

Impact of budget announcements May 2010 on Surrey residents and economy

1. Housing Benefit

Loss of 5-bed band for Local Housing Allowance (LHA) (April 2011) and decrease to 30th percentile (October 2011)* See LHA predicted shortfalls at the end of this report.

Annual loss of Housing Benefit **£6,341,920**

2. Child Benefit

Freezing of Child Benefit for three years from April 2011 and future increases tied to CPI rather than RPI.

Impact over next *three* years **£39,090,000**

3. Health in pregnancy grant

Abolition of the £190 grant for all pregnant women from January 2011. 12,000 births in Surrey per annum.

First year loss **£2,280,000**

4. Tax Credits

From April 2011 loss of additional child element of £545 for first year of baby's life. Approximately 87% of Surrey families entitled to some Child Tax Credit. 10,440 births per annum.

Annual loss **£5,690,000**

From April 2011 reduction of higher threshold from £50,000 to £40,000. Government estimate one-in-four families receiving Family Element only will lose Tax Credits altogether ie: 10,575 Surrey families

Annual loss **£5,760,000**

Reduction in Tax Credits taper from 41% to 39%. Working families and individuals on low pay affected by this change. Cannot yet calculate without data on Surrey Tax Credits payouts.

5. Disability Living Allowance

Government proposal to introduce new medical test with an anticipated reduction of 20% in DLA awards. Figure is based on 20% reduction in mobility awards and lower rate care, and 20% reduction from higher rate to middle rate and then middle rate to lower rate based on more stringent test.

Annual loss of mobility component: **£6,180,000**

Annual loss of care component: **£4,185,000**

6. Carers Allowance

No data is yet available for the number of Carer's Allowance recipients caring for an adult receiving DLA rather than AA. There are 5060 carers in Surrey who receive CA. Some will be affected if the person they care for loses the middle or higher rate of DLA Care Component. CA is £53.90 per week and is another benefit affected by the loss of increases based on RPI.

***Valuation Office Agency predicted LHA shortfalls**

**Reigate Broad Rental Market Area
(figures shown are the weekly shortfall)**

1-room	£8.90
1-bed	£4.60
2-bed	£6.90
3-bed	£17.26
4-bed	£23.02

Guildford Broad Rental Market Area

1-room	£7.59
1-bed	£12.65
2-bed	£17.26
3-bed	£34.52
4-bed	£46.03

Walton Broad Rental Market Area

1-room	£8.41
1-bed	£5.76
2-bed	£10.35
3-bed	£26.70
4-bed	£34.52

**Surrey Welfare Rights Unit
September 2010**