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Benefits uprating 2023/24

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Summary

The Secretary of State for Work and Pensions is required to review the level of benefits each year. This briefing sets out the main benefit and tax credit rates that have been announced for the 2023/24 financial year.

Inflation-linked benefits and tax credits will rise by **10.1% from April 2023**, in line with the Consumer Prices Index (CPI) rate of inflation in September 2022.

Universal Credit allowances in 2023/24

Due to the increase in line with CPI, in 2023/24, Universal Credit standard allowances will increase:

- From £265.31 to **£292.11** for single people aged under 25
- From £334.91 to **£368.74** for single people aged 25 and over
- From £416.45 to **£458.51** for joint claimants both aged under 25
- From £525.72 to **£578.82** for joint claimants both aged 25 and over

Pension rates in 2023/24

The **basic** and **new State Pensions** will also be uprated in line with CPI inflation in 2023/24. This is following the restoration of the pensions 'triple lock' which had been suspended in 2022/23.

The full rates for 2023/24 will be:

- **£203.85** per week for the new State Pension (for those reaching State Pension age on or after 6 April 2016) - up from £185.15 in 2022/23.
- **£156.20** per week for the basic State Pension (the core amount in the old State Pension system) - up from £141.85 in 2022/23.

The **Pension Credit standard minimum guarantee** (delivered by the **Guarantee Credit**) will also increase by 10.1% in line with CPI inflation, to £201.05 per week for single claimants and £306.85 per week for couples.

1 Uprating policy

1.1 Department for Work and Pensions benefits

Key benefits that must be increased in line with prices:

- Disability benefits (PIP, Attendance Allowance, DLA)
- Carer's Allowance
- Incapacity benefit
- Severe Disablement Allowance
- Industrial injuries benefit
- Additional State Pension
- Guardian's Allowance (from HMRC)

The Secretary of State for Work and Pensions is required by section 150(1) of the Social Security Administration Act 1992 (as amended) to review the level of benefits each year. This is to:

> determine whether they have retained their value in relation to the general level of prices obtaining in Great Britain estimated in such manner as the Secretary of State thinks fit.

The Secretary of State then presents a draft uprating order to Parliament setting out the amounts that benefits are to be increased by, from the start of the next tax year.

The draft uprating order must increase the level of certain benefits specified in the Act by **at least the rise in the level of prices** (see box, left).[1] It may also increase other benefits administered by the Department for Work and Pensions (DWP):

> if [the Secretary of State] considers it appropriate, having regard to the national economic situation and any other matters which he considers relevant.[2]

This covers a range of benefits the DWP is responsible for, including Jobseeker's Allowance, Employment and Support Allowance, Income Support and Universal Credit.[3]

The Secretary of State is also required to review the annual increase in earnings to uprate the new State Pension, basic State Pension and the Pension Credit standard minimum guarantee. They must table a draft uprating order increasing these by at least the **general increase in earnings**.

1 Section 150(2)(a) of the Social Security Administration Act 1992
2 Section 150(2)(b) of the Social Security Administration Act 1992
3 Universal Credit was added to the 1992 Act by the Welfare Reform Act 2012 schedule 2 para 22.

The social security benefits uprating order and where it applies

The Secretary of State for Work and Pensions, Mel Stride, announced the DWP benefit rates from April 2023 in a written ministerial statement on 17 November 2022.[4]

The 2023/24 benefit and pension rates are also published online. In due course, the statutory instrument which provides for the increases in DWP benefits from April 2023 (the draft Social Security Benefits Up-rating Order 2023), will be put to the House of Commons.[5]

The Order will apply to Great Britain, except for the Attendance Allowance, Carer's Allowance, Disability Living Allowance, Industrial Injuries Benefits, Personal Independence Payment and Severe Disablement Allowance, which the Order sets for England and Wales only. The Scottish Government is responsible for setting the rates of these benefits in Scotland.

The Department for Communities in Northern Ireland is responsible for making uprating provision for Northern Ireland corresponding to the DWP Order, subject to the agreement of the Northern Ireland Assembly.

Our briefing on Social security powers in the UK has more on welfare policymaking in Scotland and Northern Ireland.[6]

1.2 HMRC Tax Credits and Child Benefit

Child and Working Tax Credits, Child Benefit and Guardian's Allowance are administered UK-wide by HM Revenue and Customs (HMRC). The Treasury is responsible for the annual uprating of these payments.

Section 41 of the Tax Credits Act 2002 requires the Treasury to review the value of Tax Credit elements and thresholds.

Tax credit elements are additional amounts that may be paid on top of the basic tax credit allowance. Elements cover things like single parenthood, work status, disability and childcare needs.

The Treasury must report its review to Parliament, setting out what the amount of each element would be if it had fully retained its value taking the

4 HCWS374, Social Security Update, 17 November 2022
5 Benefit and pension rates 2023 to 2024 - GOV.UK (www.gov.uk)
6 Social security powers in the UK, Commons Library briefing CBP-9048

effect of inflation into account. The Treasury is, however, not required to increase each Tax Credit element to this value.

The Treasury must also annually review the value of Child Benefit and Guardian's Allowance in relation to prices. It **is required to increase Guardian's Allowance** in line with the increase in prices.[7]

The Tax Credit and Child Benefit rates from April 2023 were announced on 17 November 2022 in a written ministerial statement made by the Chief Secretary to the Treasury and have also been published by HM Revenue and Customs online.[8]

In due course, the statutory instrument which provides for the increases in HMRC benefits from April 2023 (the Tax Credits, Child Benefit and Guardian's Allowance Up-rating Regulations 2023) will be laid before the House of Commons.

1.3 Inflation and earnings indices

Inflation is usually assessed in the September before a new financial year. Since 2011, the inflation measure used by default is the **Consumer Prices Index (CPI)**.

Earnings growth in relation to the State Pension triple lock, is measured using ONS's Average Weekly Earnings index. This assesses figures from the May to July before a new financial year and compares the changes annually.[9]

The relevant factors for the 2023/24 uprating are:

- **CPI** in the 12 months to September 2022 was **+10.1%.**
- **Average Weekly Earnings** growth from May to July 2022 (average) was **+5.5%.**

Local Housing Allowance rates

Local Housing Allowance (LHA) rates are used to calculate the amount of housing benefit a tenant renting from a private landlord can receive.

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7 The review of Child Benefit and Guardian's Allowance rates is required by section 150(1) of the Social Security Administration Act 1992, and the increase in the latter in line with prices is required by section 150(2)(a) of the Act. Section 49(3) and 49(4) of the Tax Credits Act 2002 passed UK-wide responsibility for this to the Treasury.

8 HCWS372 [Social Security Update], 17 November 2022; HM Treasury, Tax credits, Child Benefit and Guardian's Allowance (proposed 2023/24 rates), updated 25 November 2022

9 When applied, earnings uprating figures are based on the average annual change reported from May to July in the whole economy Average Weekly Earnings series (ONS data series KAC3).

