



BRIEFING PAPER

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2018 Benefits Uprating

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Summary

This note sets out the main benefit and tax credit rates for the 2018/19 financial year.

Most working-age benefits will be frozen at 2015/16 cash values from 2016/17 to 2019/20 inclusive.

Over the year 2018/19 the increase in benefits aimed at disabled people and pensioners will continue to be linked to CPI inflation, which increased to 3.0% in 2017.

The basic State Pension will be uprated in line with the 'triple guarantee' (or 'triple lock') that was introduced in 2012/13. This ensures that it increases by the highest of the increase in earnings, price inflation (as measured by the CPI) or 2.5%. For the purposes of the 2018/19 uprating, 3.0% (the CPI) was the highest of these three benchmarks.

Pension Credit Guarantee Credit is required to increase at least in line with earnings; in the year 2018/19 it will rise by 2.3% (average earnings rose by 2.2% in the year to July 2017).

A new single-tier State Pension has been introduced for people who reached pension age on or after 1 April 2016. This consolidates the basic State Pension and Additional Pension into one single amount. The full amount of the single tier pension was £155.65 in April 2016, but its value for individuals may be less depending on recipients' National Insurance contributions. The new State Pension is required by statute to be uprated at least in line with average earnings. It is currently "triple locked" and will be uprated by 3.0% from £159.55 in 2017/18 to £164.35 in 2018/19.

1. Uprating policy

1.1 Introduction

The uprating of social security benefit rates from April each year is normally based on inflation in the preceding September.

For the years 2016/17 to 2019/20 inclusive, most working age benefits are frozen.

Since 2011 the inflation measure used by default is the Consumer Prices Index (CPI). Previously, the default indexation benchmarks were:

- the Retail Prices Index (RPI) for pensions and other non-means-tested benefits;
- the 'Rossi' index for means-tested benefits.²

The guarantee credit in Pension Credit by law must be increased at least in line with the average annual earnings rise across the whole economy. This means that it will rise by at least 2.2% this year. From 2011/12 to 2016/17, earnings rose more slowly than prices and therefore for these years the government decided to increase Pension Credit Guarantee Credit in line with the cash increase in the single basic State Pension.

This year the relevant factors for uprating are:

- Change in **CPI** 12 months to September 2017.
+3.0%
- Change in **Average Weekly Earnings** to year ending July 2017.³
+2.2%

² [Rossi index](#) is RPI minus certain housing costs (rents, mortgage interest payments, council tax and depreciation).

³ There is no statutory definition of exactly how earnings growth is to be measured.

Uprating provisions allow the Secretary of State to determine by how much prices and earnings have risen over the last year in "in such manner as he sees fit". The basis of earnings uprating for the Minimum Income Guarantee was set out in 2000 as follows:

Mr. Flynn: To ask the Secretary of State for Social Security what methods he uses to measure the annual increase in earnings for the purpose of uprating the minimum income guarantee. [124393]

Mr. Bayley: In line with the Government's commitment to provide security in retirement for the poorest pensioners, the minimum income guarantee has been increased by 4.6 per cent., in line with the increase in average earnings. This measure of earnings growth reflects the 12-month headline rate and is based on a three-month average up to July 1999, published in The Stationery Office's "Monthly Digest of Statistics". (HC Deb 6 June 2000

[HC Deb 6 June 2000 c223W](#)

This figure was derived from the old Average Earnings Index ([Average Earnings Index](#)) which was discontinued as of July 2010. It has since been superseded by the Average Weekly Earnings series ([ONS data series KAC3](#)). In both cases the indicator used is the percentage change over the year to July in the 3-month average value of the whole economy earnings index (seasonally adjusted and including bonuses).

1.2 Limits and freezes

Upgrading of most working age benefits was limited to 1% in 2013/2014, 2014/15 and 2015/16, following policy announcement by the then Chancellor in Budget 2013.

Most working-age benefits are now subject to an upgrading freeze over the four-year period 2016/17 to 2019/20. This means that they will remain the same cash amount as they were in 2015/16. This freeze applies to all equivalent components of Universal Credit. It does not include disability/carer benefits and premiums, statutory payments and the Support Group component of Employment and Support Allowance (ESA).

The freeze of most working-age benefits was announced in the [2015 Summer Budget](#). The Government said that since 2008's financial crisis most benefits have risen by 21% compared to a rise in average earnings of 11%, and the freeze is necessary "to ensure it always pays to work".⁴

The benefits that are frozen include:

- Jobseekers' Allowance
- Child and Working Tax Credit
- Local Housing Allowances
- Income Support
- Child Benefit
- Work-Related Activity Group Employment and Support Allowance

Benefits that are not frozen include:

- Maternity Allowance
- Statutory Sick Pay
- Statutory Maternity and Paternity Pay
- Statutory Shared Parental Pay
- Statutory Adoption Pay
- Disability, Carers and Pensioners' Premiums
- Other Disability, Carers and Pensioner Benefits
- Support Group Employment and Support Allowance

1.3 Household benefit cap

The Coalition Government introduced a policy which limited the amount of certain benefits a household could receive each year. The cap was further reduced from 7 November 2016 by lowering a threshold for a family with children from £26,000 to £23,000 in London and £20,000 in the rest of Great Britain.

Further Information

Our [Welfare Reform and Work Bill Briefing Paper](#) provides further information about the Bill that legislated the upgrading freeze.

⁴ [Summer Statement 2015 para 1.137](#)

2. Social security benefit rates

2.1 Basic and Additional State Pension

For 2018/19 the basic state retirement pension will be increased by 3.0% in line with the Government's 'triple guarantee', which from 2012/13 onwards has ensured that the basic State Pension increases by the highest of the increase in earnings, price inflation as measured by the CPI or 2.5%.

This will result in the single rate rising by £3.65 per week (from **£122.30** to **£125.95**) and the married rate by £5.85 per week (from **£195.60** to **£201.45**).

