

UPDATE ON SAVINGS FROM RECOGNISING COHABITING SAME SEX COUPLES IN THE INCOME RELATED BENEFITS

1. Under current rules, same sex couples living together are considered as two separate benefit units. Under the current proposals cohabiting same sex couples would be considered as one benefit unit and this will have implications for all income related benefits (Income Support, Jobseeker's Allowance, Housing Benefit and Council Tax Benefit). The most significant impact will be on those households where one person is in work and one person out of work. In this case the couple may lose their entire entitlement to income related benefits (IRBs).
2. The data on same sex households is limited as the homosexual population has traditionally been difficult to identify. Representative surveys have tended to underestimate the homosexual population due to reasons such as fear of reprisal among respondents and reluctance to disclose personal information. Purposive sampling on the other hand tends to overestimate the homosexual population.
3. The latest available data from the Labour Force Survey (LFS) and the Family Resources Survey (FRS) are included in the table below. Due to the larger sample size in the LFS we have used this figure to give the lower savings estimate. As the LFS is likely to underestimate the homosexual population, the National Survey of Sexual Attitudes and Lifestyles (NATSAL II (2000)) has been used for the upper savings estimate. This survey estimates that 0.6% of the population are living with same sex partners.

Percentage of the working age population living in same sex households		
	LFS (Spring 2004)	FRS (2002-2003)
No. of same sex households	65000	50000
No. of ind. In same sex households	130000	100000
% of adult population	0.28	0.21
% of working age population in same sex households	0.38	0.29

4. The following assumptions have been used in this costing:
 - Due to the small number of sample cases recorded as same sex couples and in receipt of IRBs, we have assumed that individuals in same sex couples receive benefits in the same proportion as the general working age childless population. The working age assumption is used, as nearly all of the same sex couples identified are working age.
 - Same sex couples will be treated in the same way as heterosexual couples in qualifying for benefits (i.e. they will be assessed as a couple whether or not they register into a civil partnership).
 - All savings are uprated to 2005/06 on the basis that the bill will be implemented in October 2005.

Method

5. The percentage of the working age population in same sex households has been estimated to be 0.38% from the spring 2004 LFS. This percentage has been applied

to the number of working age childless individuals in receipt of each benefit to estimate the number of individuals in same sex households in receipt of each IRB.

6. There are two types of households who may qualify for benefits and be affected by the changes described above:
 - **Type A:** Both individuals in the couple are out of work. In this case we assume that they both receive the average single amount before the new rules and the average couple's amount after.
 - **Type B:** One individual is out of work. In this case the couples will generally lose the average single amount for one person. There may be some cases where the person out of work keeps a small amount of benefit.
7. The costs / savings for each benefit are calculated separately for type A and B households. The proportion of types A and B households has been calculated based on the 2002/03 FRS for all working age, childless couples.
8. For Housing Benefit (HB) and Council Tax Benefit (CTB) most Type A individuals will not lose as they will continue to receive the full benefit equal to their rent or council tax. The method for calculating the change in HB for Type A households is somewhat different to the other benefits. The only individuals who will lose in this scenario are those living in the private rented sector (PRS) with a rent that is restricted. We have assumed that when they qualify as a couple they will get housing benefit for an average rent for two rooms as opposed to three rooms. Local reference rates (LRRs) for 2002/2003 were used to calculate the average difference between 2 and 3 room LRRs and the 2002 1% sample was used to estimate what proportion of HB recipients live in the PRS.
9. Working Tax credits have been excluded from the costing as these savings / costs would now fall under Inland Revenue. Previous estimates were in any case negligible.

Findings

10. We have calculated a higher and a lower estimate for the savings and the number of individuals affected. The upper estimate is based on the NATSAL 11 (2000) which found that 0.6% of the population were living in same sex couples. The lower estimate is based on the LFS (Spring 2004) which found that 0.38% of working age individuals were living in same sex households.
11. The total amount saved in 2005/06 is estimated to be between £30million and £48million and the number of people losing between 14,000 and 22,000.
12. Numbers of losers are not additive across benefits due to multiple receipt of IRBs. The estimated total number of losers accounts for overlaps.
13. In order to show the breakdown of savings by benefit the cash savings are rounded to the nearest £1million for 2005/06, but they are not reliable to that level of rounding. The projected savings are rounded to the nearest £10million and are in cash terms. The number of individuals losing is rounded to the nearest 1,000 in both cases.

Total Savings in 2005/06 (Type A + B)	Lower Estimate	Higher Estimate
Savings	£	£

Income Support (IS)	10,000,000	16,000,000
Jobseeker's Allowance (JSA)	3,000,000	4,000,000
HB	14,000,000	23,000,000
CTB	3,000,000	5,000,000
All	30,000,000	48,000,000
Numbers of individuals losing implied:		
	No. of Ind.	No. of Ind.
IS+JSA	12,000	19,000
HB	5,000	7,000
of which not IS/JSA	1,000	2,000
CTB	5,000	8,000
of which not IS/JSA	1,000	1,000
Total losers	14,000	22,000

Projected Savings to 2013				
	Lower Estimate		Higher Estimate	
	Savings (£ million)	No of Losers	Savings (£ million)	No of Losers
2005/06	30	14000	50	22000
2006/07	30	14000	50	22000
2007/08	30	14000	50	22000
2008/09	30	14000	50	22000
2009/10	30	14000	50	22000
2010/11	40	14000	60	22000
2011/12	40	14000	60	22000
2012/13	40	14000	60	22000

14. The estimated savings are based on a number of assumptions and should be interpreted as approximate indications of magnitude.