

## CHILDREN, YOUNG PEOPLE AND FAMILIES PARTNERSHIP

1.	<b>Meeting:</b>	<b>Children, Young People and Families Partnership</b>
2.	<b>Date:</b>	<b>21st May 2014</b>
3.	<b>Title:</b>	<b>Case Studies: Families Affected by the Benefits Cap</b>

### 4. Background

In summer 2013 a benefit cap was introduced to limit the maximum amount of benefits (including the main out of work benefits, plus housing benefit, child benefit and child tax credits) that working age households can receive. The weekly cap, which aims to reflect the average earnings of working households, is £500 for families (and £350 for single adults). The benefit cap is most likely to have an impact on families where no adults are working and where there are multiple children. Some families are exempt, including those who are entitled to working tax credit or in receipt of disability living allowance.

Prior to universal credit, the benefit cap has been applied by reducing housing benefit, which means that households do not feel the full impact if their benefits income exceeds the cap by more than their weekly housing benefit entitlement. Nevertheless, the current loss in benefit ranges from £3 a week to £143 a week, with the majority of families losing £70 a week or less.

### 5. Case Studies

The purpose of the following case studies is to provide members of the Children, Young People and Families' Partnership with insight into the circumstances faced by families in the borough who find themselves reliant on benefits and potentially affected by the benefits cap.

The local authority has invested in providing support to these families and ensuring that an accessible and coordinated package of support is delivered.

Both case studies are based on real families who have received support. In order to provide scenarios related to the financial impact of working it has been necessary to make some assumptions (that may not reflect the personal decisions made by the family). Both case studies are for families with two parents; partnership members may want to request a case study at a future meeting that relates to a single parent with pre-school children as this presents a range of different challenges.

## **5.1 Case Study 1**

### **Family Composition**

Father – Adult A

Mother – Adult B

8 Children, aged 18, 16, 14, 13, 11, 7, 6, 4

### **Family Circumstances (narrative)**

The family live in local authority rented accommodation and Adult A is a self-employed tradesman. Adult B does not work. The family previously claimed benefits when not working but, due to the benefits cap, are no longer willing to claim an out of work benefit because it will not provide the family with additional income. Since August 2013 Adult A has found it hard to find work and the family have struggled to manage financially, with rent and council tax arrears building up. Adult A is keen to return to work; however, he has no IT skills and is uncomfortable about having to seek help. There are no other concerns about the family, the children attend school regularly and are loved and well cared for.

### **Family Circumstances (financial)**

The family receive child benefit, child tax credit and housing benefit. If the family do not claim an out of work benefit they will not be entitled to free school meals; the cost of school dinners for 7 children is £68.75 a week.

### **Support Provided**

The Family Support Worker at the Children's Centre knows the family and has led the package of support provided. She arranged for the Employment Solutions Officer (based with Key Choices) to meet the family at the Children's Centre and helped to compile a CV. The Employment Solutions Officer submitted Adult A's CV to Wilmot Dixon, Morrisons, Sherwood Recruitment and other suitable advertised vacancies. Casual work was also arranged and excellent feedback was received about the quality of the work. An appointment has also been arranged with RMBC Money Advice Service to make an application for Discretionary Housing Payment, and to look at income and expenditure.

### **Next Steps**

Adult A is now in employment and can claim working tax credit; the family will not be subject to the benefit cap.

### **Financial Outlook**

Adult A is working full-time and the family receive working families tax credit. The family are aware of the pathways for support should this situation change. The money advice provided will support the family to manage their income in the context of providing for 8 dependents.

To provide some insight into the financial circumstances that a family with this composition will face, a scenario has been developed based on both parents working 20 hours a week over three days.

This scenario has made the assumption that the 16 and 18 year old would not require childcare, however, the NSPCC suggest children under 13 should not be left home alone so childcare costs have been calculated for the children aged 13 and under. This would be a parental decision based on the maturity of the children if the older children would need childcare or not. It is an offence to leave a child (aged under 16) home alone if it places them at risk.

Child 4 – 13 Before and after school care needed 3 days per week plus full day care during school holidays **£48.50 per week**

Child 5 – 11 Before and after school care needed 3 days per week plus full day care during school holidays **£48.50 per week**

Child 6 – 7 Before and after school care needed 3 days per week plus full day care during school holidays **£48.50 per week**

Child 7 – 6 Before and after school care needed 3 days per week plus full day care during school holidays **£48.50 per week**

Child 8 – 4 Before and after school care needed 3 days per week plus full day care during school holidays **£48.50 per week**

**Total £242.50 per week**

To calculate the amount of tax credits the family is eligible for, details have also been entered into the HMRC calculator (making some assumptions about parents age and other income) and they would receive £695 per week Tax Credits (including £185 per week towards childcare costs). This is in addition to an income of £252 per week through employment.