THE FULL BASIC STATE PENSION						
<i>£ per week; figures as of April each year</i>						
	Individual (on own contributions)			Couple (marriage or civil partnership) on one person's contributions		
	Award	Change on previous year		Award	Change on previous year	
		£ increase	%		£ increase	%
1997	62.45	+1.30	+2.1%	99.80	+2.05	+2.1%
1998	64.70	+2.25	+3.6%	103.40	+3.60	+3.6%
1999	66.75	+2.05	+3.2%	106.70	+3.30	+3.2%
2000	67.50	+0.75	+1.1%	107.90	+1.20	+1.1%
2001	72.50	+5.00	+7.4%	115.90	+8.00	+7.4%
2002	75.50	+3.00	+4.1%	120.70	+4.80	+4.1%
2003	77.45	+1.95	+2.6%	123.80	+3.10	+2.6%
2004	79.60	+2.15	+2.8%	127.25	+3.45	+2.8%
2005	82.05	+2.45	+3.1%	131.20	+3.95	+3.1%
2006	84.25	+2.20	+2.7%	134.75	+3.55	+2.7%
2007	87.30	+3.05	+3.6%	139.60	+4.85	+3.6%
2008	90.70	+3.40	+3.9%	145.05	+5.45	+3.9%
2009	95.25	+4.55	+5.0%	152.30	+7.25	+5.0%
2010	97.65	+2.40	+2.5%	156.15	+3.85	+2.5%
2011	102.15	+4.50	+4.6%	163.35	+7.20	+4.6%
2012	107.45	+5.30	+5.2%	171.85	+8.50	+5.2%
2013	110.15	+2.70	+2.5%	176.15	+4.30	+2.5%
2014	113.10	+2.95	+2.7%	180.90	+4.75	+2.7%
2015	115.95	+2.85	+2.5%	185.45	+4.55	+2.5%
2016	119.30	+3.35	+2.9%	190.80	+5.35	+2.9%
2017	122.30	+3.00	+2.5%	195.60	+4.80	+2.5%
2018	125.95	+3.65	+3.0%	201.45	+5.85	+3.0%

Notes Earnings growth measured by AEI up to 2011-12 inclusive; AWE thereafter (AWE figure for 2011-12 was +1.3%).
 "% change" shows the actual percentage change in the value of the State Pension, **not** the percentage by which the State Pension was uprated. These two percentages sometimes differ due to rounding.

Source DWP, Proposed benefit and pension rate 2018-2019

Table 3C
provides a full
data series

Additions to the basic pension, such as Additional Pension (SERPS/S2P) and increments are increased in line with the September 2017 CPI. This means that the Additional Pension will increase by 3% for financial year 2018/19.

2.2 New State Pension (single-tier)

In the March 2012 Budget, the Chancellor announced that the Government would replace the existing two-tier pension with one that used a single flat rate. A [White Paper](#) announcing further details was published in January 2013. The new State Pension was legislated through the [Pensions Bill 2013/14](#), which was introduced to the House of Commons on 9 May 2013.

People who reach pension age on or after 6 April 2016 receive the new single-tier State Pension. Existing pensioners continue to receive the basic State Pension and, if applicable, the second State Pension.

The new State Pension consists of a single amount awarded in full for pensioners who have at least 35 qualifying years of National Insurance contributions. People who do not have enough contributions for the full pension receive a pro rata amount as long as they have at least ten qualifying years.

The single-tier State Pension rate was confirmed in the [2016 Autumn Budget](#) as **£155.65** per week for 2016/17. It is required by statute to rise in line with average growth in earnings, but is, also, currently “triple locked”.

The new State Pension will rise by **3.0% to £164.35** in 2018/19.

2.3 Pension Credit

The ‘standard minimum guarantee’ exists to provide pensioners with a guaranteed minimum income. Incomes which fall below this level can be topped up to the minimum by means of Pension Credit Guarantee Credit.

Under provisions in the [Pensions Act 2007](#), the Government is required to increase the standard minimum guarantee at least by the increase in earnings; this year the relevant earnings benchmark rose by 2.2%.

However, at [Autumn Budget 2017](#) the Chancellor announced that the Standard Minimum Guarantee would rise to match the cash increase in the basic State Pension. This means that the single persons’ minimum income level rises by £3.65 (from **£159.35** to **£163.00** per week, a 2.3% rise) while for couples the increase is £5.55 (from **£243.25** to **£248.80**).

Before April 1999, a minimum level of income for older people was delivered through Income Support for pensioners. This was then replaced in April 1999 by the ‘Minimum Income Guarantee’ (MIG), which in turn was replaced in 2003 by the standard minimum guarantee delivered through Pension Credit.

Table 2 shows the level of the income guarantee since 1997. The guarantee was age-related until 2000-01 but from April 2001 was simplified into one rate.

Further Information

Our [The new State Pension](#) research paper provides background to the new, single-tier State Pension.

INCOME SUPPORT / MIG / PENSION CREDIT GUARANTEE								
<i>£ per week; figures as of April each year</i>								
	Single				Couple			
	60-74	75-79	80+	ave. inc. (%)	60-74	75-79	80+	ave. inc. (%)
1997	68.80	71.00	75.70	+2.6%	106.80	109.90	115.15	+2.6%
1998	70.45	72.70	77.55	+2.4%	109.35	112.55	117.90	+2.4%
1999	75.00	77.30	82.25	+6.3%	116.60	119.85	125.30	+6.5%
2000	78.45	80.85	86.05	+4.6%	121.95	125.35	131.05	+4.6%
2001		92.15		+14.0%		140.55		+12.1%
2002		98.15		+6.5%		149.80		+6.6%
2003		102.10		+4.0%		155.80		+4.0%
2004		105.45		+3.3%		160.95		+3.3%
2005		109.45		+3.8%		167.05		+3.8%
2006		114.05		+4.2%		174.05		+4.2%
2007		119.05		+4.4%		181.70		+4.4%
2008		124.05		+4.2%		189.35		+4.2%
2009		130.00		+4.8%		198.45		+4.8%
2010		132.60		+2.0%		202.40		+2.0%
2011		137.35		+3.6%		209.70		+3.6%
2012		142.70		+3.9%		217.90		+3.9%
2013		145.40		+1.9%		222.05		+1.9%
2014		148.35		+2.0%		226.50		+2.0%
2015		151.20		+1.9%		230.85		+1.9%
2016		155.60		+2.9%		237.55		+2.9%
2017		159.35		+2.4%		243.25		+2.4%
2018		163.00		+2.3%		248.80		+2.3%

