The Scottish Parliament
Pàrlamaid na h-Alba

Welfare Reform Committee

1st Report, 2015 (Session 4)

The Cumulative Impact of Welfare Reform on Households in Scotland

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Welfare Reform Committee

Remit and membership

Remit:

To keep under review the passage of the UK Welfare Reform Bill and monitor its implementation as it affects welfare provision in Scotland and to consider relevant Scottish legislation and other consequential arrangements.

Membership:

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The Scottish Parliament
Pàrlamaid na h-Alba

Welfare Reform Committee

1st Report, 2015 (Session 4)

The Cumulative Impact of Welfare Reform on Households in Scotland

The Committee reports to the Parliament as follows—

1. In December 2014, the Committee commissioned research on the cumulative impact of welfare reform on households in Scotland from the Centre for Regional Economic and Social Research at Sheffield Hallam University

2. The research is attached as Annexe A to this report.

ANNEXE A – THE CUMULATIVE IMPACT OF WELFARE REFORM ON HOUSEHOLDS IN SCOTLAND

THE CUMULATIVE IMPACT OF WELFARE REFORM ON HOUSEHOLDS IN SCOTLAND

A report for the Scottish Parliament

Christina Beatty and Steve Fothergill

Centre for Regional Economic and Social Research
Sheffield Hallam University

February 2015

Key points

- *This report documents for the first time the cumulative impact of the welfare reforms on different types of households across Scotland. All the estimates are rooted in official statistics and have been comprehensively updated to reflect the Treasury's most recent figures on the expected financial savings.*

- *When the current welfare reforms come to full fruition, which is now unlikely before 2018, they can be expected to reduce incomes in Scotland by £1.5bn a year, or £440 for every adult of working age. The impact falls very unevenly on different places, and on different households.*

- *Families with dependent children are one of the biggest losers – in Scotland, couples with children lose an average of more than £1,400 a year, and lone parents around £1,800 a year. Because this is the cumulative impact of several individual benefit changes the overall impact has previously been hidden.*

- *In all, families with children lose an estimated £960m a year – approaching two-thirds of the overall financial loss in Scotland.*

- *Claimants with health problems or disabilities also lose out badly. Reductions in incapacity benefits are estimated to average £2,000 a year, and some of the same people also face big losses in Disability Living Allowance as well as reductions in other benefits.*

- *Nearly half the reduction in benefits might be expected to fall on in-work households.*

- *For some groups – notably families with children – the average losses in Scotland are nevertheless below the GB average. The decisions in Scotland not to pass on reductions in Council Tax Benefit and to offset the impact of the 'Bedroom Tax' are important factors.*

- *In Glasgow, where the financial losses are greatest, a wide range of household types face above-average reductions in income.*

- *There is little prospect in Scotland that the loss of benefit income will be offset by growth in income from employment, and increases in Income Tax allowances only go a small part of the way for some households.*

THE CUMULATIVE IMPACT OF WELFARE REFORM ON HOUSEHOLDS IN SCOTLAND

Scope and purpose of the report

The Westminster Government is implementing welfare reforms that apply to all parts of the UK, including Scotland. The reforms impact very unevenly, however, on different places and different people.

This report looks at the cumulative impact of the welfare reforms on different types of households in Scotland. While the Westminster Government's *Impact Assessments* offer a guide to the impacts of each element of the reform package, this is the first time that evidence has been available for Scotland on the cumulative impact on different sorts of households – on pensioners, couples, lone parents, households with and without dependent children, and so on.

The report builds on the foundations of two previous studies for the Scottish Parliament. The first, published in April 2013, looked at the financial losses arising from the reforms across Scotland as a whole and in each of its 32 constituent local authorities[1]. The second, published in June 2014, extended the estimates down to the level of electoral wards[2]. In exploring the impact on different types of households, the present report also draws heavily on methods that were first developed in a study for Sheffield City Council[3].

All the figures presented in the report are estimates but in every case they are firmly rooted in official statistics – for example in the Treasury's own estimates of the financial savings, the Westminster Government's *Impact Assessments*, and benefit claimant data. The figures here have also been comprehensively revised to take account of the Treasury's most recent estimates of the financial savings and, in some cases, of outturn data.

Welfare reform is a deeply contentious issue and in documenting the impacts the present report, like its predecessors, does not attempt to comment on the merits of the reforms. However, it is important that the impacts on different types of household are fully understood.

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[1] C Beatty and S Fothergill (2013a) *The Impact of Welfare Reform on Scotland*, Scottish Parliament, Edinburgh. The research on which the report was based was co-funded by the Scottish Parliament, the Financial Times and Sheffield Hallam University. Figures for the rest of Britain were published simultaneously in C Beatty and S Fothergill (2013b) *Hitting the Poorest Places Hardest; the local and regional impact of welfare reform*, CRESR, Sheffield Hallam University.
[2] C Beatty and S Fothergill (2014a) *The Local Impact of Welfare Reform*, Scottish Parliament, Edinburgh.
[3] C Beatty and S Fothergill (2014b) *The Impact of Welfare Reform on Communities and Households in Sheffield*, CRESR, Sheffield Hallam University.

The welfare reforms

The figures in the present report once again cover all the major welfare reforms that have been underway in Scotland since 2010. Some of these reforms are now fully in place. Others are still being implemented and a small number still have a long way to run before coming to full fruition.

The reforms covered by the report are:

Housing Benefit – Local Housing Allowance
Changes to the rules governing assistance with the cost of housing for low-income households in the private rented sector. The new rules apply to rent levels, 'excess' payments, property size, age limits for sole occupancy, and indexation for inflation.

Non-dependant deductions
Increases in the deductions from Housing Benefit, Council Tax Benefit and other income-based benefits to reflect the contribution that non-dependant household members are expected to make towards the household's housing costs

Household benefit cap
New ceiling on total payments per household, applying to the sum of a wide range of benefits for working age claimants

Disability Living Allowance
Replacement of DLA by Personal Independence Payments (PIP), including more stringent and frequent medical tests, as the basis for financial support to help offset the additional costs faced by individuals with disabilities

Incapacity benefits
Replacement of Incapacity Benefit and related benefits by Employment and Support Allowance (ESA), with more stringent medical tests, greater conditionality and time-limiting of non-means tested entitlement for all but the most severely ill or disabled

Child Benefit
Three-year freeze, and withdrawal of benefit from households including a higher earner

Tax Credits
Reductions in payment rates and eligibility for Child Tax Credit and Working Tax Credit, paid to lower and middle income households

1 per cent up-rating
Reduction in annual up-rating of value of most working-age benefits, which would normally have been increased with inflation

A fuller description of each of these reforms, including the timing of implementation, is contained in the appendices of the two previous reports for the Scottish Parliament[4].