If one is parent working fulltime (40 hours at £13124) and one parent is not working (therefore no childcare costs needed). This would result in them receiving £452 per week in tax credits.

The amounts included in these illustrations are estimated figures only and a full benefits review would be needed for the families to look at actual Tax Credit amounts and how the change in employment status and income would affect other benefits.

## 5.2 Case Study 2

### Family Composition

Father – Adult K

Mother – Adult L

Father's sister (aged 16) who lives with the family following the death of their mother

Children, aged 6, 5, 3, 6 months

### Family Circumstances (narrative)

The family live in private rented accommodation; there is damp in the house and the heating has not worked for some time. Adult K's sister has recently come to live with the family since the death of her mother in November 2013. The family live in a 3-bedroomed house and wanted an extra bedroom to accommodate Adult K's sister on a permanent basis.

Adult L used to work but hasn't done so since she had the children. Following the death of her mother-in-law (whom she cared for), and the birth of her youngest child, Adult L says that she has had low-mood. She has sought advice from her GP in relation to this and intends to claim Employment Support Allowance.

Adult K has worked in the past but finds it difficult to look for work because he is dyslexic and finds it difficult to read. He says that he feels anxious when he is required to complete any paperwork.

Family relationships are all positive and the school-age children have good attendance. The pre-school children do not access any provision.

### Family Circumstances (financial)

The family were receiving Job Seekers Allowance for Adult K, plus Carers' Allowance for Adult L, in addition to some income from Adult K's mother.

Since the death of Adult K's mother their income has been made up of Jobseekers Allowance (£694.11), plus Child Tax Credits (£267.28) plus Child Benefit (£73.90)

The family's estimated (£1204.60) outgoings come to a total of , including rent (£218), household utilities (£238), phone (£20), clothes and shoes (£50), travel (£20), housekeeping (£650) and school milk (£8.60)

### Support Provided

The family had received support from a Family Support Worker who had signposted the family to Stonham Housing, however the family were struggling to manage their finances and resolve their housing situation.

Following the involvement of the Outreach Worker supporting families affected the benefit cap the family:

- Understand that their benefits have been capped, and have been supported to apply for Discretionary Housing Payment.
- Have moved into a more suitable property (with Stonham Housing) and are in discussion with the previous landlord (supported by the Outreach Worker) regarding arrears that had built up for their previous home. The Vicars Relief fund provided £250 towards the bond for the new property.

- Have started to bid on RMBC properties again
- Have applied for a place at the Children's Centre for their 3 year old child
- Have made an appointment with the RMBC Financial Adviser (supported by the Outreach Worker).

### **Next Steps**

The Family Support Worker from the local Children's Centre has initiated a Family CAF and called a Team Around the Family meeting. Adult L is seeking support from her GP in relation to her low mood. Adult K is considering his employment options and the Outreach Worker will refer to Wiseability for employment support at the appropriate time.

### **Financial Outlook**

In order to calculate the impact of finding employment and paying for childcare it has been necessary to make assumptions regarding the working status of both parents, their hours and income and in turn their childcare needs. It is worth noting that in order for families to access help with the costs of childcare (in a two parent family) both parents would need to be working a minimum of 16 hours a week and be using Ofsted registered childcare. The financial outlook has therefore been calculated based on both parents working 20 hours a week and earning current minimum wage (£6.31 ph which is a combined annual income of £13,124). If just one parent was working then they would be unable to claim help with childcare costs through Tax Credits, however, provided that parent worked 24 hours or more they would receive some working tax credits (dependent on income).

If one or more parents moved into work Child Benefit would not be affected but other benefits may be such as housing benefit and free school meals

If both Adult L and Adult K are in work for 20 hours a week over 3 days, a Childminder is likely to provide the best source of care in order to keep the children (who are a range of ages) together.

Childcare requirements and average costs:

Child 1 – Before and after school care needed 3 days per week plus full day care during school holidays **£48.50 per week**

Child 2 – Before and after school care needed 3 days per week plus full day care during school holidays **£48.50 per week**

Child 3 – Wraparound care needed 3 days per week plus full day care during school holidays **£52 per week**

Child 4 – Full day care needed 3 days per week **£80 per week**

**Total £229 per week**

The following tax credit calculation has been completed by entering details into the HMRC calculator (making some assumptions about parents' age and other income) and they would receive £456 per week Tax Credits (including £175 per week towards childcare costs). Plus, an income of £252 per week through employment.

If a calculation is based on one parent working fulltime (40 hours at £13124) and one parent not working (therefore no childcare costs needed). This would result in the family receiving £280 per week in tax credits.

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