Note "ave. inc. (%)" shows the actual percentage change in the value of the State Pension, not the percentage by which Pension Credit was updated. These two percentages sometimes differ due to rounding.

Source DWP, Proposed benefit and pension rate 2018-2019

Table 3C
provides a full
data series

Savings Credit

People aged 65 or over who have made some extra provision towards their retirement such as savings or an occupational pension may be entitled to receive Savings Credit if their income is more than the Savings Credit threshold.

Savings Credit is **not available** for individuals who reach State Pension age on or after 6 April 2016. People who reached State Pension age before this date are still eligible for Savings Credit. Couples where one person reached State Pension age before 6 April 2016 may still be eligible to receive Savings Credit.

The [2006 Pensions White Paper](#) stated that from 2008-09 onwards the Savings Credit threshold would rise in line with earnings.⁵

However, in order to finance above-inflation increases in the guarantee credit in 2011/12 to 2015/16 inclusive the Savings Credit threshold increased by more than earnings in each of these years. The threshold was also raised above the rise in average earnings in 2016/17.

In 2017/18, the standard minimum guarantee was increased by 2.4%, in line with average earnings, and the threshold was increased by 2.6%.

⁵ DWP [Security in Retirement White Paper, Cm 6841 – National Archives snapshot taken 03/01/2013](#)

In addition, after a freeze in 2011/12 the maximum award was cut in each year from 2012/13 to 2016/17.⁷

As [Autumn Budget 2017](#) the Chancellor announced that the Savings Credit threshold would again be raised to pay for increasing the Standard Minimum Guarantee to match the rise in the basic State Pension.

In April 2018, the threshold will rise:

- From **£137.35** to **£140.67** per week for single persons;
- From **£218.42** to **£223.82** per week for couples.

The maximum amount payable through Savings Credit will be increased:

- From **£13.20** to **£13.40** per week for single persons;
- From **£14.90** to **£14.99** per week for couples.

2.4 Child Benefit

This is administered by HM Revenue and Customs. There is no statutory requirement for Child Benefit to be increased, but the usual practice is to index it in line with inflation.

However, Child Benefit was frozen between 2010/11 and 2013/14. It was increased by 1% in both 2014/15 and 2015/16.

Child Benefit is, along with most other working age benefits, frozen for four years between 2016/17 and 2019/20.

Since January 2013, Child Benefit has been clawed back from families where the highest earner has an income in excess of £50,000.⁸ This is subject to a maximum of £60,000 above which 100% of Child Benefit is clawed back. These amounts remain unchanged.

2.5 Other benefits

Most benefits for people of working age (except for disability/carer benefits and premiums and the ESA support component) are subject to an uprating freeze between 2016/17 and 2019/20 (see section 1.2). Inflation-linked benefits that are exempt from the freeze will increase by +3.0% CPI inflation rate.

Tables 3a and 3b show the main out-of-work working age benefits, disability and carer benefits, and child and parental benefits for 2018/19 and the preceding eight years.

Table 3c shows pensioner benefit rates in 2018/19 along with those of the preceding eight years.

Abolition of the ESA Work Related Activity Component

The Government has abolished the ESA WRAC for new claimants from April 2017. Our research paper [Abolition of the ESA WRAC](#) provides further details.

⁷ The Government had previously announced in the 2010 Spending Review that the maximum awards would be frozen at the 2010-11 levels of £20.52 and £27.09 until 2014-15.

⁸ For further details see Library Standard Note 6299 [Child Benefit for higher income families](#).