The vast majority of these welfare reforms have been initiated by the present Coalition government in Westminster, notably but not exclusively through the *Welfare Reform Act 2012*. Some of the incapacity benefit reforms, however, are Labour measures that pre-date the 2010 general election but have only recently taken full effect. They have been included here, alongside the Coalition's reforms, to provide a comprehensive view of the impact of the reforms that have been underway.

In the Scottish context, two important omissions from the list are worth noting:

- *Council Tax Benefit*. In collaboration with Scottish local authorities, the Scottish Government has chosen not to pass on to claimants the Westminster Government's 10 per cent cut in the value of Council Tax Benefit payments.

- *Housing Benefit: under-occupation in the social rented sector.* This reform, better known as the 'Bedroom Tax', is effectively not being implemented in Scotland from 2014-15 as a result of the Scottish Government's decision to make available sufficient funding for Discretionary Housing Payments to fully offset the reduction in Housing Benefit.

Three further omissions are worth noting:

- *Universal Credit*. This is scheduled to replace just about all means-tested working age benefits and is arguably the most ambitious reform of all. The introduction of Universal Credit is however distinctly different from the other reforms. Unlike the others, it is not expected to lead directly to a reduction in welfare spending and is better understood as a repackaging of existing benefits that for the first time introduces a consistent benefit withdrawal rate, but the rules governing eligibility are essentially carried over from the existing benefits it replaces. There are also major delays in the implementation of Universal Credit.

- *Income Support for lone parents*. The qualifying age of the youngest child has been reduced from under 7 to under 5. The effect is to transfer the lone parent from Income Support to Jobseeker's Allowance at the same payment rate.

- *RPI to CPI for benefits up-rating*. This was introduced from 2011-12 but is really part of a much wider accounting reform, including for example all public service pensions.

When fully implemented, the welfare reforms covered in this report, including those that no longer apply to Scotland, are expected to save the UK Treasury around £18bn a year.

[4] C Beatty and S Fothergill (2013a) and (2014a) op.cit.

The figures the report presents show the financial losses to claimants *when the reforms have come into full effect*. Some of the reforms, particularly those affecting incapacity and disability benefits, are being implemented in stages over a number of years. The incapacity benefit reforms have also fallen well behind schedule because of the backlog in undertaking Work Capability Assessments (in part because of the loss of the prime contractor) and in processing appeals, which in turn is delaying the implementation of means-testing for those placed in the Work-Related Activity Group.

For some of the reforms (to Housing Benefit for example) the figures are therefore the expected losses in the 2014-15 financial year, but the full impact of the package as a whole cannot now be expected before 2018.

In estimating the impact of the welfare reforms the report *holds all other factors constant*. What this means in practice is that it makes no assumptions about the growth of the UK and Scottish economies, or about future levels of employment and unemployment.

The overall impact on Scotland

To provide a context for the household data presented later in the report, Table 1 shows the estimated impact of the welfare reforms on Scotland as a whole.

Table 1: Overall financial loss arising from welfare reform in Scotland (updated)

	Estimated loss £m p.a.	**Loss per working age adult £ p.a.**
Tax Credits	350	100
Disability Living Allowance	320	90
Incapacity benefits	280	80
Child Benefit	240	70
1 per cent uprating	230	65
Housing Benefit: LHA	80	25
Non-dependant deductions	20	5
Household benefit cap	4	<5
Total	**1,520**	**440**

Source: Sheffield Hallam estimates based on official data

These are new and comprehensively updated estimates and, as such, replace the figures in the two previous reports for the Scottish Parliament.

The data sources and methods are set out in full in the appendices to the previous reports and therefore not repeated here. In brief, they involve taking the Treasury's estimates of the financial savings arising from each reform and allocating the financial losses to Scotland and its constituent local authorities on the basis of local claimant data from DWP and HMRC. Data from the Westminster Government's *Impact Assessments* and in some cases from pilot schemes also plays a part.

In the April 2013 report, the estimated impacts were all rooted in the Treasury's estimates of the financial savings, published when each of the reforms were first announced in the *Budget*, *Autumn Statement* or *Spending Review*. Subsequently, the Treasury has revised a number of the estimated financial savings, for example to take account of better information, and published these in subsequent *Budgets* and *Autumn Statements*. Outturn figures are also now available for a number of welfare reforms – for example, the numbers affected by the overall cap on household benefits. It is also now clear that because of falling inflation the 1 per cent uprating of most working age benefits will not now deliver the savings that were originally expected[5].

All the figures in the present report have been comprehensively updated to take these revised estimates of the financial savings into account.

Some of the changes are substantial. For example, the Treasury has revised down the anticipated savings from the time-limiting of non-means tested ESA by more than 40 per cent[6]. Conversely, the Treasury has increased the anticipated savings arising from the changeover from DLA to PIP by more than £1bn a year, to £2,870m a year by 2017-18[7]. DWP has also increased, from 450,000 to 600,000, its estimate of the number of claimants likely to lose entitlement as part of the changeover[8].

Table 1 shows that when the reforms have come into full effect they can be expected to take around £1.5bn a year out of the Scottish economy, or an average of £440 a year for every adult of working age – that is, an average of £440 for every person in Scotland aged between 16 and 64, whether or not they claim welfare benefits[9]. These new figures are a little down on those in the June 2014 report[10] – from £1.6bn a year and £460 per adult of working age. The reduction in Scotland is in line with revised GB figures.

[5] The Treasury has not yet published a revised estimate of the financial savings arising from the 1 per cent uprating. The inflation data for September each year (normally used as the basis for uprating from the following April) and the Office for Budget Responsibility's inflation forecast at the time the 1 per cent uprating was announced, allow the estimation of a revised figure, used in the present report.
[6] This appears to be because the Treasury has now taken better account of offsetting increases in other means-tested benefits, such as Housing Benefit, paid to the ESA claimants who are affected. This also lowers the estimates included here of the savings arising from other elements of the incapacity benefit reforms, which use the net savings arising from time-limiting as a guide.
[7] HM Treasury(2013) *Budget 2013*, Table 2.2, HMT, London.
[8] See National Audit Office (2014) *Personal Independence Payment: early progress*, NAO, London.
[9] The financial loss per adult of working age is a good yardstick because (as data presented later shows) nearly all the impact of the reforms falls on working-age claimants.
[10] C Beatty and S Fothergill (2014a) op. cit.

The individual welfare reforms vary greatly in the scale of their impact. The relative importance of each of the reforms, in terms of financial loss, is also different on these new, updated estimates.

In Scotland and indeed in the rest of the UK, the biggest financial impact is now estimated to come from the changes to Tax Credits – an estimated loss in Scotland of £350m a year. The changeover from DLA to PIP and the reforms to incapacity benefits also account for substantial sums - £320m and £280m a year respectively – though the losses arising from incapacity benefit reform are well down on the original estimates, in line with the Treasury's new figures[11]. Changes to Child Benefit (£240m a year) and the below-inflation uprating of most working-age benefits from April 2013 (£230m a year) also account for substantial sums.

