload (DWP data, November 2012).

Financial loss at a Wales level based on the mid-point of the estimate provided as part of the Welsh Government's Stage 2 analysis (2015/16 prices). This has been allocated to each area on the basis of the DLA working-age caseload.

These estimates relate to those losing entitlement. Due to a lack of data, it has not been possible to assess at a local level (or a Wales level) the numbers receiving a higher/lower/unchanged award and the associated financial impact.

Time-limiting contributory Employment and Support Allowance to one year for those in the Work-Related Activity Group

DWP project that, in total, 700,000 ESA contributory claimants in the WRAG in Great Britain will be affected by the time-limiting policy by 2015/16 (Source: DWP (2011a). Assuming an impact proportionate to the Great Britain aggregate based on caseloads (of those in the WRAG with duration on contributory ESA for one year or more), approximately 8 per cent of this total would be affected in Wales (i.e. around 56,000) (Source: Welsh Government, 2013a).

The number of claimants affected at a local level was calculated by apportioning the Wales estimate between local authority areas based on their share of contributory ESA claimants in the WRAG (Source: DWP data, February 2012).

The annual financial loss of this measure was calculated by apportioning the Wales level estimate for 2015/16 between local authority areas based on their share of the total of contributory ESA claimants in the WRAG (Source: DWP data, February 2012).

Child Benefit: freezing rates

Number of families affected based on those in receipt of CB in each local authority area in August 2011 (Source: HMRC, 2012d).

Financial loss at a Wales level apportioned between local authority areas based on their share of CB recipient families in Wales in August 2011 (Source: HMRC, 2012d).

Child Benefit: gradually withdrawn where someone in the household has a taxable income of more than £50,000

HMRC (2012a) have estimated the number of families (1.2 million) affected by this reform at a GB level. The Welsh Government's Stage 2 research estimated the number of families affected in Wales (31,000) based on Wales' share of those earning more than £50,000 in GB. The number of families affected at a local authority level is based on the distribution of the number of employees in Wales earning more than £50,000 a year (2010-12).

Financial loss at a Wales level (£41 million, Welsh Government 2013a) apportioned between local authority areas based on the distribution of the number of employees in Wales earning more than £50,000 a year (2010-12).

Working Tax Credit: Increase in the working hours requirement for couples with children from 16 to 24 hours

Number of households affected based on parliamentary constituency level data published in response to a Parliamentary question (based on December 2011 tax credit data), which has been converted into local authority level estimates by the Welsh Government.

Maximum financial loss at a Wales level (£36 million, Welsh Government 2013a) apportioned between local authority areas based on their share of affected households (Source: see above paragraph).

Child Tax Credit: removal of the second income threshold

Number of households affected based on local authority level data published in response to a Parliamentary question.

Maximum financial loss at a Wales level (£24 million, Welsh Government 2013a) apportioned between local authority areas based on their share of affected households (Source: see above paragraph).

Housing Benefit: Local Housing Allowance Reforms 2011-12

Includes restricting LHA levels to the 4-bedroom rate and applying maximum weekly caps; removing the provision for claimants to retain a maximum of £15 per week where their rent is below the LHA rate; and, changing the basis for setting LHA rates from the median to the thirtieth percentile of local market rents.

Used local authority level data on the:

- Estimated number of LHA recipients losing or notionally losing from the LHA measures that came into effect in 2011-12 (HB caseloads relate to March 2010. The numbers losing out reflect the full impact of the measures in the steady state, once all HB recipients assessed under the LHA scheme are affected by them); and the,
- Estimated average loss (£) per loser or notional loser per week (this reflects March 2010 losses, i.e. this shows what would have happened had DWP introduced the measures immediately for all claimants in March 2010).

Source: DWP (2010a) Impacts of Housing Benefit proposals: Changes to the Local Housing Allowance to be introduced in 2011-12.

Housing Benefit: Size criteria for people renting in the social rented sector

Used local authority level data on the:

- Number of households affected by this measure in August 2013, and the average reduction in their HB award.