TABLE 3a - SOCIAL SECURITY BENEFITS - KEY OUT-OF-WORK BENEFITS FOR WORKING AGE ^(c)*£ per week*

	2010-11		2011-12		2012-13		2013-14		2014-15		2015-16		2016-17		2017-18		2018-19	
	Award	% incr.	Award	% incr.	Award	% incr.	Award	% incr.	Award	% incr.	Award	% incr.	Award	% incr.	Award	% incr.	Award	% incr.
ESA: components (added to personal allowances)																		
Work-related activity group component ^(d)	25.95	+1.8	26.75	+3.1	28.15	+5.2	28.45	+1.1	28.75	+1.1	29.05	+1.0	29.05	+0.0	29.05	+0.0	29.05	+0.0
Support Group component	31.40	+1.8	32.35	+3.0	34.05	+5.3	34.80	+2.2	35.75	+2.7	36.20	+1.3	36.20	+0.0	36.55	+1.0	37.65	+3.0
ESA, Income Support, JSA (income-based)																		
Personal allowances (selected rates):																		
Single under 25/lone parent under 18	51.85	+1.8	53.45	+3.1	56.25	+5.2	56.80	+1.0	57.35	+1.0	57.90	+1.0	57.90	+0.0	57.90	+0.0	57.90	+0.0
Single 25+ / lone parent 18+	65.45	+1.8	67.50	+3.1	71.00	+5.2	71.70	+1.0	72.40	+1.0	73.10	+1.0	73.10	+0.0	73.10	+0.0	73.10	+0.0
Couple (both over 18)	102.75	+1.8	105.95	+3.1	111.45	+5.2	112.55	+1.0	113.70	+1.0	114.85	+1.0	114.85	+0.0	114.85	+0.0	114.85	+0.0
Jobseeker's Allowance (contribution-based)																		
Under 25	51.85	+1.8	53.45	+3.1	56.25	+5.2	56.80	+1.0	57.35	+1.0	57.90	+1.0	57.90	+0.0	57.90	+0.0	57.90	+0.0
25 or over	65.45	+1.8	67.50	+3.1	71.00	+5.2	71.70	+1.0	72.40	+1.0	73.10	+1.0	73.10	+0.0	73.10	+0.0	73.10	+0.0
Universal Credit - Standard allowances ^(a)																		
Single under 25	..	..	..	..	..	..	56.95	..	57.52	+1.0	58.10	+1.0	58.10	+0.0	58.10	+0.0	58.10	+0.0
Single 25+	..	..	..	..	..	..	71.90	..	72.62	+1.0	73.34	+1.0	73.34	+0.0	73.34	+0.0	73.34	+0.0
Couple, one or both over 25	..	..	..	..	..	..	112.86	..	113.99	+1.0	115.13	+1.0	115.13	+0.0	115.13	+0.0	115.13	+0.0
Incapacity Benefit																		
Long-term	91.40	+1.8	94.25	+3.1	99.15	+5.2	101.35	+2.2	104.10	+2.7	105.35	+1.2	105.35	+0.0	106.40	+1.0	109.60	+3.0
Severe Disablement Allowance																		
Basic rate + higher age-related addition	74.45	+1.8	76.75	+3.1	80.70	+5.1	82.50	+2.2	84.75	+2.7	85.80	+1.2	85.80	+0.0	86.65	+1.0	89.25	+3.0
Benchmarks for uprating																		
Retail Prices Index (RPI)		-1.4		+4.6		+5.6		+2.6		+3.2		+2.3		+0.8		+2.0		+3.9
Consumer Prices index (CPI)		+1.1		+3.1		+5.2		+2.2		+2.7		+1.2		-0.1		+1.0		+3.0
Earnings ^(b)		+1.8		+2.0		+2.8		+1.6		+1.2		+0.6		+2.9		+2.4		+2.2

Notes (a) Rates are expressed in weekly amounts, however Universal Credit is paid monthly. The later "Universal Credit" table provides montly awards data; (b) Earnings growth measured by AEI up to 2011-12 inclusive; AWE thereafter (AWE figure for 2011-12 was +1.3%).

(c) "% increase" shows the actual percentage change in the value of the given benefit/tax credit, not the percentage by which the benefit/tax credit was uprated. These two percentages sometimes differ due to rounding and uprating conventions.

(d) The ESA Work Related Activity Component was abolished for new claimants from April 2017.

Source DWP, Proposed benefit and pension rate 2018-2019

11 Benefits Uprating 2018

TABLE 3b - SOCIAL SECURITY BENEFITS - DISABILITY AND CARER BENEFITS; CHILD AND PARENTAL BENEFITS ^(b)

£ per week

	2010-11		2011-12		2012-13		2013-14		2014-15		2015-16		2016-17		2017-18		2018-19		
	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	
Attendance Allowance																			
Higher Rate	71.40	+1.5	73.60	+3.1	77.45	+5.2	79.15	+2.2	81.30	+2.7	82.30	+1.2	82.30	+0.0	83.10	+1.0	85.60	+3.0	
Lower Rate	47.80	+1.5	49.30	+3.1	51.85	+5.2	53.00	+2.2	54.45	+2.7	55.10	+1.2	55.10	+0.0	55.65	+1.0	57.30	+3.0	
Carer's Allowance	53.90	+1.5	55.55	+3.1	58.45	+5.2	59.75	+2.2	61.35	+2.7	62.10	+1.2	62.10	+0.0	62.70	+1.0	64.60	+3.0	
Disability Living Allowance (DLA) & Personal Independence Payment (PIP)																			
DLA Care: highest / PIP Daily Living: enhanced	71.40	+1.5	73.60	+3.1	77.45	+5.2	79.15	+2.2	81.30	+2.7	82.30	+1.2	82.30	+0.0	83.10	+1.0	85.60	+3.0	
DLA Care: middle / PIP Daily Living: standard	47.80	+1.5	49.30	+3.1	51.85	+5.2	53.00	+2.2	54.45	+2.7	55.10	+1.2	55.10	+0.0	55.65	+1.0	57.30	+3.0	
DLA Care: lowest	18.95	+1.6	19.55	+3.2	20.55	+5.1	21.00	+2.2	21.55	+2.6	21.80	+1.2	21.80	+0.0	22.00	+0.9	22.65	+3.0	
DLA Mobility: higher / PIP Mobility: enhanced	49.85	+1.5	51.40	+3.1	54.05	+5.2	55.25	+2.2	56.75	+2.7	57.45	+1.2	57.45	+0.0	58.00	+1.0	59.75	+3.0	
DLA Mobility: lower / PIP Mobility: standard	18.95	+1.6	19.55	+3.2	20.55	+5.1	21.00	+2.2	21.55	+2.6	21.80	+1.2	21.80	+0.0	22.00	+0.9	22.65	+3.0	
Child Benefit																			
First child	20.30	+1.5	20.30	+0.0	20.30	+0.0	20.30	+0.0	20.50	+1.0	20.70	+1.0	20.70	+0.0	20.70	+0.0	20.70	+0.0	
Each additional child	13.40	+1.5	13.40	+0.0	13.40	+0.0	13.40	+0.0	13.55	+1.1	13.70	+1.1	13.70	+0.0	13.70	+0.0	13.70	+0.0	
Statutory Maternity/Paternity/Parental/Adoption Pay; Maternity Allowance - std rate	124.88	+1.5	128.73	+3.1	135.45	+5.2	136.78	+1.0	138.18	+1.0	139.58	+1.0	139.58	+0.0	140.98	+1.0	145.18	+3.0	
Benchmarks for uprating																			
<i>Retail Prices Index (RPI)</i>		-1.4		+4.6		+5.6		+2.6		+3.2		+2.3		+0.8		+2.0		+3.9	
<i>Consumer Prices index (CPI)</i>		+1.1		+3.1		+5.2		+2.2		+2.7		+1.2		-0.1		+1.0		+3.0	
<i>Earnings ^(a)</i>		+1.8		+2.0		+2.8		+1.6		+1.2		+0.6		+2.9		+2.4		+2.2	

Notes (a) Earnings growth measured by AEI up to 2011-12 inclusive; AWE thereafter (AWE figure for 2011-12 was +1.3%).