The overall scale of the financial loss in Scotland (£440 a year per adult of working age) is just below the GB average (£450). Scotland is hit substantially harder than South East England (£370) but less than Wales (£520), London (£490), North West England (£530) or North East England (£530)[12].

It should not escape note, however, that the impact in Scotland would have been around £35 a year higher (i.e. around £475 per adult of working age) if the Scottish Government had not struck a deal with local authorities to avoid passing on the cut in Council Tax Benefit or put in place arrangements to defray the impact of the 'Bedroom Tax'. The financial burden of these welfare reforms is being borne by public sector budgets in Scotland rather than by benefit claimants.

In the spring of 2015, at least three-quarters of the financial impact of the changeover from DLA to PIP remains in the future. There have also been delays in implementing the re-testing for incapacity benefits, arising in particular from the withdrawal of the original prime contractor. This in turn is delaying the full impact of the time-limiting of ESA. Taking the welfare reform package as a whole, in the spring of 2015 around 30 per cent of the overall financial loss to claimants in Scotland (and in the rest of Britain) still lies ahead.

Table 2 shows the estimated financial loss arising from the reforms in each of Scotland's 32 local authority districts. Again, all these figures have been revised and updated and therefore replace those previously published.

[11] The Treasury appears to have based the expected savings arising from the changeover from DLA to PIP on the numbers expected to lose entitlement and the average DLA payment per claimant. In practice, the reduction in numbers might be expected to be mainly among those with less severe disabilities, who mainly receive lower payments, in which case the full savings anticipated by the Treasury may not arise.

[12] All these figures for other parts of GB have been fully revised and updated and are therefore comparable with the new figures for Scotland. The figures therefore differ from those published in previous reports.

Table 2: Overall financial loss arising from welfare reform in Scotland, by local authority (updated)

	Estimated loss £m p.a.	**Loss per working age adult £ p.a.**
Glasgow	239	580
Inverclyde	30	570
West Dunbartonshire	33	550
Dundee	52	540
North Ayrshire	47	540
North Lanarkshire	113	510
East Ayrshire	40	500
Clackmannanshire	17	500
Renfrewshire	55	480
South Lanarkshire	96	470
South Ayrshire	32	470
West Lothian	53	460
Dumfries and Galloway	42	450
Midlothian	24	450
Fife	103	440
Falkirk	44	430
Argyll and Bute	22	410
East Lothian	25	400
Angus	28	390
Highland	56	380
Scottish Borders	27	380
Edinburgh	124	370
Perth and Kinross	34	360
Eilean Siar	6	350
Stirling	21	350
East Renfrewshire	19	340
Moray	20	340
Orkney Islands	5	340
East Dunbartonshire	21	320
Aberdeen	46	300
Aberdeenshire	47	290
Shetland Islands	4	270
Scotland	**1,520**	**440**

Source: Sheffield Hallam estimates based on official data

The biggest impact, in absolute terms and on a per capita basis, falls on Glasgow where the welfare reforms are now estimated to result in a loss of £239m a year, equivalent to £580 a year for every adult of working age in the city. On per capita basis a number of other older industrial areas are also hit hard. These include Inverclyde, Dundee, West Dunbartonshire, North Lanarkshire, Clackmannanshire and North and East Ayrshire.

By contrast, the financial loss in Edinburgh – an estimated £124m a year, or £370 per adult of working age – is significantly smaller. The places least affected by the reforms are in North East Scotland, Orkney and Shetland, and two relatively affluent districts (East Renfrewshire and East Dunbartonshire) in the central belt. However, it is worth noting that even in some of these local authorities the absolute losses remain large. Aberdeen, for example, can still expect to lose £46m a year.

As the earlier reports explained, there are no surprises in this geography. It is to be expected that welfare reforms will hit hardest in the places where welfare claimants are concentrated, which tend to be in the poorest areas with the highest rates of worklessness. There is a strong correlation between the financial loss per adult of working age arising from welfare reform and the Scottish Indices of Deprivation. The correlation applies at the level of local authority districts and at the level of electoral wards.

The impact on households and individuals

The welfare reforms impact on a wide range of households and individuals, and not just on those on out-of-work benefits.

As a guide, Table 3 identifies the types of households and individuals most affected by each of the reforms. This list draws on information in the Westminster Government's *Impact Assessments* but also on a wider understanding of which groups claim which benefits.

A key point about the welfare reforms is that they often impact simultaneously on the same individuals and households. This point is best illustrated by considering incapacity benefit claimants. This large group of out-of-work men and women – they account for 7.7 per cent of all adults of working age in Scotland[13] – tends to be older (IB/ESA claimant rates increase with age) and most have previously worked in low-grade manual jobs. Among incapacity claimants, the group most exposed to loss of benefit are those with less severe health problems or disabilities. They may now be found 'fit for work' at the point they undergo the new medical assessment or, if they remain on ESA in the Work-Related Activity Group, they lose entitlement to non-means tested benefit after a year.

This group of incapacity claimants is also exposed to the loss of DLA as the changeover to PIP takes place. At present, around half of all incapacity claimants also claim DLA. In theory, the most severely disabled should retain entitlement to PIP, meaning that the reductions in eligibility that the Westminster Government anticipates will hit those with less severe health problems or disabilities. Many of these will be the same people who are having their entitlement to incapacity benefits removed or reduced.

[13] May 2014; Source: DWP.

Table 3: Groups typically most affected by individual welfare reforms

HOUSING BENEFIT: LOCAL HOUSING ALLOWANCE

- Low income households, mostly of working age, in the private rented sector
- Under-35s, often single men, in the private rented sector
- Families with large numbers of children in the private rented sector

NON-DEPENDENT DEDUCTIONS

- Low-income households claiming Housing Benefit with.grown-up children living at home

HOUSEHOLD BENEFIT CAP

- Large out-of-work families in high rent areas

DISABILITY LIVING ALLOWANCE

- Less severely disabled of working age, mostly older, mostly out-of-work
- New claimants initially, but existing claimants from 2015 onwards

INCAPACITY BENEFITS

- Out-of-work, mainly older adults with less severe health problems or disabilities who are found ‘fit for work’ and denied access to Employment and Support Allowance (ESA)
- ESA claimants in the Work-Related Activity Group – mainly older, mainly ex-manual workers, all out-of-work – who lose because of means-testing after 12 months (owing to partner’s income, other household income or savings)

CHILD BENEFIT

- All households with children (a little)
- Households with higher earners (a lot)

TAX CREDITS

- Low-to-middle income families with children, including workless households
- Part-time workers on less than 24hrs a week

1 PER CENT UP-RATING

- Everyone on the main working age benefits (JSA, IB/ESA, IS, HB(LHA), Tax Credits)

Source: *Impact Assessments*

Added to this, incapacity claimants living in the private rented sector are exposed to reductions in Housing Benefit under the Local Housing Allowance system. If they have grown-up children still living at home – which will often be the case given the age of many claimants – the new, larger non-dependant deductions also come into play. The failure to uprate the value of benefits with inflation adds a further twist to their financial loss. The financial loss to incapacity claimants would often have been even greater if the Scottish Government had not found ways to offset the 'Bedroom Tax' and avoid reductions in Council Tax Benefit.