Having been frozen since April 2016, an existing plan to uprate 2020/21 LHA rates by September 2019 CPI inflation of 1.7% was altered in response to the Coronavirus pandemic. LHA rates in the private rental sector were raised to 30th percentile rent levels in April 2020 and this level has been maintained in cash terms (ie effectively frozen) since.

The annual cost of maintaining this level in cash terms (as opposed to reverting to previous rate-setting policy) was forecast to be £840 million in 2022/23, gradually falling to £345 million by 2025/26.[10]

[10] HM Treasury, Spending Review 2020, CP 330, 25 November 2020, table 1.1, line 22

2 State Pension and Pension Credit

2.1 State Pension

Our briefings on State Pension Uprating and the State Pension triple lock have further background on State Pension uprating policy.

For 2023/24 the **basic State Pension** and **new State Pension** will increase by **10.1%** in line with CPI.

There is a statutory requirement to uprate the basic State Pension (for people who reached State Pension age before 6 April 2016) and the new State Pension (for people who reach State Pension age after that date) at least in line with earnings.[11]

However, from 2011/12 to 2021/22, the 'triple lock' commitment went beyond the statutory obligation and allowed for the basic and new State Pension to be increased by whatever was highest out of earnings, prices or 2.5%. This was temporarily suspended in 2022/23 and reinstated in 2023/24.

Triple lock: Earnings element suspended

The introduction of the triple lock was announced by the Coalition Government in its first Budget after the 2010 election.[12] It has received cross-party support since its inception, as shown in manifestos for all the main parties in the 2019 General Election.[13]

In 2020, the economic disruption caused by the coronavirus outbreak resulted in a fall in average earnings, meaning that most State Pension rates would have been effectively frozen in 2021/22. The Social Security Administration Act 1992 prevents the Secretary of State from making an Uprating Order where earnings growth is negative.

To avoid freezing State Pension rates, the Government introduced the Social Security (Uprating of Benefits) Act 2020. This allowed the triple lock to be used in 2021/22 to uprate the basic and new State Pensions and the Standard Minimum Guarantee in Pension Credit. For further information see the Library briefing, Social Security (Uprating of Benefits) Bill 2019-21.

11 Social Security Administration Act 1992, s150A

12 HM Treasury, Budget June 2010, HC 61, 22 June 2010, para 1.107

13 Our Plan - Conservative Party election manifesto 2019; Labour Party election manifesto 2019; Liberal Democrat election manifesto 2019/our plan to build a fair society/support for pensioners; SNP general election manifesto 2019/fair pensions; DUP election manifesto 2019

A different situation emerged for the 2022/23 pensions uprating. Following negative earnings growth in mid-2020, the Average Weekly Earnings (AWE) index then rose sharply. The Department for Work and Pensions (DWP) estimated that earnings growth for May to July 2021 (the period used to measure uprating) would be between 8% and 8.5%. Using earnings to uprate pensions in 2022/23 would cost around £4 to £5 billion more than uprating by the higher of 2.5% or expected price inflation.

Consequently, on 7 September 2021 the Government announced that a one-year adjustment was needed.[14] The Social Security (Uprating of Benefits) Act 2021 suspended the earnings element of the triple lock for the 2022/23 financial year. Instead, State Pensions would increase by 2.5% or CPI inflation (based on September's rate), whichever was higher.

See our briefing on **The Social Security (Uprating of Benefits) Bill 2021-2022: Progress of the Bill** for further information.

On 25 November 2021, a written statement from the Secretary of State for Work and Pensions confirmed that State Pension rates for 2022/23 would **rise in line with CPI** of 3.1%.[15]

Pensions in 2023/24

For 2023/24, the **basic State Pension** and **new State Pension** will increase by **10.1%** in line with CPI.

- The individual **basic State Pension** rises by £14.35 per week (from £141.85 to **£156.20**) and the married rate (on one spouse's contribution) rises by £22.95 per week (from £226.85 to **£249.80**).
- The full **new State Pension** rises by £18.70 per week (from £185.15 to **£203.85**).

The table below provides a time series of State Pension rates since 2010/11.

[14] HC Deb 7 September 2021 c185-193
[15] HCWS420 [Statutory Review of Benefit and Pension Rates: 2022-23], 25 November 2021

Table 1a: Basic and New State Pension

	Basic State Pension				New State Pension		Percent change and index used	
	Individual [a]		Couple [b]		Individual			
	£ per week	incr. (£)	£ per week	incr. (£)	£ per week	incr. (£)	% incr.	index
2010/11	97.65	+2.40	156.15	+3.85			+2.5%	RPI+3.9% [c]
2011/12	102.15	+4.50	163.35	+7.20			+4.6%	RPI
2012/13	107.45	+5.30	171.85	+8.50			+5.2%	CPI [d]
2013/14	110.15	+2.70	176.15	+4.30			+2.5%	minimum
2014/15	113.10	+2.95	180.90	+4.75			+2.7%	CPI
2015/16	115.95	+2.85	185.45	+4.55			+2.5%	minimum
2016/17	119.30	+3.35	190.80	+5.35	155.65	..	+2.9%	earnings
2017/18	122.30	+3.00	195.60	+4.80	159.55	+3.90	+2.5%	minimum
2018/19	125.95	+3.65	201.45	+5.85	164.35	+4.80	+3.0%	CPI
2019/20	129.20	+3.25	206.65	+5.20	168.60	+4.25	+2.6%	earnings
2020/21	134.25	+5.05	214.70	+8.05	175.20	+6.60	+3.9%	earnings
2021/22	137.60	+3.35	220.05	+5.35	179.60	+4.40	+2.5%	minimum
2022/23	141.85	+4.25	226.85	+6.80	185.15	+5.55	+3.1%	CPI
2023/24	156.20	+14.35	249.80	+22.95	203.85	+18.70	+10.1%	CPI

Notes:
(a) Category A or B of the basic State Pension for individuals aged under 80 with their own National Insurance contribution.
(b) Couple (marriage or civil partnership) on one person's National Insurance Contribution - both under 80.
(c) Discretionary increase in excess of Retail Price Index (RPI) inflation for that year.
(d) First application of triple lock mechanism comprising CPI, average earnings and 2.5% minimum.

Source: DWP proposed benefit and pension rates, various editions.

Additional State Pension (the old system)

The old State Pension system (for those who reached State Pension age before 6 April 2016) consists of two tiers: the triple-locked basic State Pension (see pages 9-10) and the additional State Pension.

The additional State Pension is an earnings-related entitlement consisting of State Second Pension (S2P) or its predecessor, the State Earnings-Related Pension Scheme (SERPS).

The additional State Pension is indexed in line with CPI inflation. This means that additional State Pension entitlements will increase by 10.1% in financial year 2023/24.

Protected payments (the new system)

See our briefing on **The new State Pension – transitional issues** for background on the calculation of entitlements in the new system.

The new State Pension (NSP) system applies to people reaching State Pension age on or after 6 April 2016.

In this approach, the amount of pension someone receives involves looking at both the new and old system rules.

If the amount someone would have been entitled to under the pre-2016 system is higher than the full NSP, then the difference between the two is added onto the NSP as a 'protected payment'. This ensures that the starting pension is not lower than what would have been expected under the old system.