(b) "% increase" shows the actual percentage change in the value of the given benefit/tax credit, not the percentage by which the benefit/tax credit was uprated. These two percentages sometimes differ due to rounding and uprating conventions.

Sources DWP, Proposed benefit and pension rate 2018-2019; HM Treasury, Autumn budget 2017: overview of tax legislation and rates (OOTLAR)

TABLE 3c - SOCIAL SECURITY BENEFITS - PENSIONER BENEFITS ^(b)*£ per week*

	2010-11		2011-12		2012-13		2013-14		2014-15		2015-16		2016-17		2017-18		2018-19	
	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.
State Pension - basic (full)																		
Individual on own contribs (<i>Category A or B</i>)	97.65	+2.5	102.15	+4.6	107.45	+5.2	110.15	+2.5	113.10	+2.7	115.95	+2.5	119.30	+2.9	122.30	+2.5	125.95	+3.0
Spouse or civil partner (<i>Category B lower</i>)	58.50	+2.5	61.20	+4.6	64.40	+5.2	66.00	+2.5	67.80	+2.7	69.50	+2.5	71.50	+2.9	73.30	+2.5	75.50	+3.0
Couple on one person's contributions (<i>Category A + Category B lower</i>)	156.15	+2.5	163.35	+4.6	171.85	+5.2	176.15	+2.5	180.90	+2.7	185.45	+2.5	190.80	+2.9	195.60	+2.5	201.45	+3.0
New State Pension																		
Full amount													155.65	<i>N/A</i>	159.55	+2.5	164.35	+3.0
Pension Credit																		
Standard minimum guarantee - Single	132.60	+2.0	137.35	+3.6	142.70	+3.9	145.40	+1.9	148.35	+2.0	151.20	+1.9	155.60	+2.9	159.35	+2.4	163.00	+2.3
Standard minimum guarantee - Couple	202.40	+2.0	209.70	+3.6	217.90	+3.9	222.05	+1.9	226.50	+2.0	230.85	+1.9	237.55	+2.9	243.25	+2.4	248.80	+2.3
Savings Credit threshold - Single	98.40	+2.5	103.15	+4.8	111.80	+8.4	115.30	+3.1	120.35	+4.4	126.50	+5.1	133.82	+5.8	137.35	+2.6	140.67	+2.4
Savings Credit threshold - Couple	157.25	+2.5	164.55	+4.6	178.35	+8.4	183.90	+3.1	192.00	+4.4	201.80	+5.1	212.97	+5.5	218.42	+2.6	223.82	+2.5
Savings Credit maximum award - Single	20.52	+0.6	20.52	+0.0	18.54	-9.6	18.06	-2.6	16.80	-7.0	14.82	-11.8	13.07	-11.8	13.20	+1.0	13.40	+1.5
Savings Credit maximum award - Couple	27.09	+0.2	27.09	+0.0	23.73	-12.4	22.89	-3.5	20.70	-9.6	17.43	-15.8	14.75	-15.4	14.90	+1.0	14.99	+0.6
Benchmarks for uprating																		
<i>Retail Prices Index (RPI)</i>		-1.4	+4.6		+5.6		+2.6		+3.2		+2.3		+0.8		+2.0		+3.9	
<i>Consumer Prices index (CPI)</i>		+1.1	+3.1		+5.2		+2.2		+2.7		+1.2		-0.1		+1.0		+3.0	
<i>Earnings ^(a)</i>		+1.8	+2.0		+2.8		+1.6		+1.2		+0.6		+2.9		+2.4		+2.2	

Notes (a) Earnings growth measured by AEI up to 2011-12 inclusive; AWE thereafter (AWE figure for 2011-12 was +1.3%).

(b) "% increase" shows the actual percentage change in the value of the given benefit/tax credit, not the percentage by which the benefit/tax credit was uprated. These two percentages sometimes differ due to rounding and uprating conventions.

Source DWP, Proposed benefit and pension rate 2018-2019

3. Tax credits

Under the [Tax Credits Act 2002](#) the Treasury is required to review the value of tax credit elements on an annual basis 'in order to determine whether they have retained their value in relation to the general level of prices in the United Kingdom as estimated by the Treasury in such manner as it considers appropriate.'⁹

CPI became the default inflation benchmark for tax credit elements from 2011-12 onwards, as announced in the June 2010 Budget. Previously, the expectation was that the basic Working Tax Credit (WTC) would be reviewed in line with prices and the Child Tax Credit (CTC) in line with earnings.¹⁰ However, the CTC family element has never been uprated (£545 p.a. since the introduction of the current tax credit system in 2003). Also, the WTC childcare element has not been inflation-linked, on the grounds that childcare costs do not necessarily follow trends in the overall price level.

Between 2016/17 and 2019/20 the uprating freeze will apply to those core CTC and WTC elements that are conventionally inflation-linked.

In the 2015 Summer Budget, the Government announced that for 2016/17 it would reduce the tax credit income threshold to £3,850 and increase the taper rate at which payments are cut to 48p. However, this policy was dropped in the 2015 Autumn Statement.