Measuring the impact on households

Estimates of the total number of households in Scotland adversely affected (i.e. losing money) as a result of welfare reform were included in the two earlier reports. Table 4 comprehensively updates the figures to take account of more recent data and also disaggregates the impact of the changes to Child Benefit into its two components.

Table 4: Estimated numbers in Scotland adversely affected by each welfare reform (updated)

	Estimated number of households/individuals adversely affected	Average loss per affected household/individual £ p.a.
1 per cent uprating	835,000	270
Child Benefit – freeze	620,000	170
Tax Credits	370,000	930
Incapacity benefits(1)	145,000	2,000
Disability Living Allowance(1)	120,000	2,600
Child Benefit – higher earners	90,000	1,500
Housing Benefit: LHA	84,000	970
Non-dependant deductions	28,000	700
Household benefit cap	900	4,600

(1) Individuals affected; all other data refers to households

Source: Sheffield Hallam estimates based on official data

The important point in Table 4 is that a number of reductions in welfare benefits, notably the 1 per cent uprating of most working-age benefits and the three-year freeze in Child Benefit, impact on very large numbers but the average financial loss is relatively modest. A number of other welfare reforms, however, impact to a far greater extent on smaller numbers. The latest figures on the household benefit cap, for example, indicate that fewer than 1,000 households are affected but the financial loss to each may be large[14]. The incapacity benefit and DLA reforms both impact adversely on relatively large numbers of people and the

[14] The average financial losses arising from the household benefit cap are GB estimates from the Department for Work and Pensions. Separate figures are not available for Scotland.

average financial loss from each is substantial, which is why these reforms account for some of the largest financial losses to Scotland.

It is nevertheless worth bearing in mind that the figures here on the number of households or individuals affected are a 'snapshot' at a single point in time. Over time, as people move on or off benefit – there is always turnover – the numbers who will at some point feel the financial impact of the reforms will be substantially larger.

Additionally, it is worth remembering that in Scotland and elsewhere the numbers of incapacity benefit and DLA claimants undergoing reassessment are much larger than the numbers that eventually lose out financially. Only a proportion are 'adversely affected' in the sense that they lose money but for the remainder the reassessment process is still likely to be major source of stress and anxiety.

The figures on the impact of the reforms on different types of households in Scotland, presented below for the first time, are wholly new. In essence, they take the numbers adversely affected and the financial losses in Scotland – all deeply rooted in official statistics – and allocate them to different types of household on the basis of further official statistics on the extent to which different household draw on benefits:

- The numbers of households in each of 15 categories (pensioners, working age couples, lone parents, etc.) in Scotland as a whole and in each local authority are taken from the 2011 Census of Population

- The proportions of each household type receiving each welfare benefit are GB figures taken from DWP data on Housing Benefit claimants and from the Westminster Government's *Family Resources Survey*

- Combining population data and claimant rates generates intermediate estimates of the number of households of each type impacted by each welfare reform

- The intermediate estimates are then revised to be consistent with the overall numbers affected by each element of the reforms (in Table 4 for Scotland as a whole) derived from the benefit-by-benefit calculations[15].

These methods were successfully piloted in a November 2014 report on Sheffield[16].

The resulting figures on the impact of the reforms on different types of households in Scotland are *estimates* and all subject to a margin of error. Nevertheless, the figures provide a substantially more reliable assessment of the numbers affected and the financial losses than has hitherto been available from any source.

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[15] C Beatty and S Fothergill (2013a) and (2014a) op.cit. The appendices to these reports set out in detail the methods underpinning the benefit-by-benefit calculations.
[16] C Beatty and S Fothergill (2014b) op.cit.

For Scotland as a whole, Table 5 shows the estimated number of households of each type adversely affected as a result of each element of the welfare reforms. The 15-fold classification used here includes all Scotland's 2.4m households[17].

Two groups of households are relatively unaffected by welfare reform. One is student households – the 2011 Census identified 21,000 of these in Scotland – reflecting the fact that hardly any students are entitled to benefits.

The other much more substantial group that escapes lightly are pensioner households – around half a million in Scotland. The Westminster Government has deliberately crafted the reforms to try to avoid impacting on pensioners. In practice, to lose financially as a result of the reforms a pensioner household must be living in private rented accommodation and claiming Housing Benefit, or have a child for whom they can still claim Child Benefit, or be still in-work and eligible for Tax Credits. Few pensioner households fall into any of these categories.

Beyond students and pensioners, the **uprating of benefits** by 1 per cent rather than by inflation impacts on large numbers of households of all types. These include households drawing on not only incapacity benefits and Housing Benefit, themselves subject to reform, but also on Jobseeker's Allowance and Income Support.

The other reforms impact more on specific groups:

- The reforms to **Housing Benefit** in the private rented sector ('Local Housing Allowance') impact particularly on single person households (an estimated 27,500 in Scotland) and on lone parents with dependent children (24,500 households)

- The increases in **non-dependant deductions** are a serious issue for lone parents whose grown-up children are still living at home (10,000 households in Scotland are in this category)

- The **household benefit cap** affects larger families with children

- The reforms to **Disability Living Allowance** impact on especially large numbers of working-age couples without dependent children (41,500 in all) and single person households (another 32,500)

- The impact of **incapacity benefit** reform is similar to that of DLA reform, with working-age couples without dependent children (38,500) and single person households (50,000) most affected

[17] The 'other' households types include households with complex structures (e.g. parent and child living with grandparents, or unrelated adults sharing). In total, 'other' households account for modest numbers – excluding student and pensioner households, only around 100,000 in Scotland.

Table 5: Estimated number of households adversely affected by welfare reform, Scotland

	Housing Benefit: LHA	Non-dependant deductions	H'hold benefit cap	DLA*	IB/ESA*	Child Benefit: freeze	Child Benefit: higher earners	Tax Credits	1% uprating
Pensioner couple	1,200	1,900	-	-	-	1,900	-	1,800	1,900
Single pensioner	6,000	5,000	-	-	-	-	-	-	6,000
Couple no children	2,800	-	-	30,500	28,000	-	-	8,200	50,000
Couple – one child	5,000	1,000	-	8,000	10,500	176,000	47,000	68,000	176,000
Couple – two or more children	8,000	1,200	300	14,500	11,000	235,000	40,000	113,000	235,000
Couple – all children non-dependent	1,000	3,200	-	11,000	10,500	-	-	3,000	18,000
Lone parent – one dependent child	14,000	3,200	-	7,500	10,000	101,000	2,000	82,000	101,000
Lone parent – two or more dep. children	10,500	1,900	600	5,500	4,500	71,000	2,000	60,000	71,000
Lone parent – all child non-dependent	1,900	10,000	-	6,000	9,000	-	-	1,900	19,000
Single person household	27,500	-	-	32,500	50,000	-	-	10,000	107,000
Other – with one dependent child	1,100	400	-	1,500	2,000	21,000	-	12,500	21,000
Other - with two or more dep. children	800	300	-	1,000	1,500	16,000	-	10,500	16,000
Other – all full-time students	-	-	-	-	-	-	-	-	-
Other – all aged 65+	100	100	-	-	-	-	-	-	100
Other	3,500	-	-	4,500	6,500	-	-	1,500	14,000
Total	**83,000**	**28,000**	**900**	**120,000**	**145,000**	**620,000**	**90,000**	**370,000**	**835,000**