Protected payments are uprated in line with CPI inflation, meaning a 10.1% increase in 2023/24.

2.2 Pension Credit

Pension Credit is the main means-tested benefit for pensioners. For people who reached State Pension age before 6 April 2016, it has two elements - the Guarantee Credit and Savings Credit.

Guarantee Credit

The 'standard minimum guarantee' provides a guaranteed minimum income for pensioners. Incomes below this level can be topped up to the minimum through Pension Credit Guarantee Credit.

The Pensions Act 2007 requires the Government to increase the standard minimum guarantee annually, at least by the increase in average earnings.

However, the Social Security (Uprating of Benefits) Act 2021 also applies to the standard minimum guarantee. Therefore, in 2023/24, both the single person's and couple's standard minimum guarantees will increase by **10.1%**.

For 2023/24:

- the **single person's** standard minimum guarantee rises by £18.45 per week (from £182.60 to **£201.05**); and
- for **couples** the increase is £28.15 per week (from £278.70 to **£306.85**).

The table below shows the level of the standard minimum guarantee since 2010/11.

Table 1b: Pension Credit standard minimum guarantee

	Single			Couple		
	Amount	Change		Amount	Change	
	£ per week	£ per week	%	£ per week	£ per week	%
2010/11	132.60	+2.60	+2.0%	202.40	+3.95	+2.0%
2011/12	137.35	+4.75	+3.6%	209.70	+7.30	+3.6%
2012/13	142.70	+5.35	+3.9%	217.90	+8.20	+3.9%
2013/14	145.40	+2.70	+1.9%	222.05	+4.15	+1.9%
2014/15	148.35	+2.95	+2.0%	226.50	+4.45	+2.0%
2015/16	151.20	+2.85	+1.9%	230.85	+4.35	+1.9%
2016/17	155.60	+4.40	+2.9%	237.55	+6.70	+2.9%
2017/18	159.35	+3.75	+2.4%	243.25	+5.70	+2.4%
2018/19	163.00	+3.65	+2.3%	248.80	+5.55	+2.3%
2019/20	167.25	+4.25	+2.6%	255.25	+6.45	+2.6%
2020/21	173.75	+6.50	+3.9%	265.20	+9.95	+3.9%
2021/22	177.10	+3.35	+1.9%	270.30	+5.10	+1.9%
2022/23	182.60	+5.50	+3.1%	278.70	+8.40	+3.1%
2023/24	201.05	+18.45	+10.1%	306.85	+28.15	+10.1%

Source: DWP proposed benefit and pension rates, various editions.

Savings Credit

Savings Credit is payable to pensioners who reached State Pension age **before 6 April 2016**. It is therefore not payable to people who reached State Pension age in the New State Pension system (on or after 6 April 2016).

Savings Credit was intended to ensure that the Pension Credit means-test did not eliminate the financial incentive to make extra provision towards retirement.

If someone’s extra payments towards their retirement (such as savings or an occupational pension) raises their pension income above the Savings Credit threshold, they get 60p for every £1 of income that exceeds the threshold, up to a maximum weekly award.

The 2006 Pensions White Paper stated that from 2008/09 onwards, the Savings Credit threshold would rise in line with earnings.[16]

However, to finance above-earnings increases in the Guarantee Credit in 2011/12 to 2015/16 inclusive, and in 2018/19, the Savings Credit threshold was increased by more than earnings in each of these years.[17] The threshold was

[16] DWP, Security in Retirement White Paper, Cm 6841m, May 2006 [on National Archives website]

[17] For 2018/19 see HM Treasury, Autumn Budget 2017, HC 587, 22 November 2017

also raised above the rise in average earnings in 2016/17, 2017/18 and 2020/21.

In addition, after a freeze in 2011/12, the maximum award was cut in each year from 2012/13 to 2016/17.[18]

For 2023/24 the Savings Credit **threshold** will rise by 10.1%:

- from £158.47 to **£174.49** per week for single people; and
- from £251.70 to **£277.12** per week for couples.

The Savings Credit **maximum award** will also rise by 10.1%:

- from £14.48 to **£15.94** per week for single people; and
- from £16.20 to **£17.84** per week for couples.

A time series of State Pension and Pension Credit rates can be found in Table 2 on page 16.

[18] 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.

Table 2: State Pension and Pension Credit

£ per week

	2016/17		2017/18		2018/19		2019/20		2020/21		2021/22		2022/23		**2023/24**	
	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	**£ per week**	**% incr.**
Old State Pension - Basic (full)																
Individual on own contribs *(Category A or B)*	119.30	+2.9	122.30	+2.5	125.95	+3.0	129.20	+2.6	134.25	+3.9	137.60	+2.5	141.85	+3.1	**156.20**	+10.1
Spouse or civil partner *(Category B lower)*	71.50	+2.9	73.30	+2.5	75.50	+3.0	77.45	+2.6	80.45	+3.9	82.45	+2.5	85.00	+3.1	**93.60**	+10.1
Couple on one person's contributions *(Category A + Category B lower)*	190.80	+2.9	195.60	+2.5	201.45	+3.0	206.65	+2.6	214.70	+3.9	220.05	+2.5	226.85	+3.1	**249.80**	+10.1
New State Pension																
Full rate	155.65	n/a	159.55	+2.5	164.35	+3.0	168.60	+2.6	175.20	+3.9	179.60	+2.5	185.15	+3.1	**203.85**	+10.1
Pension Credit																
Standard minimum guarantee - Single	155.60	+2.9	159.35	+2.4	163.00	+2.3	167.25	+2.6	173.75	+3.9	177.10	+1.9	182.60	+3.1	**201.05**	+10.1
Standard minimum guarantee - Couple	237.55	+2.9	243.25	+2.4	248.80	+2.3	255.25	+2.6	265.20	+3.9	270.30	+1.9	278.70	+3.1	**306.85**	+10.1
Savings Credit threshold - Single	133.82	+5.8	137.35	+2.6	140.67	+2.4	144.38	+2.6	150.47	+4.2	153.70	+2.1	158.47	+3.1	**174.49**	+10.1
Savings Credit threshold - Couple	212.97	+5.5	218.42	+2.6	223.82	+2.5	229.67	+2.6	239.17	+4.1	244.12	+2.1	251.70	+3.1	**277.12**	+10.1
Savings Credit maximum award - Single	13.07	-11.8	13.20	+1.0	13.40	+1.5	13.73	+2.4	13.97	+1.7	14.04	+0.5	14.48	+3.1	**15.94**	+10.1
Savings Credit maximum award - Couple	14.75	-15.4	14.90	+1.0	14.99	+0.6	15.35	+2.4	15.62	+1.8	15.71	+0.6	16.20	+3.1	**17.84**	+10.1
Benchmarks for uprating																
Consumer Prices index (CPI)		-0.1		+1.0		**+3.0**		+2.4		+1.7		+0.5		+3.1 [a]		**+10.1**
Earnings [a]		**+2.9**		+2.4		+2.2		**+2.6**		**+3.9**		-1.0		+8.3		+5.5
Triple-lock (highest of CPI, earnings or 2.5%)		**+2.9**		**+2.5**		**+3.0**		**+2.6**		**+3.9**		**+2.5**		+8.3		**+10.1**

Notes: a) Suspension of the triple lock in 2022/23 resulted in uprating by CPI.