In 2018/19 the income thresholds at which the amount of Working Tax Credit and Child Tax Credit received by a household starts to decrease will remain at **£6,420** (for in work families) and **£16,105** (for out of work families) respectively. The taper rate at which tax credit payments are cut will stay at **41p** for every pound earned- that is, at 41%.

Tax credit entitlement is based on the tax year. Awards are paid annually based on the claimant's current circumstances and income from the previous year. At the end of the year HMRC reviews a claimant's circumstances and, if the claimant's income has changed from what it was initially projected to be, may retrospectively change their tax credit award. The 'income disregard' is the amount by which a household's income can increase in the tax year without triggering a review of its entitlement. In 2016/17, the income disregard was reduced from £5,000 to £2,500 and will remain the same for 2018/19.

Tax credit rates and thresholds for 2018/19 and the preceding eight years are shown in Table 4. Data is from [HM Treasury, Autumn Budget 2017: overview of tax legislation and rates \(OOTLAR\)](#).

Changes to tax credits from April 2017

The Government has abolished the Child Tax Credits Family Element for new claims from April 2017 and limited the child element to two children for most new claims and births from April 2017. Our research paper [The two child limit in tax credits and Universal Credit](#) provides further details.

⁹ [Section 41](#)

¹⁰ Committee Stage of the Tax Credits Bill in the Lords 23 May 2002 c CWH 143

TABLE 4 - HMRC CHILD AND WORKING TAX CREDITS - RATES AND THRESHOLDS ^(b)*£ per week*

	2010-11		2011-12		2012-13		2013-14		2014-15		2015-16		2016-17		2017-18		2018-19	
	Award	% incr.	Award	% incr.	Award	% incr.	Award	% incr.	Award	% incr.	Award	% incr.	Award	% incr.	Award	% incr.	Award	% incr.
Child Tax Credit																		
Family element ^(c)	545	+0.0	545	+0.0	545	+0.0	545	+0.0	545	+0.0	545	+0.0	545	+0.0	545	+0.0	545	+0.0
Family element baby addition	545	+0.0	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Child element	2,300	+2.9	2,555	+11.1	2,690	+5.3	2,720	+1.1	2,750	+1.1	2,780	+1.1	2,780	+0.0	2,780	+0.0	2,780	+0.0
Disabled child element (additional)	2,715	+1.7	2,800	+3.1	2,950	+5.4	3,015	+2.2	3,100	+2.8	3,140	+1.3	3,140	+0.0	3,175	+1.1	3,275	+3.1
Severely disabled child element (additional)	1,095	+1.9	1,130	+3.2	1,190	+5.3	1,220	+2.5	1,255	+2.9	1,275	+1.6	1,275	+0.0	1,290	+1.2	1,330	+3.1
Working Tax Credit																		
Basic element	1,920	+1.6	1,920	+0.0	1,920	+0.0	1,920	+0.0	1,940	+1.0	1,960	+1.0	1,960	+0.0	1,960	+0.0	1,960	+0.0
Couples and lone parent element	1,890	+1.6	1,950	+3.2	1,950	+0.0	1,970	+1.0	1,990	+1.0	2,010	+1.0	2,010	+0.0	2,010	+0.0	2,010	+0.0
30 hour element	790	+1.9	790	+0.0	790	+0.0	790	+0.0	800	+1.3	810	+1.3	810	+0.0	810	+0.0	810	+0.0
Disabled worker element	2,570	+1.6	2,650	+3.1	2,790	+5.3	2,855	+2.3	2,935	+2.8	2,970	+1.2	2,970	+0.0	3,000	+1.0	3,090	+3.0
Severely disabled adult element	1,095	+1.9	1,130	+3.2	1,190	+5.3	1,220	+2.5	1,255	+2.9	1,275	+1.6	1,275	+0.0	1,290	+1.2	1,330	+3.1
50+ return to work payment (16-29 hrs pw)	1,320	+1.5	1,365	+3.4	..	..	..	..	..	..	..	..	..	..	..	..	..	..
50+ return to work payment (30+ hrs pw)	1,965	+1.6	2,030	+3.3	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Childcare element																		
Maximum eligible costs allowed (£ per week)																		
Eligible costs incurred for 1 child	175		175		175		175		175		175		175	+0.0	175	+0.0	175	+0.0
Eligible costs incurred for 2+ children	300		300		300		300		300		300		300	+0.0	300	+0.0	300	+0.0
Percentage of eligible costs covered	80%		70%		70%		70%		70%		70%		70%	+0.0	70%	+0.0	70%	+0.0
Income thresholds and withdrawal rates																		
First income threshold	6,420		6,420		6,420		6,420		6,420		6,420		6,420		6,420		6,420	
First withdrawal rate	39%		41%		41%		41%		41%		41%		41%		41%		41%	
Second income threshold	50,000		40,000		..		..		..		..		..		..		..
Second withdrawal rate	1 in 15		41%		..		..		..		..		..		..		..
First income threshold for those entitled to Child Tax Credit only	16,190		15,860		15,860		15,910		16,010		16,105		16,105		16,105		16,105	
Income increase disregard	25,000		10,000		10,000		5,000		5,000		5,000		2,500		2,500		2,500	
Income fall disregard	..		..		2,500		2,500		2,500		2,500		2,500		2,500		2,500	
Uprating benchmarks (for comparison)																		
Retail Prices Index (RPI)		-1.4		+4.6		+5.6		+2.6		+3.2		+2.3		+0.8		+2.0		+3.9
Consumer Prices Index (CPI)		+1.1		+3.1		+5.2		+2.2		+2.7		+1.2		-0.1		+1.0		+3.0
Earnings ^(a)		+1.8		+2.0		+2.8		+1.6		+1.2		+0.6		+2.9		+2.4		+2.2

Notes (a) Earnings growth measured by AEI up to 2011-12 inclusive; AWE thereafter (AWE figure for 2011-12 was +1.3%). (b) "% increase" shows the actual percentage change in the value of the given benefit/tax credit, not the percentage by which the benefit/tax credit was uprated. These two percentages sometimes differ due to rounding and uprating conventions. (c) The family element was abolished for new claims from April 2017.

