

Reforms included in this report

As noted, this analysis seeks to describe the cumulative impact of all reforms to benefits announced since the Coalition Government took office in May 2010. The reforms included in this analysis are listed below, with a brief summary. In all cases, the impact described is the projected saving in the financial year 2015/16 for Great Britain.

- **Changes to tax credits:** including reductions in the basic, 30-hour and childcare elements; increases in the child element; changes to working hours requirements, thresholds, disregards and withdrawal rates – saving **£5,275 million**.
- **Changes to Housing Benefit (HB) for renters in the private sector:** restricting the maximum Local Housing Allowance payment to the thirtieth percentile of average local rents, introducing Housing Benefit caps, restricting Housing Benefit to the “Shared Room Rate” for most claimants aged under 35, and changing the formula for annual increases in benefit – with combined savings of **£1,640 million**.
- **Increases in the deductions taken from Housing Benefit and Council Tax Benefit** in respect of other adults living at the property – saving **£130 million**².
- **The restriction of contributory Employment and Support Allowance (ESA) to one year** for claimants in the “Work Related Activity Group” – saving **£1,600 million**.
- **The replacement of Disability Living Allowance (DLA) with a new benefit called the Personal Independence Payment (PIP)** – saving **£1,350 million**.
- **The abolition of Council Tax Benefit (CTB) and its replacement by locally-determined Council Tax Support schemes** – saving **£355 million**³.
- **The introduction of “size criteria”** for most Housing Benefit recipients in social housing, reducing awards by 14 per cent where tenants are deemed to have one spare bedroom and 25 per cent where they have two spare bedrooms – saving **£465 million**.
- **The introduction of a cap on total benefit receipt** for most households where no adult is in work, of £500 a week for families or £350 a week for single people – saving **£185 million**.
- **The uprating of benefits and tax credits** by 1 per cent instead of the Consumer Prices Index – saving **£2,680 million**.
- **The introduction of Universal Credit**, replacing the main means-tested benefits for those on low incomes in and out of work (Housing Benefit, Jobseeker’s Allowance, Income Support, Employment and Support Allowance, Tax Credits) with a single benefit paid to the head of the household. Universal Credit will begin to roll out from late 2013, with existing claimants being reassessed over the following four years. The impact of Universal Credit will be to increase entitlements by £190 per claimant household per year, or around **£1,600 million** by the time it is fully rolled out in 2017/8⁴.

2 From households of “working age”

3 This excludes losses from Council Tax localisation that are not passed on to claimants – ie where local and national governments have maintained entitlements for claimants.

4 Source: Universal Credit Impact Assessment, December 2012

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