Source: DWP (2013e) The number of Housing Benefit claimants and average weekly spare room subsidy amount withdrawal. Note: as these latest estimates differ from those in DWP impact assessment, the estimates used in this report differ from those in the Welsh Government's Stage 2 report. The lower number of households affected may be explained by the exemptions made to this measure since publication of DWP's Impact Assessment in June 2012, and also due to the fact that some affected claimants have downsized since the measure came into effect in April 2013.

Housing Benefit: uprating Local Housing Allowance by the Consumer Price Index rather than the 30th percentile of local market rents

This measure will affect all LHA recipients in Wales.

Used local authority level data on the:

- Number of LHA recipients (HB caseloads relate to March 2010. The numbers losing out reflect the full impact of this measure in the steady state, i.e. for the full caseload affected).

Source: DWP (2011d) Housing Benefit Equality Impact Assessment: Increasing the Shared Accommodation Rate age threshold to 35.

No local authority level data is available on the estimated average loss (£) per loser or notional loser per week. Estimates are based on an average loss for GB as a whole (data not available at a Wales level). Average rents in Wales are lower than in England, so the impact on individual claimants is likely to be smaller than the national average income loss, which is £6 per loser per week (Source: DWP (2012h) Housing Benefit – Up-rating LHA rates by CPI from April 2013 - Impact Assessment). Given the lack of data, this means that the same average loss applies in every local authority area in Wales. However, in practice this is unlikely to be the case given differing local rent levels.

Household Benefit Cap

DWP (2013) estimate that 1,100 households in Wales will be affected by the Household Benefit Cap in 2013/14 (estimate received via email from DWP in April 2013). This revised estimate is lower than the earlier DWP estimate of 1,500 affected households in Wales, which was used in the Welsh Government's Stage 2 analysis. This latest estimate is in line with the GB analysis included in: DWP (2013d) Ad hoc statistics on Households identified as potentially impacted by the benefit cap. A breakdown of the number of

households affected in Cardiff has been provided by DWP. However, this data is not available for all other local authority areas, which each have fewer than 100 households affected.

To estimate the number of households affected in each local authority area, data from the following publication was used:

- DWP (2012j) GB households and individuals in receipt of a letter notifying them they may be affected by the benefit cap in April 2013. Ad hoc statistical analysis.

DWP have published the numbers affected by the Household Benefit Cap at a local authority level up to October 2013. However, the above data has been used as this relates to an annual estimate for 2013/14.

Financial loss at a Wales level (£4 million) has been calculated by using the number of households affected multiplied by the average loss per losing household (£68 per week. Source: DWP, received via email). This total loss is less than that estimated in the Stage 2 report (£5 million) because DWP's estimate of the number of affected households in Wales and the average income loss have both been reduced. As local authority level data on the estimated average loss per losing household has not been published by DWP, the financial loss at a local level has been split according to the number of households in receipt of a letter notifying them that they may be affected by the benefit cap.

Housing Benefit: increasing the Shared Accommodation Rate age threshold from 25 to 35 years

Used local authority level data on the:

- Estimated number of LHA recipients losing or notionally losing from the increase in the age threshold for the HB shared accommodation rate to 35 (HB caseloads relate to March 2010. The numbers losing out reflect the full impact of this measure in the steady state, i.e. for the full caseload affected); and the,
- Estimated average loss (£) per loser or notional loser per week (this reflects March 2010 losses, i.e. this shows what would have happened had DWP introduced this measure immediately for all claimants in March 2010 but with the changes to LHA in 2011-12 in place).

Source: DWP (2011d) Housing Benefit Equality Impact Assessment: Increasing the Shared Accommodation Rate age threshold to 35. This assessment has not been updated to reflect the exemptions for former rough sleepers and ex-offenders as the administrative data used does not allow for identification of the claimants who would be entitled to the exemptions. DWP estimate that at any point in time, around 6,000 claims will benefit from the exemptions in total in Great Britain (i.e. around 10 per cent of the estimated number of losers). This suggests that there will be 300 fewer claimants affected by this measure in Wales than initially estimated by DWP.

Council Tax Reduction Scheme

Used local authority level data on the:

- Number of CTB recipients in February 2013.

Source: DWP (2013c) Housing Benefit and Council Tax Benefit summary statistics: February 2013.

Used the 2013-14 CTRS funding distribution across local authorities (Source: Unitary Authorities Settlement).