Source: DWP proposed benefit and pension rates, various editions.

3 Universal Credit

See our briefing on **Coronavirus: Universal Credit during the crisis** for more on how UC changed during the pandemic, as well as our **Universal Credit constituency data dashboard** for the latest numbers of people and households on UC in each constituency.

Universal Credit (UC) was launched in 2013 to replace six 'legacy' forms of means-tested support for working-age families. The legacy benefits were: income-based Jobseeker's Allowance (JSA); income-related Employment and Support Allowance (ESA); Income Support; Child Tax Credit (CTC); Working Tax Credits; and Housing Benefit for working-age claimants.

Rollout to all jobcentres in Great Britain was completed by the end of 2018. New claims for legacy benefits can no longer be made, with limited exceptions.

The Department for Work and Pensions currently expects all households claiming legacy benefits and tax credits to have moved across to UC by the late 2020s.[19]

UC amounts and their legacy equivalents

The various components of a Universal Credit award are listed below, alongside their equivalents in the legacy system.

Universal Credit amount	Corresponding feature of the legacy system	
Standard allowance	Personal allowances in JSA / ESA / Income Support	
Child amounts	Child Tax Credit child elements (and family element if first child born before 6 Apr 2017)	
Disabled child additions	CTC disabled and severely disabled child elements	
Limited Capability for Work amount	ESA work-related activity component	Not available to new claimants from April 2017.
Limited Capability for Work and Work-Related Activity amount	ESA support component and premiums	
Carer amount	Carer premium in JSA / ESA / Income Support	
Housing cost amount	Housing Benefit	
Childcare cost amount	Working Tax Credit childcare element	70% eligible costs covered in WTC and 85% in UC.

19 Existing ESA claimants will not be moved over to UC until 2028, following announcements in the November 2022 Autumn Statement.

The announced UC amounts for 2023/24 are set out in Table 3 on page 19.

UC amounts and temporary increases

In 2020/21, a temporary increase worth £86.67 a month (around £20 per week) was added to the standard allowances in response to the coronavirus outbreak.

In his budget speech on 3 March 2021, the Chancellor announced the uplift in the UC standard allowances would continue for a further six months, covering April to September 2021.[20]

From 1 October 2021 the uplift was removed.

The temporary nature of the UC uplift was noted in the Coronavirus Act 2020. It stipulated that it should be disregarded in statutory annual reviews of benefit rates relative to price inflation.[21]

In line with this, the Universal Credit standard allowances announced for 2022/23 were based on a 3.1% uplift of 2021/22 rates **without** the £20pw coronavirus-related increase.

The time series of UC rates on page 19 shows annual uprating once the UC uplift has been removed.

Work allowances

UC work allowances are the monthly earnings levels that a household can have before its UC award starts to be reduced (or 'tapered'). Work allowances apply to households with children or households where a member has a limited capability for work.

There are two work allowances: a higher work allowance for families that don't claim support for housing rental costs, and a lower work allowance for those that do. The rationale for having a less generous work allowance for the latter group was to "target resources fairly", taking account of the higher UC awards that housing-cost claimants receive.[22]

When net earnings exceed the work allowance, the UC award is subject to a taper rate. In 2021/22, the taper rate was set at 63%. This meant 63p was removed from the UC award for every £1 of net earnings above the work allowance.

20 Rishi Sunak MP, Budget Speech 2021, 3 March 2021

21 section 77(2) and (3) of the Coronavirus Act 2020

22 DWP, Universal Credit Policy Briefing Note 14: Earnings disregards and tapers, 10 October 2011 [on National Archives website]

The Autumn Budget and Spending Review 2021 announced that the taper rate would be **reduced to 55%** and work allowances would **increase by £500 per year**. The changes were introduced on 24 November 2021.[23]

Work allowances have undergone several structural changes since UC was first introduced. Further details of these changes can be found in previous editions of our Benefits Uprating briefing series (see section 6 for links to previous editions).

The default budgetary assumption is that work allowances increase broadly in line with CPI inflation. This is the case in 2023/24 – both work allowances will rise broadly in line with CPI inflation rate of 10.1%, allowing for rounding to the nearest pound:

- Higher work allowance: from £573 to **£631** per month (+10.1%)
- Lower work allowance: from £344 to **£379** per month (+10.2%)

Childcare costs amount

Since 2016/17, the Universal Credit childcare costs amount covers the equivalent of 85% of eligible childcare costs.[24] The maximum amounts are calculated as follows:

- Maximum for one child: 85% of £175 per week = £149.16 per week = **£646.35** per month
- Maximum for two or more children: 85% of £300 per week = £255.70 per week = **£1,108.04** per month

As is the case with the Working Tax Credit childcare element (see section 5), these amounts are not subject to annual uprating and so remain at these cash levels in 2023/24.

23 DWP, Universal Credit work allowances, update 24 November 2021

24 First announced in HM Treasury, Budget 2014, HC 1104, para 1.182; confirmed for 2016/17 in HM Treasury, Autumn Statement 2014, Cm 8961, para 1.229.

Table 3: Universal Credit rate changes (series excludes uplift payments in 2020/21 and 2021/22)