Source HM Treasury, Autumn budget 2017: overview of tax legislation and rates (OOTLAR)

4. Universal Credit

In 2013, Universal Credit (UC) began to replace a range of means-tested benefits and tax credits for working age families (**income-based JSA; income-related ESA; Income Support; Child and Working Tax Credits; Housing Benefit**). Universal Credit is means-tested and payable to both in-work and out-of-work recipients. The main regulations for Universal Credit came into force on 29 April 2013.¹¹

Universal Credit was introduced in selected 'pathfinder' areas in North West England from April 2013 to test the reliability of delivery systems prior to full national roll-out.¹² It is still in the process of being gradually rolled out to selected areas and claimant categories. UC became available to new, single claimants from all Jobcentre Pluses in Great Britain from 2016. Roll out, however, has been delayed several times due to its digital and administrative complexity. As of November 2017, the Office for Budgetary Responsibility (OBR) expects DWP to complete UC rollout in 2022-23.

Universal Credit roll-out
Our [Universal Credit roll-out: autumn/winter 2017](#) research paper provides further

Universal Credit awards consist of the following elements:

- **Standard allowance:** based on the personal allowances in JSA / ESA / Income Support;
- **Child element:** set at the same level as Child Tax Credit family and child elements. The child element within Universal Credit is limited to two children for most new claims and births from April 2017;
- **Housing cost element:** the equivalent of Housing Benefit;
- **Childcare cost element:** the equivalent of Working Tax Credit childcare element;

At the Autumn Statement 2016, the Chancellor announced the taper rate would be changed from 65% at 63%.¹³

4.1 Work Allowances

The UC "**work allowance**" is the amount of money a claimant can earn before their UC award starts to be reduced ("tapered away").

2013/14 to 2015/16

Between 2013/14 and 2015/16, different work allowances applied depending on: family composition; whether the claimant has work-limiting incapacity; and whether the claimant receives housing cost element. For claimants with dependent children and/or limited capability for work, work allowances were much higher if they did not claim housing cost elements – the stated rationale for this was to "target resources fairly", taking into account the higher awards that housing-cost claimants receive.¹⁴

¹¹ [Universal Credit Regulations](#) (SI 2013/376). See also [Welfare Reform Act 2012 regulations](#) on Gov.uk

¹² DWP, [Universal Credit expands to Rugby and Inverness](#), 25 November 2013

¹³ [Autumn Statement 2017](#), 23 November 2016

¹⁴ [DWP Universal Credit Policy Briefing Note 14: Earnings disregards and tapers](#): on National Archives website

The default budgetary assumption was that work allowances increase in line with CPI inflation.¹⁵ However, between 2013/14 and 2015/16 work allowances were kept frozen at their initial 2013-14 cash levels. Below are the determinations of successive Autumn Statements on work allowances:

[Autumn Statement 2012](#): work allowances were updated by 1% in 2014-15 and 2015-16;

[Autumn Statement 2013](#): work allowances were frozen at 2013-14 level for 3 years (2013-14 to 2015-16 inclusive) – overriding the 1% increases announced at AS 2012;

[Autumn Statement 2014](#): work allowances were frozen for a further year (2017-18) to help finance an increase in the generosity of UC childcare element (see below).

2015/16

Work allowances were reduced and simplified at Summer Budget 2015 so that different rates only take into account housing costs and whether a family includes dependent children.

From 2016/17 to present, the work allowances for claimants without housing costs was **£4,764 per year** and **£2,304 per year** for those with housing costs. This was legislated in advance by the [Universal Credit \(Work Allowance\) Amendment Regulations 2015](#). Single and couple claimants with no dependent children and no limited capability for work lost their work allowance entirely.

2018/19

Work allowances remain unchanged in 2018/19 from the previous year.

4.2 Childcare element

The Universal Credit childcare element for 2015/16 was set at a maximum of £532.29 per month for one child or £912.50 per month for two or more children in childcare. This is equivalent to the Working Tax Credit child element, which covers 70% of eligible childcare costs up to a limit of £175 per week for one child or £300 per week for two or more children.

In Budget 2014 it was announced that the value of the Universal Credit childcare element would increase to the equivalent of 85% of eligible costs for all families eligible for Universal Credit.¹⁶ This was confirmed in the Autumn Statement 2014, which also announced that this increase in childcare support would be provided from April 2016 and would be part-financed by freezing UC work allowances for a further year (to April 2018).¹⁷

¹⁵ [HM Treasury Autumn Statement 2012 Policy Costings p.49](#)

¹⁶ [HM Treasury Budget 2014](#), para 1.182

¹⁷ [HM Treasury Autumn Statement 2014](#), para 1.229

17 Benefits Upgrading 2018

The Autumn Statement 2015 again confirmed the increase from 70% to 85% of eligible costs. This means that from 2016-17 the maximum UC childcare elements are calculated as follows:

- 1 child: 85% of £175 per week = £149.16 per week = **£646.35 per month**
- 2+ children: 85% of £300 per week = £255.70 per week = **£1,108.04 per month**

Table 5 shows universal credit rates and thresholds in 2018/19 and since Universal Credit's introduction:

UNIVERSAL CREDIT - MAIN RATES AND THRESHOLDS ^(a)