*Number of individuals adversely affected
Source: Sheffield Hallam estimates based on official data

Table 6: Overall impact of welfare reform on Scotland, by household type

	Total number of households of each type in 2011	Average financial loss £ p.a.
Pensioner couple	179,000	30
Single pensioner	312,000	40
Couple – no children	415,000	380
Couple – one dependent child	181,000	1,430
Couple – two or more dependent children	229,000	1,480
Couple – all children non-dependent	151,000	400
Lone parent – one dependent child	100,000	1,770
Lone parent – two or more dependent children	70,000	1,850
Lone parent – all children non-dependent	93,000	530
Single person household	511,000	490
Other – with one dependent child	21,000	1,410
Other – with two or more dependent children	16,000	1,500
Other – all full-time students	21,000	0
Other – all aged 65+	6,000	30
Other	68,000	490

All impacts by 2014-15 except DLA by 2017/18, incapacity benefits and 1% up-rating by 2015/16

Sources: Census of Population and Sheffield Hallam estimates based on official data

- **Child Benefit** changes impact on virtually all households with dependent children[18] (620,000 in all in Scotland) but the numbers experiencing full or partial withdrawal are smaller (90,000) and the vast majority of these are couples rather than single parents

- **Tax Credit** changes also impact principally on households with dependent children, including large numbers (more than 140,000 in Scotland) of lone parents

Table 6 shows the average financial loss to each type of household in Scotland[19]. It is important to underline that these are averages across the whole stock of households of each type, not just those hit by the welfare reforms. Thus the modest average loss for couples with no children, for example, averages substantial losses to some households together with large numbers of other couples who are entirely unaffected by the welfare reforms.

[18] There are limited circumstances in which a child is defined as 'dependent' by the Census of Population but no longer qualifies for Child Benefit.
[19] The average financial loss is calculated by multiplying the number of households of each type affected by each reform by the average financial loss arising from each reform, summing the total, and then dividing by the total number of households of each type in Scotland (Source: Census of Population)

The significant observation from this table is that households with dependent children are hit particularly hard. This is especially true of lone parent households with dependent children who on average can expect to lose around £1,800 a year when all the reforms have come to fruition. Couples with dependent children on average lose nearly £1,500 a year. By contrast, households without dependent children, including single-person households as well as couples, escape more lightly – the average loss is between £380 and £530 a year.

Table 7 offers a guide as to why different types of households are losing money. This table excludes pensioner and student households, for whom the losses are very small, and for the remaining household types shows the share of the average financial loss attributable to each element of the welfare reforms.

Taking for example the large average loss to lone parents with two or more children, 44 per cent is estimated to be attributable to reductions in Tax Credits, 15 per cent to below-inflation uprating, 11 per cent to changeover from DLA to PIP, 9 per cent to the three-year freeze in the value of Child Benefit, 8 per cent to reductions in the LHA element of Housing Benefit, and 7 per cent to the incapacity benefit reforms. These are of course averages which few specific households will mirror, but they provide an indication of the sources of financial loss to this particular group.

In contrast, the more modest average loss to working age couples with no children is made up principally of reductions to Disability Living Allowance (49 per cent) and incapacity benefits (35 per cent).

Around all these averages there will be a large spread both in terms of the sums lost and the make-up of the loss. As noted earlier, some couples face reductions in incapacity benefits, DLA, Housing Benefit and the failure to uprate with inflation. In these circumstances the cumulative financial loss when all the reforms have come to full fruition could be as large as £6-7,000 a year.

Table 8 shows the share of households of each type losing financially as a result of each of the welfare reforms. The figures here reflect not only the changes introduced by Westminster but also Scotland's population structure and benefit claimant rates.

Unsurprisingly, the figures show that nearly all households with dependent children are impacted by the freeze and subsequent 1 per cent uprating in the value of Child Benefit. The withdrawal of Child Benefit from households with higher earners mainly affects couples with children; lone parents with dependent children are much less likely to lose out as a result of this change.

On other fronts, however, lone parents lose out badly. More than four out of five lone parents with dependent children are affected by reductions in Tax Credits, and around one-in-seven by reforms to Housing Benefit in the private rented sector. A further 7-10 per cent of this group of lone parents can be expected to lose money as a result of the reforms to incapacity benefits, and 7-8 per cent as a result of the changeover from DLA to PIP.

Table 7: Share of estimated financial loss attributable to each welfare reform, by type of household, Scotland, percentages

	HB: LHA	Non-dep. ded.	H'hold benefit cap	DLA	IB/ESA	Child Benefit: freeze	Child Benefit: higher earners	Tax Credits	1% uprating	TOTAL
Couple – no children	2	-0	-0	49	35	-0	-0	5	9	100
Couple – one child	2	0	-0	8	8	11	27	25	19	100
Couple – two or more children	2	0	0	11	6	12	18	31	19	100
Couple – all children non-dep.	2	4	-0	48	34	-0	-0	5	8	100
Lone parent – one child	8	1	0	11	11	10	2	43	15	100
Lone parent – two or more children	8	1	2	11	7	9	2	44	15	100
Lone parent – all child non-dep	4	14	-0	31	37	-0	-0	4	10	100
Single person household	11	-0	-0	34	40	-0	-0	4	12	100
Other – with one dep. Child	4	1	-0	12	14	12	-0	39	19	100
Other – with two or more dep. Child	3	1	-0	11	13	11	-0	42	19	100
Other	11	-0	-0	34	40	-0	-0	4	12	100

Source: Sheffield Hallam estimates based on official data

Table 8: Estimated proportion of households adversely affected by each welfare reform, Scotland, percentages