	2016/17		2017/18		2018/19		2019/20		2020/21		2021/22		2022/23		**2023/24**	
	£ per month	% incr.	£ per month	% incr.	£ per month	% incr.	£ per month	% incr.	£ per month	% incr.	£ per month	% incr.	£ per month	% incr.	**£ per month**	**% incr.**
Standard allowance																
Single under 25	251.77	+0.0	251.77	+0.0	251.77	+0.0	251.77	+0.0	256.05	+1.7	257.33	+0.5	265.31	+3.1	**292.11**	**+10.1**
Single 25 or over	317.82	+0.0	317.82	+0.0	317.82	+0.0	317.82	+0.0	323.22	+1.7	324.84	+0.5	334.91	+3.1	**368.74**	**+10.1**
Joint claimants both under 25	395.20	+0.0	395.20	+0.0	395.20	+0.0	395.20	+0.0	401.92	+1.7	403.93	+0.5	416.45	+3.1	**458.51**	**+10.1**
Joint claimants, one or both 25 or over	498.89	+0.0	498.89	+0.0	498.89	+0.0	498.89	+0.0	507.37	+1.7	509.91	+0.5	525.72	+3.1	**578.82**	**+10.1**
Limited capability for work amount	126.11	+0.0	126.11	+0.0	126.11	+0.0	126.11	+0.0	128.25	+1.7	128.89	+0.5	132.89	+3.1	**146.31**	**+10.1**
Limited capability for work & work-related activity	315.60	+0.0	318.76	+1.0	328.32	+3.0	336.20	+2.4	341.92	+1.7	343.63	+0.5	354.28	+3.1	**390.06**	**+10.1**
Child amount																
Standard amount per child	231.67	+0.0	231.67	+0.0	231.67	+0.0	231.67	+0.0	235.83	+1.8	237.08	+0.5	244.58	+3.1	**269.58**	**+10.2**
First child born prior to 6 April 2017 [(b)]	277.08	+0.0	277.08	+0.0	277.08	+0.0	277.08	+0.0	281.25	+1.5	282.50	+0.4	290.00	+2.7	**315.00**	**+8.6**
Disabled child addition: lower rate	126.11	+0.0	126.11	+0.0	126.11	+0.0	126.11	+0.0	128.25	+1.7	128.89	+0.5	132.89	+3.1	**146.31**	**+10.1**
Disabled child addition: higher rate	367.92	+0.0	372.30	+1.2	383.86	+3.1	392.08	+2.1	400.29	+2.1	402.41	+0.5	414.88	+3.1	**456.89**	**+10.1**
Carer amount	150.39	+0.0	151.89	+1.0	156.45	+3.0	160.20	+2.4	162.92	+1.7	163.73	+0.5	168.81	+3.1	**185.86**	**+10.1**
Childcare costs amount [(c)]																
Maximum for 1 child	646.35		646.35		646.35		646.35	+0.0	646.35	+0.0	646.35	+0.0	646.35	+0.0	**646.35**	**+0.0**
Maximum for 2+ children	1,108.04		1,108.04		1,108.04		1,108.04	+0.0	1,108.04	+0.0	1,108.04	+0.0	1,108.04	+0.0	**1,108.04**	**+0.0**
Work allowances																
Higher work allowance *(no housing amount)*	397.00		397.00	+0.0	409.00	+3.0	503.00	+23.0	512.00	+1.8	557.00(a)	+8.8	573.00	+2.9	**631.00**	**+10.1**
Lower work allowance *(with housing amount)*	192.00		192.00	+0.0	198.00	+3.1	287.00	+44.9	292.00	+1.7	335.00(a)	+14.7	344.00	+2.7	**379.00**	**+10.2**
Taper rate	65%		63%		63%		63%		63%		63%		55%		**55%**	
Uprating benchmarks (for comparison)																
Consumer Prices index (CPI)		-0.1		+1.0		+3.0		+2.4		+1.7		+0.5		+3.1		**+10.1**
Earnings		+1.8		+2.4		+2.2		+2.6		+3.9		-1.0		+8.3		**+5.5**
Retail Prices Index (RPI)		+0.8		+2.0		+3.9		+3.3		+2.4		+1.1		+4.9		**+12.6**

Notes:

The '% increase' shown can differ slightly from the relevant uprating benchmark due to rounding and uprating conventions. **(a)** 2021/22 work allowance shown include annual £500 increase as announced in Autumn Budget 2021. **(b)** The difference between the standard child amount and the amount for first child born before 6 April 2017 is equivalent to the non-uprated £545 p.a. Child Tax Credit family element, also only available to families whose first child was born before this date. **(c)** Childcare cost amounts are not subject to periodic uprating. The childcare cost amount covers 85% of eligible childcare costs.

Source: DWP benefit and pension rates, various editions

4 Other benefits

Tables 4a and 4b (on pages 22 and 23) set out the remaining key benefits that are subject to annual uprating review.

4.1 Disability and carers' benefits

The Department for Work and Pensions (DWP) is required to increase a range of disability and carers' benefits each year, at least in line with inflation.

These include Attendance Allowance, Disability Living Allowance, Personal Independence Payment, Carer's Allowance, Severe Disablement Allowance, and Industrial Injuries Disablement Benefit.

Each of these benefits is to be increased in 2023/24 broadly in line with the CPI inflation rate of 10.1%.

4.2 Child Benefit

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

Child Benefit was frozen between 2010/11 and 2013/14, increased by 1% in both 2014/15 and 2015/16, and then was frozen again (along with most other working-age benefits) for four years between 2016/17 and 2019/20. Price indexation resumed in 2020/21.

In 2023/24, Child Benefit is expected to rise **in line with CPI (+10.1%)**:

- For the eldest child, it rises from £21.80 to **£24.00** per week.
- For each subsequent child, from £14.45 to **£15.90** per week.

See our briefing on the **High Income Child Benefit Charge** for background to this policy.

Since January 2013, Child Benefit has been recovered from families where the highest earner has a gross annual income in excess of £50,000 through the 'High Income Child Benefit Charge'.

If a family has someone earning £60,000 or more, Child Benefit is completely withdrawn. These thresholds are not subject to indexation and have not changed since they were first introduced.

4.3 Household benefit cap

A cap limiting the maximum amount working age households can receive in benefits was introduced in 2013.

Originally, the amount of benefits that people of working age could receive was capped at £26,000 for a couple or lone parent household, or £18,200 for single adults without children.

There is no statutory requirement to annually uprate the benefit cap, although the Secretary of State for Work and Pensions is obligated to review the level of the benefit cap at least once every five years.[25]

From 7 November 2016, the cap was lowered to:

- **£20,000** for couples and lone parents outside Greater London (**£13,400** for single adults with no children); and
- **£23,000** for couples and lone parents in Greater London (**£15,410** for single adults with no children).

Although most benefits and tax credits subject to capping are CPI-indexed, the cap has remained frozen at the same cash levels since 2016.

The Autumn Statement 2022 announced that the level of the benefit cap will be increase by 10.1% in 2023/24, in line with CPI inflation. This will be the first time the cap has ever been increased.

From April 2023, the benefit cap will be increased to:

- **£22,020** for couples and lone parents outside Greater London (**£14,753** for single adults with no children); and
- **£25,323** for couples and lone parents in Greater London (**£16,967** for single adults with no children).