£ per month

	2013-14		2014-15		2015-16		2016-17		2017-18		2018-19	
	£	£	% incr.	£	% incr.	£	% incr.	£	% incr.	£	% incr.	
Standard Allowance												
Single under 25	246.81	249.28	+1.0	251.77	+1.0	251.77	+0.0	251.77	+0.0	251.77	+0.0	
Single 25 or over	311.55	314.67	+1.0	317.82	+1.0	317.82	+0.0	317.82	+0.0	317.82	+0.0	
Joint claimants both under 25	387.42	391.29	+1.0	395.20	+1.0	395.20	+0.0	395.20	+0.0	395.20	+0.0	
Joint claimants, one or both 25 or over	489.06	493.95	+1.0	498.89	+1.0	498.89	+0.0	498.89	+0.0	498.89	+0.0	
Child element												
First child (c)	272.08	274.58	+0.9	277.08	+0.9	277.08	+0.0	277.08	+0.0	277.08	+0.0	
Each additional child	226.67	229.17	+1.1	231.67	+1.1	231.67	+0.0	231.67	+0.0	231.67	+0.0	
Childcare element ^(b)												
Maximum for 1 child	532.29	532.29		532.29		646.35		646.35		646.35		
Maximum for 2+ children	912.50	912.50		912.50		1,108.04		1,108.04		1,108.04		
Higher work allowance (for claimants not claiming housing element)												
Single claimant, no dependent children	111.00	111.00	+0.0	111.00	+0.0	Nil		Nil		Nil		
Single claimant, one or more children	734.00	734.00	+0.0	734.00	+0.0	397.00	-45.9	397.00	+0.0	397.00	+0.0	
Single claimant, limited capability for work	647.00	647.00	+0.0	647.00	+0.0	397.00	-38.6	397.00	+0.0	397.00	+0.0	
Joint claimant, no dependent children	111.00	111.00	+0.0	111.00	+0.0	Nil		Nil		Nil		
Joint claimant, one or more children	536.00	536.00	+0.0	536.00	+0.0	397.00	-25.9	397.00	+0.0	397.00	+0.0	
Joint claimant, limited capability for work	647.00	647.00	+0.0	647.00	+0.0	397.00	-38.6	397.00	+0.0	397.00	+0.0	
Lower work allowance (for claimants claiming housing element)												
Single claimant, no dependent children	111.00	111.00	+0.0	111.00	+0.0	Nil		Nil		Nil		
Single claimant, one or more children	263.00	263.00	+0.0	263.00	+0.0	192.00	-27.0	192.00	+0.0	192.00	+0.0	
Single claimant, limited capability for work	192.00	192.00	+0.0	192.00	+0.0	192.00	+0.0	192.00	+0.0	192.00	+0.0	
Joint claimant, no dependent children	111.00	111.00	+0.0	111.00	+0.0	Nil		Nil		Nil		
Joint claimant, one or more children	222.00	222.00	+0.0	222.00	+0.0	192.00	-13.5	192.00	+0.0	192.00	+0.0	
Joint claimant, limited capability for work	192.00	192.00	+0.0	192.00	+0.0	192.00	+0.0	192.00	+0.0	192.00	+0.0	
Taper rate	65%	65%		65%		65%		63%		63%		
Benchmarks for uprating												
Retail Prices Index (RPI)			+3.2		+2.3		+0.8		+2.0		+3.9	
Consumer Prices index (CPI)			+2.7		+1.2		-0.1		+1.0		+3.0	
Earnings			+2.8		+1.8		+1.8		+2.4		+2.2	

Notes (a) "% increase" shows the actual percentage change in the value of the given benefit/tax credit, not the percentage by which the benefit/tax credit was uprated. These two percentages sometimes differ due to rounding and uprating conventions (b) Childcare elements are not subject to the uprating policy. (c) The "first child premium" was abolished for new claims from April 2017

Source DWP, Proposed benefit and pension rate 2018-2019

5. Earlier notes in the 'Benefit Uprating' series

This note is the latest in an annual series since 1999. Earlier editions are as follows, listed alongside the corresponding DWP announcements.

Uprating for financial year:	Library's Uprating note:	DWP oral statement to the House of Commons	DWP written ministerial statement / deposited paper	Benefit rates on Gov.uk	Tax credits & Child Benefit on Gov.uk
1999-00	SN00195	28 Oct 1998 cc339-55			
2000-01	SN00300	9 Nov 1999 cc907-20			
2001-02	SN00577	9 Nov 2000 cc451-71			
2002-03	SN01715	28 Nov 2001 cc972-89			
2003-04	SN01969	18 Nov 2002 cc365-80	19 Nov 2002 cc16-36WS		
2004-05	SN02781	10 Dec 2003 cc1087-99	11 Dec 2003 cc106-18WS		
2005-06	SN03275	6 Dec 2004 cc905-16	7 Dec 2004 cc86-96WS		
2006-07	SN03819	6 Dec 2005 cc741-53	7 Dec 2005 cc102-12WS		
2007-08	SN04177	7 Dec 2006 cc451-62	11 Dec 2006 cc42-74WS		
2008-09	SN04537	5 Dec 2007 cc841-51	6 Dec 2007 cc101-18WS		
2009-10	SN04901	11 Dec 2008 cc693-702	15 Dec 2008 cc87-100WS		
2010-11	SN05198	10 Dec 2009 cc518-26	14 Dec 2009 cc66-92WS		
2011-12	SN05805	8 Dec 2010 cc309-18	9 Dec 2010 cc47-60WS		
2012-13	SN06172	6 Dec 2011 cc163-72	12 Dec 2011 cc72-86WS		2012/13
2013-14	SN06512	6 Dec 2012 cc1029-39	DEP2012-1830, 6 Dec 2012		2013/14
2014-15	SN06774	n/a	9 Dec 2013 cc4-5WS	2014/15	2014/15
2015-16	SN07054	4 Dec 2014 cc442-8	DEP2014-1568, 4 Dec 2014	2015/16	2015/16
2016-17	CBP 7410	n/a	HCWS328, 26 Nov 2015	2016/17	2016/17
2017-18	CBP 7818	n/a	HCWS287, 28 Nov 2016	2017/18	2017/18
2018-19	CBP 8162	n/a	HCWS268, 27 Nov 2017	2018-19	2018/19