	Housing Benefit: LHA	Non-dependant deductions	H'hold benefit cap	DLA	IB/ESA	Child Benefit: freeze	Child Benefit: higher earners	Tax Credits	1% uprating
Pensioner couple	1	1	0	0	0	1	0	1	1
Single pensioner	2	2	0	0	0	0	0	0	2
Couple – no children	1	0	0	7	7	0	0	2	12
Couple – one child	3	1	0	5	6	97	26	38	97
Couple – two or more children	3	1	0	6	5	100	18	50	100
Couple – all children non-dependent	1	2	0	7	7	0	0	2	12
Lone parent – one child	14	3	0	7	10	100	2	81	100
Lone parent – two or more children	15	3	1	8	7	100	3	86	100
Lone parent – all child non-dependent	2	11	0	6	10	0	0	2	20
Single person household	5	0	0	6	10	0	0	2	21
Other – with one dependent child	5	2	0	6	10	98	0	59	98
Other – with two or more dep. children	5	2	0	6	10	100	0	67	100
Other – all full-time students	0	0	0	0	0	0	0	0	0
Other – all aged 65+	1	1	0	0	0	0	0	0	1
Other	5	0	0	6	10	0	0	2	21
All households	4	1	0	5	6	26	4	16	34

Source: Sheffield Hallam estimates based on official data

The final line of Table 8, which shows the proportion of all Scottish households losing financially as a result of each of the welfare reform, nevertheless underlines the point that the burden falls on only a minority of all households. Only the freeze in the value of Child Benefit, the reductions in Tax Credits, and the failure to uprate with inflation hit a significant proportion of all Scottish households, and even then only a third at most. By contrast the very large financial losses associated with the DLA and incapacity benefit reforms – a combined total of £600m a year when both reforms have come to full fruition – are estimated to fall on just 5-6 per cent of all households.

The impact on specific sub-groups

Households with dependent children

Adding together couples, lone parents and others with dependent children, Scotland has a total of over 600,000 households with dependent children. These households account for around 26 per cent of all households in Scotland. The estimates of the impact of welfare reform by type of household provide a clear view of the financial losses to this particular group:

- On average in Scotland, households with dependent children are estimated to lose £1,550 a year as a result of welfare reform

- By contrast, households without dependent children are estimated to lose an average of just £320 a year

- And even if pensioner and student households are excluded from the figures, the average loss to households without dependent children is only £435 a year

Of the total of £1.5bn a year that Scotland is expected to lose when the reforms have come to full fruition, some £960m – approaching two-thirds – is a financial loss faced by households with dependent children.

That households with dependent children are on average hit so hard by welfare reform is not something that has been widely recognised. As the figures show, the financial losses are rooted in a whole raft of changes rather than a single reform to the benefits system. Reductions in Tax Credits, drawn on heavily by low and middle income households with children, are a key part of the explanation but reforms to Housing Benefit, disability and incapacity benefits, Child Benefit and the 1 per cent uprating all compound the losses. Conversely, substantial numbers of in-work households without children draw little if at all on the benefits system.

Individuals with ill health or disability

Long-term ill health or disability is widespread in the population, in Scotland and elsewhere. Bearing in mind that the incidence of ill health or disability tends to increase with age it is perhaps fortunate that the reforms exempt those of state pension age: Incapacity Benefit and its successor Employment and Support Allowance are paid almost exclusively to working-age claimants[20], and the changeover from Disability Living Allowance to Personal Independence Payments does not apply to the over-65s.

In Scotland, incapacity benefits are claimed by 268,000 men and women of working age. Disability Living Allowance is claimed by 209,000 men and women of working age[21]. These are often the same people – DLA is a benefit frequently claimed alongside incapacity benefits. The figures in the report show that, collectively, this group of claimants with health problems or disabilities is hit hard by welfare reform:

- The financial loss in Scotland arising from DLA and incapacity benefit reform is estimated to be £600m a year – 40 per cent of the total financial loss arising from welfare reform

- Scotland's incapacity claimants can on average expect to lose £1,050 a year from this element of the reforms alone, and working-age DLA claimants can expect to lose an average of £1,530 a year

- But within both groups the financial losses fall just on some claimants rather than everyone. As Table 4 earlier showed, those losing out – generally the less severely ill or disabled if procedures are working properly – can expect to lose an average of £2,000 a year as a result of incapacity benefit reform and £2,600 a year as DLA is replaced by Personal Independence Payments

- Furthermore, some of the same claimants can in addition often expect to lose financially as a result of other elements of the welfare reform package, such as changes to Housing Benefit.

As noted earlier, even in 2015 much of the impact of the incapacity and DLA reforms remains in the pipeline. The full impact will not be felt until 2018.

In-work households

It is a popular misconception that the reforms to welfare benefits impact only on those who are out-of-work. The changes are extensive, and some impact more on in-work households. Working out the precise split between, on the one hand, households where someone is in work and, on the other, households where no-one is employment is not straightforward because some benefits are claimed by both groups – Housing Benefit is a good example. A

[20] The exception is a very small number who continue in employment beyond state pension age and remain eligible to claim incapacity benefits for a short period.
[21] These incapacity benefit and DLA claimant numbers are for May 2014 (Source: DWP)

further complication is that some out-of-work benefits – incapacity benefits for example – can be claimed by individuals who live in households where others are in work.

Official statistics offer some guidance. DWP benefits data[22], for example, shows that in Scotland:

- 25 per cent of Housing Benefit claimants in the private-rented sector are in employment

On the other hand virtually none of the households affected by the benefit cap will be in work. National data from HMRC[23] also tells us that:

- 73 per cent of all Tax Credit recipients are in work

- And that 51 per cent of all the lone parents who are Tax Credit recipients are in work

Bearing in mind these figures it is possible to make an informed estimate of the overall impact of welfare reform on those in work. Let us assume that: 80 per cent of the reductions in Tax Credits and Child Benefit fall on in-work households; that one-third of the reduction in DLA and of the impact of the 1 per cent uprating falls on in-work households; that a quarter of the reduction in Housing Benefit in the private rented sector hits this group; and that 20 per cent of the reduction in incapacity benefits also impacts on in-work households. The resulting figure for Scotland is that:

- Around £730m a year of the financial loss arising from welfare reform might be expected to fall on in-work households

- The financial loss to in-work households would therefore account for just less than half (48 per cent) of the total financial loss to Scotland arising from welfare reform

Comparison with GB averages

It was noted earlier that the overall financial loss arising from welfare reform is estimated to be marginally less in Scotland than across Great Britain as a whole – £440 per adult of working age per year, compared to a GB average of £450. Table 9 compares the financial losses to different types of households.

These figures present a complex picture. Benefit rules and payment rates are the same in Scotland as in the rest of Britain, so differences in claimant rates between Scotland and GB are an important influence on the financial loss to different household types. The divergences from GB averages do however also reflect the decisions in Scotland not to implement reductions in Council Tax Benefit and to offset the losses arising from the 'Bedroom Tax'.