25 Section 96A of the Welfare Reform Act 2012

Table 4a: Disability and carers' benefits, child and parental benefits

	2016/17		2017/18		2018/19		2019/20		2020/21		2021/22		2022/23		**2023/24**	
	£ 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 [(a)]																
Higher Rate	82.30	+0.0	83.10	+1.0	85.60	+3.0	87.65	+2.4	89.15	+1.7	89.60	+0.5	92.40	+3.1	**101.75**	**+10.1**
Lower Rate	55.10	+0.0	55.65	+1.0	57.30	+3.0	58.70	+2.4	59.70	+1.7	60.00	+0.5	61.85	+3.1	**68.10**	**+10.1**
Personal Independence Payment (PIP) and Disability Living Allowance (DLA) [(a)]																
PIP Daily Living: enhanced | DLA Care: highest	82.30	+0.0	83.10	+1.0	85.60	+3.0	87.65	+2.4	89.15	+1.7	89.60	+0.5	92.40	+3.1	**101.75**	**+10.1**
PIP Daily Living: standard | DLA Care: middle	55.10	+0.0	55.65	+1.0	57.30	+3.0	58.70	+2.4	59.70	+1.7	60.00	+0.5	61.85	+3.1	**68.10**	**+10.1**
DLA Care: lowest	21.80	+0.0	22.00	+0.9	22.65	+3.0	23.20	+2.4	23.60	+1.7	23.70	+0.4	24.45	+3.2	**26.90**	**+10.0**
PIP Mobility: enhanced | DLA Mobility: higher	57.45	+0.0	58.00	+1.0	59.75	+3.0	61.20	+2.4	62.25	+1.7	62.55	+0.5	64.50	+3.1	**71.00**	**+10.1**
PIP Mobility: standard | DLA Mobility: lower	21.80	+0.0	22.00	+0.9	22.65	+3.0	23.20	+2.4	23.60	+1.7	23.70	+0.4	24.45	+3.2	**26.90**	**+10.0**
Carer's Allowance [(a)]	62.10	+0.0	62.70	+1.0	64.60	+3.0	66.15	+2.4	67.25	+1.7	67.60	+0.5	69.70	+3.1	**76.75**	**+10.1**
Carer premium (in means-tested legacy benefits)	34.60	+0.0	34.95	+1.0	36.00	+3.0	36.85	+2.4	37.50	+1.8	37.70	+0.5	38.85	+3.1	**42.75**	**+10.0**
Severe Disablement Allowance (SDA) [(a)]																
Basic rate + higher age-related addition	85.80	+0.0	86.65	+1.0	89.25	+3.0	91.40	+2.4	92.95	+1.7	93.40	+0.5	96.30	+3.1	**106.00**	**+10.1**
Industrial Injuries Disablement Benefit [(a)]																
Standard rate, 100% assessed disablement	168.00	+0.0	169.70	+1.0	174.80	+3.0	179.00	+2.4	182.00	+1.7	182.90	+0.5	188.60	+3.1	**207.60**	**+10.1**
Child Benefit																
First child	20.70	+0.0	20.70	+0.0	20.70	+0.0	20.70	+0.0	21.05	+1.7	21.15	+0.5	21.80	+3.1	**24.00**	**+10.1**
Each additional child	13.70	+0.0	13.70	+0.0	13.70	+0.0	13.70	+0.0	13.95	+1.8	14.00	+0.4	14.45	+3.2	**15.90**	**+10.0**
Guardian's Allowance	16.55	+0.0	16.70	+0.9	17.20	+3.0	17.60	+2.3	17.90	+1.7	18.00	+0.6	18.55	+3.1	**20.40**	**+10.0**
Statutory Maternity/Paternity/Parental/ Adoption Pay; Maternity Allowance - std rate	139.58	+0.0	140.98	+1.0	145.18	+3.0	148.68	+2.4	151.20	+1.7	151.97	+0.5	156.66	+3.1	**172.48**	**+10.1**
Uprating benchmarks (for comparison)																
Consumer Prices index (CPI)		-0.1		+1.0		+3.0		+2.4		+1.7		+0.5		+3.1		+10.1
Earnings		+2.9		+2.4		+2.2		+2.6		+3.9		-1.0		+8.3		+5.5
Retail Prices Index (RPI)		+0.8		+2.0		+3.9		+3.3		+2.4		+1.1		+4.9		+12.6

Notes: '% increase' can differ from the relevant uprating benchmark due to rounding and uprating conventions. **(a)** The Scottish Government took over executive competence for Carer's Allowance in Scotland on 3 September 2018 and AA, PIP, DLA, IIDB and SDA on 1 April 2020. It has started rolling out its own disability benefits to replace AA, PIP and DLA, which are paid at the same rates.

Sources: DWP proposed benefit and pension rates, various editions; HMRC, Rates and allowances: tax credits, Child Benefit and Guardian's Allowance, various editions

Table 4b: Key out-of-work benefits for working-age claimants

	2016/17		2017/18		2018/19		2019/20		2020/21		2021/22		2022/23		**2023/24**	
	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	**£ per week**	**% incr.**
ESA, Income Support, JSA (income-based) personal allowances (selected rates):																
Single under 25/lone parent under 18	57.90	+0.0	57.90	+0.0	57.90	+0.0	57.90	+0.0	58.90	+1.7	59.20	+0.5	61.05	+3.1	**67.20**	**+10.1**
Single 25+ / lone parent 18+	73.10	+0.0	73.10	+0.0	73.10	+0.0	73.10	+0.0	74.35	+1.7	74.70	+0.5	77.00	+3.1	**84.80**	**+10.1**
Couple (both over 18)	114.85	+0.0	114.85	+0.0	114.85	+0.0	114.85	+0.0	116.80	+1.7	117.40	+0.5	121.05	+3.1	**133.30**	**+10.1**
Contribution-based JSA / New style JSA																
Under 25	57.90	+0.0	57.90	+0.0	57.90	+0.0	57.90	+0.0	58.90	+1.7	59.20	+0.5	61.05	+3.1	**67.20**	**+13.5**
25 or over	73.10	+0.0	73.10	+0.0	73.10	+0.0	73.10	+0.0	74.35	+1.7	74.70	+0.5	77.00	+3.1	**84.80**	**+13.5**
Universal Credit - standard allowances (a)																
Single under 25	57.94	+0.0	57.94	+0.0	57.94	+0.0	57.94	+0.0	58.93 (b)	+1.7	59.22 (c)	+0.5	61.06	+3.1	**67.23**	**+10.1**
Single 25 or over	73.14	+0.0	73.14	+0.0	73.14	+0.0	73.14	+0.0	74.39 (b)	+1.7	74.76 (c)	+0.5	77.08	+3.1	**84.87**	**+10.1**
Joint claimants both under 25	90.95	+0.0	90.95	+0.0	90.95	+0.0	90.95	+0.0	92.50 (b)	+1.7	92.96 (c)	+0.5	95.85	+3.1	**105.53**	**+10.1**
Joint claimants, one or both 25 or over	114.81	+0.0	114.81	+0.0	114.81	+0.0	114.81	+0.0	116.77 (b)	+1.7	117.36 (c)	+0.5	120.99	+3.1	**133.22**	**+10.1**
ESA components (added to personal allowances)																
Work-related activity group component (d)	29.05	+0.0	29.05	+0.0	29.05	+0.0	29.05	+0.0	29.55	+1.7	29.70	+0.5	30.60	+3.0	**33.70**	**+10.1**
Support Group component	36.20	+0.0	36.55	+1.0	37.65	+3.0	38.55	+2.4	39.20	+1.7	39.40	+0.5	40.60	+3.0	**44.70**	**+10.1**
Uprating benchmarks (for comparison)																
Consumer Prices index (CPI)		-0.1		+1.0		+3.0		+2.4		+1.7		+0.5		+3.1		+10.1
Earnings		+2.9		+2.4		+2.2		+2.6		+3.9		-1.0		+8.3		+5.5
Retail Prices Index (RPI)		+0.8		+2.0		+3.9		+3.3		+2.4		+1.1		+4.9		+12.6

Notes: '% increase' can differ from the relevant uprating benchmark due to rounding and uprating conventions. **(a)** Universal Credit (UC) rates are expressed here in weekly amounts but UC is paid monthly. See table 3 for the official monthly UC amounts. **(b)** Rates for 2020/21 do not include the £20 per week above-indexation increase provided in response to the coronavirus outbreak. **(c)** Rates for 2021/22 do not include the above-indexation increase provided in response to the coronavirus outbreak, which was extended to the first 6 months before its removal in October 2021. **(d)** ESA Work Related Activity Component was abolished for new claimants from April 2017.

