

Summary of May 2010 Budget and October 2010 Comprehensive Spending Review announcements concerning benefits

From October 2010

- Standard interest rate used to calculate help with housing costs is reduced to the Bank of England's published average mortgage rate.

From January 2011

- Health in Pregnancy Grant abolished
- The increased upper limit for loans eligible for help with housing costs (£200K) and the reduced waiting period for that help (13-weeks) is extended for a further 12 months

From April 2011

- The Consumer Price Index will be used instead of the Retail Price Index for benefit and tax credits uprating.
- For under 65s the income tax personal allowance will increase to £7475

Tax Credits

- Families with a household income above £40000 will lose Child Tax Credits entitlement
- The withdrawal taper for Tax Credits will increase from 39% to 41%
- The baby element of £545 paid for the first year as part of Child Tax Credit is withdrawn
- Child Element of Child Tax Credit is increased by £150
- In-year income changes for Tax Credits purposes will be disregarded below £10,000 reduced from the current £25,000
- Help with childcare costs through Working Tax Credit will reduce from 80% to 70% of costs (subject to the overall childcare costs caps set in 2005)
- The basic element and 30-hour element of Working Tax Credit are frozen for 3 years

Housing Benefit

- For Local Housing Allowance banding the 5-bed rate is removed
- Local Housing Allowance rates are capped
- The maximum £15 Local Housing Allowance incentive is scrapped
- Local Housing Allowance may be increased for an extra bedroom if a carer stays over

Other benefits

- Child Benefit is frozen for the next three years.
- Sure Start Maternity Grant will only be payable for the first child
- State Pensions will rise by the highest of either earnings, prices or 2.5%
- The Savings Credit within Pension Credit is frozen for 4 years
- Winter Fuel Payments, free bus travel, eye tests and prescriptions will continue to those eligible over pension age
- Free TV licences will continue to those over 75

October 2011

- Lone parents on Income Support will lose benefit once their youngest or only child reaches 5 years, (unless they are entitled to Income Support on another ground).
- Percentile of market rents used to set Local Housing Allowance rates will be reduced from the median (50th percentile) to the 30th percentile.

April 2012

- Contribution-based Employment and Support Allowance will be time-limited to 12 months for those who are in the work-related activity group.
- The single room rent restriction will apply to single Housing Benefit claimants up to the age of 35, increasing from the current age limit of 25

Tax Credits

- Further reduction to the upper household income threshold for Child Tax Credits entitlement. Families will have the Family Element withdrawn by the taper immediately after the Child Element(s) removing the second income threshold of £40,000.
- 50+ element of Working Tax Credit is removed
- Families claiming Working Tax Credit will have to demonstrate that they are working 24 hours or more per week not the current 16. If a couple, one of the partners must work at least 16 hours
- Falls in income for Tax Credits purposes will be ignored if they are less than £2500 ie: Tax Credits claim will not be increased in light of the reduced household income.
- Backdating of Tax Credits will be reduced from 3 months to 1 month

October 2012

- Disability Living Allowance claimants who are in residential care will lose their mobility component after 28 days (as well as their care component) if they are receiving public funding to help with the costs of their accommodation

From 2013

- Disability Living Allowance claimants will be subject to medical assessments.
- Benefit payments per non-working household will be capped to the median income (after tax) of working households. Currently this would mean a weekly cap of around £500 per couple or lone parent household and £350 for a single adult household. If the household is in receipt of Disability Living Allowance, War Widows payments or Working Tax Credit paid with Child Tax Credit then the cap will not apply.
- Child Benefit is withdrawn from families where one or both claimants pay the higher rate of income tax on their earnings.
- In-year income changes for Tax Credits purposes will be disregarded below £5000, reduced from £10,000
- Housing Benefit will be restricted for working age claimants who are in social housing if the accommodation is in excess of their needs.
- Jobseeker's Allowance claimants will have their Housing Benefit reduced by 10% after 12 months whether they are in the private or social housing sector
- Council Tax Benefit spending will be reduced by 10% and devolved to local councils. No further information on this yet.

After 2014

- Introduction of Universal Credit to replace means-tested working age benefits and tax credits

April 2016

- Between April 2016 and 2018 women's state pension age will increase at a faster rate to reach 65 by November 2018.

December 2018

- State pension age for men and women will increase from 65 to 66 by April 2020.