[22] DWP *Stat-Xplore*, May 2014
[23] August 2012

Table 9: Average financial loss arising from welfare reform, by household type

	Scotland £ per year.	GB average £ per year.
Pensioner couple	30	30
Single pensioner	40	60
Couple – no children	380	340
Couple – one dependent child	1,430	1,480
Couple – two or more dependent children	1,480	1,540
Couple – all children non-dependent	400	360
Lone parent – one dependent child	1,770	1,950
Lone parent – two or more dependent children	1,850	2,120
Lone parent – all children non-dependent	530	530
Single person household	490	520
Other – with one dependent child	1,410	1,440
Other – with two or more dependent children	1,500	1,530
Other – all full-time students	0	0
Other – all aged 65+	30	40
Other	490	490

Sources: Census of Population and Sheffield Hallam estimates based on official data

The Scottish decisions on Council Tax Benefit and the 'Bedroom Tax' appear to have reduced the average financial loss to lone parents in particular – estimated to be £180 a year below the GB average for a lone parent with one dependent child and £270 a year for those with two or more dependent children. Council Tax Benefit is claimed widely by lone parents. Many lone parents also live in the social rented sector and, depending on the number and age of their children, would have exposed to reductions in Housing Benefit attributable to the 'Bedroom Tax'.

Couples without children, or with grown-up children still living at home, are groups for whom the average financial losses in Scotland are estimated to be above the GB average by around £40 a year. This probably owes a great deal to the high incapacity and DLA claimant rates in Scotland, particularly among older men and women of working age. The wider application of means-testing to incapacity benefits is also likely to impact more on couples – where one partner's income from employment will usually disqualify the other – than on single-person households.

Variation between Scottish local authorities

The appendix presents figures on the average financial loss for each type of household in each of Scotland's 32 local authorities. Once again it is important to stress that these are *estimates* that are all subject to a margin of error, and too much weight should not be placed on small differences between places or household types. Additionally, it again needs emphasis that the figures are *averages for each household type* and therefore hide what will often be large variation between individual households.

The differences between local authorities primarily reflect differences in benefit claimant rates: where claimant rates are high, the average loss among the households claiming those benefits is high.

In Glasgow, where the overall financial loss per adult of working age is estimated to be the highest in Scotland (see Table 2 earlier), the average loss to specific household types is often highest as well:

- Couples with two or more dependent children lose on average £1,900 a year when the reforms have come to full fruition

- Lone parents with dependent children lose on average around £2,300 a year

- Couples without children at home lose on average £520 a year

- Single person households of working age lose on average £660 a year.

In Glasgow and a number of other places, the above average losses to couples without children and to single person households owes a great deal to a high incapacity and DLA claimant rates and the large reductions in spending on these benefits.

Will the loss of income be offset?

Westminster ministers take the view that the welfare reforms increase the financial incentives to take up employment and because more people will look for work more people will find work. In this view, employment will be higher and the loss of benefit income will be offset in whole or in part by an increase in earnings.

There is no question that the welfare reforms do increase the financial incentive to work. On the other hand, even before the reforms began most out-of-work claimants would have been financially better off in employment. Financial disincentives only came into play for relatively small numbers at specific cut-off points in the system. It is these cut-offs that Universal Credit is intended to address by ensuring that claimants are financially better off in work in all circumstances.

Additionally, it is worth remembering that several of the welfare reforms – the changes to Tax Credits, to Child Benefit and Housing Benefit for example – impact extensively on those who are already in employment. Many of those in employment may find it difficult to increase their working hours to offset the loss of income. Relatively few employers can offer this flexibility.

Central to the view that employment will rise in the wake of the welfare reforms is the assumption that extra labour supply leads to extra labour demand from employers. However, whether labour markets really do work in this way is deeply questionable. Taking the very long view, the forces of demand and supply do certainly lead to adjustments in wage levels, and when wages fall in response to extra labour supply it adds to firms' competitiveness and encourages extra employment. Paradoxically, some welfare benefits (such as Tax Credits) actually add to the downward pressure on wages because they partially compensate for low wages. But even so, this process of adjustment of wages in response to demand and supply generally takes many years or even decades. The national minimum wage also constrains the extent to which wages can fall.

There are specific times and places where a shortage of labour can bottle-up economic growth – parts of southern England before the 2008 recession are perhaps an example. But at times of low growth or in places where the local economy is relatively weak and already has a substantial pool of unemployed labour, the likelihood of an increase in labour supply triggering an increase in employment is low. Some individuals will undoubtedly find work to compensate for the loss of benefit income but whether the overall level of employment will be any higher as a result is questionable. More often than not, the claimants finding work will simply fill vacancies that would have gone to other jobseekers, thereby transferring unemployment from one person to another.

Scotland's economy is a long way off the level of prosperity in parts of London and South East England. There remains a significant pool of unemployed labour in many areas and it is not obvious that, outside a few specific occupations, there is a general labour shortage. A further complication is that in Scotland and elsewhere, worklessness on benefit has mostly come to rest with those least able to secure and maintain a foothold in the labour market – men and women with health problems or disabilities, for example, and those with few formal qualifications and only low-grade manual work experience. In a competitive labour market these men and women are rarely employers' first choice. The welfare reforms are not set to deliver an expanded workforce of computer programmers, doctors, trained engineers or electricians.

A prudent assumption would therefore be that, in Scotland, welfare reform is unlikely to result in significant expansion of employment to offset the loss of income.

The other way in which the loss of income might in theory be offset is by a reduction in personal taxation. The welfare reforms that are the focus of this report are of course only one of several things that are happening simultaneously and, as Westminster ministers have correctly pointed out, increases in personal allowances have the effect of reducing (or in some cases eliminating) liability for Income Tax.

Two points are worth bearing in mind about the impact of changes in personal allowances. The first is that only a proportion of benefit claimants actually pay Income Tax. Those in full-time employment will typically do so but there are many others – especially women – in low-paid part-time employment who have an income below tax thresholds. Those on means-tested benefits will generally be in this position too. For some in-work households with children, income tax reductions may offset some or all of the erosion in the value of Child Benefit, but for lone parents out-of-work on benefit this is much less likely.

The other point is the scale of the tax changes. If the personal allowance is for example £1,500 a year higher than would otherwise have been the case, the financial benefit to the taxpayer (at a 20 per cent tax rate) is £300 a year, or £600 a year for a double-income household where both are liable for Income Tax. By way of contrast, in Scotland the average financial loss arising from welfare reform for a household with dependent children is estimated to be £1,550 a year.

Concluding remarks

What the figures in the report demonstrate is that the welfare reforms impact very unevenly. Just as certain parts of Scotland lose much more than others, some households are far more exposed to the changes than the rest.

In Scotland, as in the rest of Britain, pensioner and student households escape virtually unscathed. But on average, families with dependent children face substantial financial losses. This is particularly true of lone parents. That families with dependent children lose so much is not something that has usually been noted, perhaps because the financial losses do not arise from a single element of the reforms. The *cumulative* impact of the reforms – adding together all the changes underway over the last four or five years – nevertheless exposes the full impact.

Average losses can of course still hide a great deal. Even within a group that is hit hard (lone parents for example) some households will escape lightly if they draw little on benefits. Others face above-average losses. The withdrawal of Child Benefit from higher earners is unusual because it hits the better-off, but in general it is likely to be the less well-off, both in and out of work, that lose the most.