Source: DWP proposed benefit and pension rates, various editions

5 Tax Credits

Under the Tax Credits Act 2002, the Treasury is required to review the value of tax credits on an annual basis.

CPI became the default inflation benchmark for tax credits from 2011/12 onwards, as announced in the June 2010 Budget.[26]

However, the Child Tax Credit (CTC) family element has never been uprated (£545 a year since the introduction of the current tax credit system in 2003). Also, the childcare element in Working Tax Credit (WTC) 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 applied to the main CTC and WTC elements that are conventionally inflation-linked.

In 2020/21, these main tax credits were indexed based on CPI again. In addition, the WTC basic element was uplifted by £20 per week above-indexation (+£1,045 for the year) in response to the coronavirus outbreak (see section 1.4 above).

The uplift to the basic element of WTC was not extended in 2021/22, although WTC claimants did receive a one-off payment of £500. This was to provide equivalent support to the £20 per week uplift to Universal Credit, which had been extended for a further six months.[27]

For 2021/22, all normally uprated elements were increased in line with CPI (+0.5%). The announced rate of the WTC basic element was based on the original amount for 2020/21 (before the £20pw coronavirus-related uplift was added) plus 0.5%.

In 2022/23 these elements rose again in line with CPI (+3.1%). For 2023.24, CPI indexation will also be used (+10.1%).[28]

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[26] Previously, the expectation had been that basic WTC would be reviewed in line with prices and CTC in line with earnings – see HL Deb 23 May 2002 vol 635 c144GC [Lords Committee Stage of the Tax Credits Bill].

[27] HC Deb 3 March 2021 c251. Tax credits are calculated on an annual cycle based on the tax year, so increasing payments temporarily for six months is less straightforward than in UC, where awards are calculated monthly.

[28] HCWS372 [Tax Credits and Child Benefit: Review of Rates], 17 November 2022

Claiming tax credits

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 the claimant's circumstances and, if the claimant's income has changed from what it was initially projected to be, it may retrospectively change their tax credit award.

The 'income disregard' is the amount a household's income can increase by in the tax year without triggering a review of its entitlement. This remains unchanged at £2,500 in 2023/24.

Tax credit rates and thresholds for 2023/24 and the preceding seven years are shown in table 5 (below).

Table 5: HMRC Child and Working Tax Credits rates and thresholds

£ per year unless otherwise stated

	2016/17		2017/18		2018/19		2019/20		2020/21		2021/22		2022/23		**2022/23**	
	£ per year	% incr.	£ per year	% incr.	£ per year	% incr.	£ per year	% incr.	£ per year	% incr.	£ per year	% incr.	£ per year	% incr.	**£ per year**	**% incr.**
Child Tax Credit																
Family element [(a)]	545	+0.0	545	+0.0	545	+0.0	545	+0.0	545	+0.0	545	+0.0	545	+0.0	**545**	**+0.0**
Child element	2,780	+0.0	2,780	+0.0	2,780	+0.0	2,780	+0.0	2,830	+1.8	2,845	+0.5	2,935	+3.2	**3,235**	**+10.2**
Disabled child element (additional)	3,140	+0.0	3,175	+1.1	3,275	+3.1	3,355	+2.4	3,415	+1.8	3,435	+0.6	3,545	+3.2	**3,905**	**+10.2**
Severely disabled child element (additional)	4,415	+0.0	4,465	+1.1	4,600	+3.0	4,715	+2.5	4,800	+1.8	4,825	+0.5	4,975	+3.1	**5,480**	**+10.2**
Working Tax Credit																
Basic element	1,960	+0.0	1,960	+0.0	1,960	+0.0	1,960	+0.0	1,995 (b)	+1.8	2,005 (c)	+0.5	2,070	+3.2	**2,280**	**+10.1**
Couples and lone parent element	2,010	+0.0	2,010	+0.0	2,010	+0.0	2,010	+0.0	2,045	+1.7	2,060	+0.7	2,125	+3.2	**2,340**	**+10.1**
30 hour element	810	+0.0	810	+0.0	810	+0.0	810	+0.0	825	+1.9	830	+0.6	860	+3.6	**950**	**+10.5**
Disabled worker element	2,970	+0.0	3,000	+1.0	3,090	+3.0	3,165	+2.4	3,220	+1.7	3,240	+0.6	3,345	+3.2	**3,685**	**+10.2**
Severely disabled adult element	1,275	+0.0	1,290	+1.2	1,330	+3.1	1,365	+2.6	1,390	+1.8	1,400	+0.7	1,445	+3.2	**1,595**	**+10.4**
Childcare element																
Maximum eligible costs allowed **(£ per week)**																
Eligible costs incurred for 1 child	175	+0.0	175	+0.0	175	+0.0	175	+0.0	175	+0.0	175	+0.0	175	+0.0	**175**	**+0.0**
Eligible costs incurred for 2+ children	300	+0.0	300	+0.0	300	+0.0	300	+0.0	300	+0.0	300	+0.0	300	+0.0	**300**	**+0.0**
Percentage of eligible costs covered	70%		70%		70%		70%		70%		70%		70%		**70%**	
Income thresholds and withdrawal rates																
Income threshold	6,420	+0.0	6,420	+0.0	6,420	+0.0	6,420	+0.0	6,530	+1.7	6,565	+0.5	6,770	+3.1	**7,455**	**+10.1**
Withdrawal rate	41%		41%		41%		41%		41%		41%		41%		**41%**	
Income threshold for those entitled to Child Tax Credit only	16,105	+0.0	16,105	+0.0	16,105	+0.0	16,105	+0.0	16,385	+1.7	16,480	+0.6	17,005	+3.2	**18,725**	**+10.1**
Income increase disregard	2,500		2,500		2,500		2,500		2,500		2,500		2,500		**2,500**	
Income fall disregard	2,500		2,500		2,500		2,500		2,500		2,500		2,500		**2,500**	
Uprating benchmarks (for comparison)																
Consumer Prices index (CPI)		-0.1		+1.0		+3.0		+2.4		+1.7		+0.5		+3.1		+10.1
Earnings		+2.9		+2.4		+2.2		+2.6		+3.9		-1.0		+8.3		+5.5
Retail Prices Index (RPI)		+0.8		+2.0		+3.9		+3.3		+2.4		+1.1		+4.9		+12.6

Notes: '% increase' can differ from the relevant uprating benchmark due to rounding and uprating conventions. **(a)** CTC family element is only available if the eldest child was born before 6 April 2017. **(b)** Enhanced WTC basic element for 2020/21 (£1,995 normal amount plus £1,045 above indexation) provided in response to the coronavirus outbreak. **(c)** Not including £500 one-off payment made to WTC claimants in reponse to the coronavrius outbreak.