APPENDIX: Estimated average financial loss arising from welfare reform, by type of household by local authority

	£ per year			
	Pensioner couple	**Single pensioner**	**Couple - no children**	**Couple - one child**
Aberdeen	20	20	270	1,170
Aberdeenshire	20	20	240	1,040
Angus	30	30	320	1,260
Argyll and Bute	30	50	330	1,360
Clackmannanshire	30	30	430	1,510
Dumfries and Galloway	30	40	390	1,420
Dundee	40	50	470	1,670
East Ayrshire	30	40	440	1,520
East Dunbartonshire	20	20	290	1,150
East Lothian	30	30	320	1,320
East Renfrewshire	20	20	280	1,180
Edinburgh	30	60	300	1,380
Eilean Siar	20	20	310	1,170
Falkirk	20	30	380	1,370
Fife	30	30	370	1,440
Glasgow	30	50	520	1,830
Highland	20	20	330	1,270
Inverclyde	30	40	500	1,650
Midlothian	30	30	390	1,410
Moray	20	20	280	1,130
North Ayrshire	30	50	440	1,610
North Lanarkshire	30	30	450	1,530
Orkney Islands	30	20	260	1,180
Perth and Kinross	30	30	300	1,280
Renfrewshire	30	30	400	1,510
Scottish Borders	30	30	300	1,260
Shetland Islands	20	10	220	1,000
South Ayrshire	30	40	400	1,480
South Lanarkshire	30	30	410	1,480
Stirling	20	20	330	1,270
West Dunbartonshire	30	30	490	1,610
West Lothian	30	30	390	1,420
Scotland	**30**	**40**	**380**	**1,430**

Source: Sheffield Hallam estimates based on official data

Estimated average financial loss arising from welfare reform, by type of household by local authority (cont.)

	£ per year			
	Couple - two or more children	**Couple - all children non-dependent**	**Lone parent - one child**	**Lone parent – two or more children**
Aberdeen	1,190	290	1,320	1,420
Aberdeenshire	1,040	250	1,150	1,200
Angus	1,310	330	1,590	1,650
Argyll and Bute	1,410	340	1,780	1,830
Clackmannanshire	1,610	440	1,920	2,080
Dumfries and Galloway	1,510	410	1,880	1,950
Dundee	1,750	480	2,170	2,270
East Ayrshire	1,600	450	1,980	2,080
East Dunbartonshire	1,140	300	1,240	1,260
East Lothian	1,350	340	1,610	1,680
East Renfrewshire	1,150	290	1,250	1,280
Edinburgh	1,420	320	1,720	1,880
Eilean Siar	1,210	320	1,380	1,430
Falkirk	1,410	400	1,650	1,700
Fife	1,500	380	1,790	1,870
Glasgow	1,900	540	2,280	2,360
Highland	1,320	340	1,570	1,630
Inverclyde	1,710	520	2,100	2,150
Midlothian	1,470	410	1,750	1,870
Moray	1,180	300	1,400	1,460
North Ayrshire	1,680	450	2,050	2,140
North Lanarkshire	1,580	470	1,890	1,950
Orkney Islands	1,240	270	1,510	1,570
Perth and Kinross	1,330	310	1,590	1,660
Renfrewshire	1,550	420	1,830	1,890
Scottish Borders	1,330	310	1,600	1,670
Shetland Islands	1,000	240	1,030	1,070
South Ayrshire	1,540	420	1,880	1,970
South Lanarkshire	1,520	420	1,780	1,840
Stirling	1,290	340	1,480	1,520
West Dunbartonshire	1,680	500	1,980	2,080
West Lothian	1,470	410	1,730	1,800
Scotland	**1,480**	**400**	**1,770**	**1,850**

Source: Sheffield Hallam estimates based on official data

Estimated average financial loss arising from welfare reform, by type of household by local authority (cont.)

	£ per year			
	Lone parent - all children non-dependent	Single person household	Other - with one dependent child	Other - with two or more dependent children
Aberdeen	390	330	1,070	1,140
Aberdeenshire	320	300	920	960
Angus	440	410	1,270	1,310
Argyll and Bute	470	460	1,360	1,420
Clackmannanshire	580	550	1,550	1,590
Dumfries and Galloway	540	490	1,510	1,660
Dundee	650	610	1,730	1,780
East Ayrshire	610	560	1,620	1,730
East Dunbartonshire	380	350	1,010	1,070
East Lothian	440	420	1,260	1,360
East Renfrewshire	370	350	1,010	1,060
Edinburgh	450	440	1,300	1,380
Eilean Siar	420	370	1,150	1,320
Falkirk	510	460	1,360	1,420
Fife	510	470	1,440	1,530
Glasgow	720	660	1,840	1,950
Highland	450	400	1,260	1,360
Inverclyde	680	640	1,670	1,810
Midlothian	520	490	1,380	1,480
Moray	400	350	1,170	1,220
North Ayrshire	610	570	1,620	1,720
North Lanarkshire	600	560	1,530	1,640
Orkney Islands	400	330	990	930
Perth and Kinross	400	380	1,270	1,320
Renfrewshire	550	510	1,510	1,580
Scottish Borders	420	390	1,270	1,420
Shetland Islands	280	260	770	750
South Ayrshire	550	520	1,490	1,580
South Lanarkshire	550	510	1,440	1,540
Stirling	440	410	1,180	1,300
West Dunbartonshire	650	590	1,620	1,700
West Lothian	530	490	1,380	1,450
Scotland	**530**	**490**	**1,410**	**1,500**

Source: Sheffield Hallam estimates based on official data

Estimated average financial loss arising from welfare reform, by type of household by local authority (cont.)

	£ per year		
	Other - all full-time students	**Other - all aged 65+**	**Other households**
Aberdeen	-0	-30	330
Aberdeenshire	-0	-30	300
Angus	-0	-30	420
Argyll and Bute	-0	30	440
Clackmannanshire	-0	30	600
Dumfries and Galloway	-0	30	500
Dundee	-0	30	600
East Ayrshire	-0	30	540
East Dunbartonshire	-0	30	350
East Lothian	-0	30	400
East Renfrewshire	-0	30	350
Edinburgh	-0	30	440
Eilean Siar	-0	30-	400
Falkirk	-0	30	460
Fife	-0	30	470
Glasgow	-0	30	660
Highland	-0	30	400
Inverclyde	-0	30	610
Midlothian	-0	30	500
Moray	-0	30-	360
North Ayrshire	-0	30	550
North Lanarkshire	-0	30	550
Orkney Islands	-0	30-	380
Perth and Kinross	-0	-30	380
Renfrewshire	-0	30	500
Scottish Borders	-0	30-	400
Shetland Islands	-0	-30	260
South Ayrshire	-0	30	500
South Lanarkshire	-0	30	510
Stirling	-0	30-	400
West Dunbartonshire	-0	30	580
West Lothian	-0	30	490
Scotland	**-0**	**30**	**490**

Source: Sheffield Hallam estimates based on official data

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