Source: HMRC**,** Rates and allowances: tax credits, Child Benefit and Guardian's Allowance, various editions

6 The real value of benefits over time

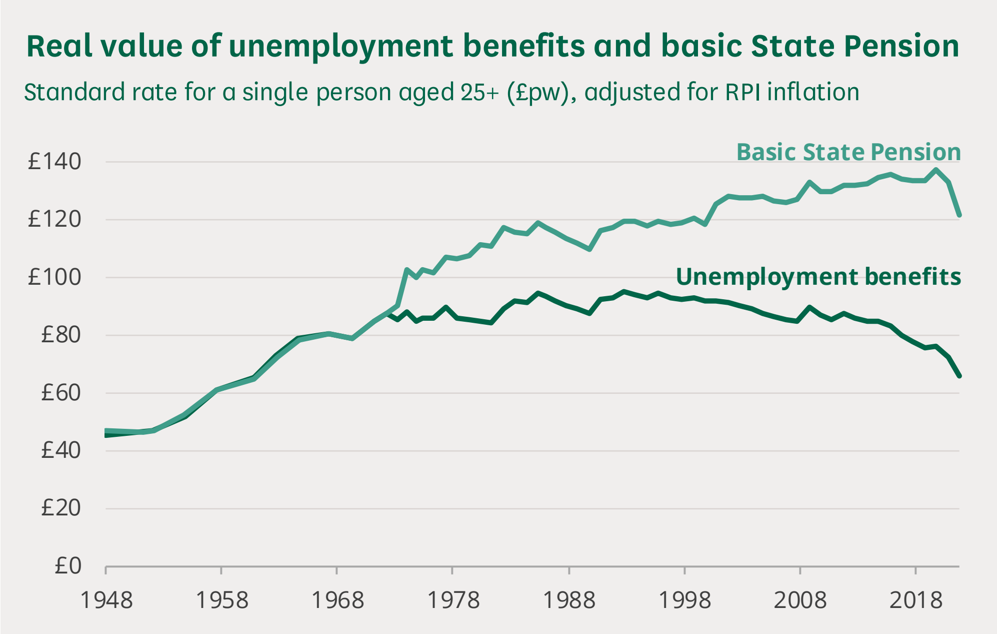
Although their effect in any given year is usually not dramatic, uprating decisions and rules compound over time and have substantially changed the value of benefits, both in real terms and relative to earnings.

A useful illustration of this is the change in the real value of the basic State Pension compared with basic levels of unemployment support. Here, when referring to “unemployment benefits”, we mean the standard rate of Jobseeker’s Allowance for a single person aged 25 and over (and Unemployment Benefit which came before it). This is broadly equivalent to the Universal Credit standard allowance.

Previously, both unemployment benefits and the basic State Pension were paid at the same rate, until more favourable uprating arrangements were introduced for State Pensions from October 1973. This included the creation of a statutory link with earnings.

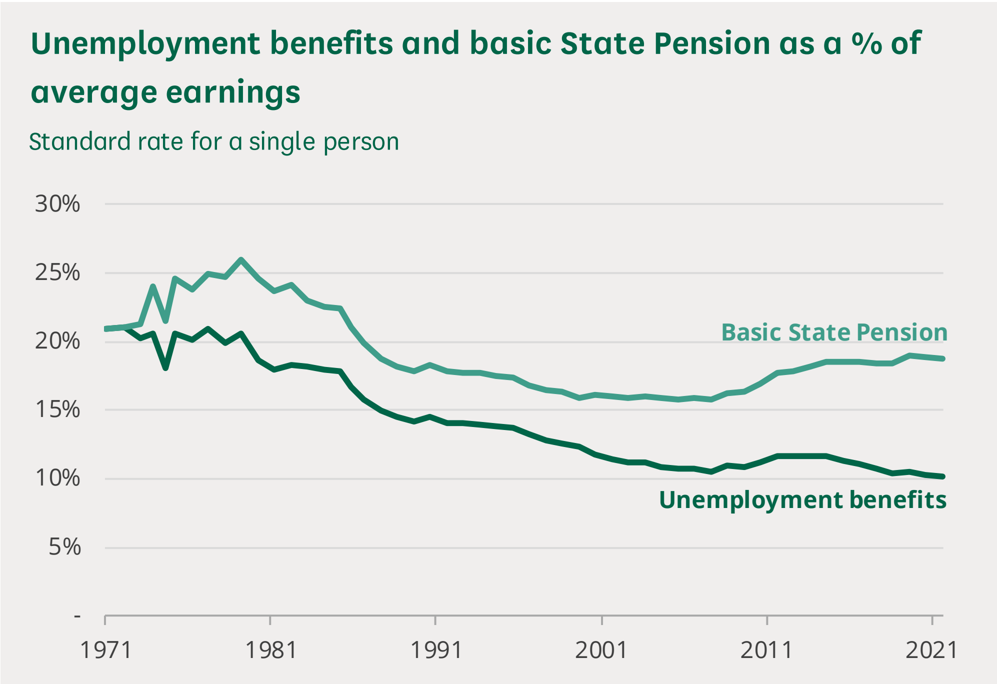
In 2023/24, the basic State Pension is set to rise to £156.20 a week, nearly twice the £84.80 a week someone on New Style Jobseeker’s Allowance receives.

The charts below show the two benefit rates tracked against one another from their introduction until the 1970s. After that, the rates diverged as pensions were increased by a greater amount with the introduction of earnings links in the 1970s, and the more recent triple lock. Whereas unemployment benefit rates have stayed on a decades-long downward trend.



Notes: Real terms analysis looks at the average real value over the period the rate was applied, in April 2021 prices. Unemployment benefits are standard rates of Unemployment Benefit and JSA.

Source: Library analysis of DWP, Abstract of DWP benefit rate statistics 2021, 22 January 2022; ONS, RPI series CZBH, 16 November 2022; OBR, Economic and Fiscal Outlook – November 2022



Source: Library analysis of DWP, Abstract of DWP benefit rate statistics 2021, 22 January 2022; ONS, Earnings and hours worked, all employees: ASHE Table 1, 26 October 2022

7 Previous editions of the benefits uprating series

This briefing is the latest in an annual series from the Commons Library, which started in 1999. Earlier editions are as follows, listed alongside the corresponding official announcements.

Uprating for financial year:	Library's Benefit 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
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 c693-702	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		HCWS328, 26 Nov 2015	2016/17	2016/17
2017/18	CBP 7818		HCWS287, 28 Nov 2016	2017/18	2017/18
2018/19	CBP 8162		HCWS268, 27 Nov 2017	2018/19	2018/19
2019/20	CBP 8458		HCWS1104, 23 Nov 2018	2019/20	2019/20
2020/21	CBP 8806		Statement: HCWS74, 4 Nov 2019 Deposited paper: DEP2019-1077, 29 Nov 2019	2020/21	2020/21
2021/22	CBP 9131		Statement: HCWS600, 25 Nov 2020 Deposited paper: DEP2020-0810, 25 Nov 2020	2021/22	2021/22
2022/23	CBP 9439		Statement: HCWS420, 25 Nov 2021 Deposited paper: DEP2021-0934, 25 Nov 2021	2022/23	2022/23

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