



2002 Benefit Upating

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SOCIAL AND GENERAL STATISTICS

Introduction

The uprating of social security benefits from April 2002 is based on inflation in the year to September 2001. This means that most National Insurance benefits are due to be uprated by 1.7% (the increase in the RPI in the 12 months to September) and means tested benefits by 1.7% (the increase in the “Rossi” index – the RPI less certain housing costs, namely less rents, mortgage interest payments, council tax and depreciation costs.).¹

Retirement Pensions

The basic state retirement pension will increase by 4% in line with the Government’s stated policy to give greater financial security for pensioners. The single rate will increase from £72.50 pw to £75.50 pw and the couple rate from £115.90 pw to £120.70 pw. Had September’s inflation rate of 1.7% been used the rates of Retirement Pension from next April for a single pensioner would have been £73.75 pw and £117.90 for a pensioner couple.

If the uprated pension were to be linked to earnings this year then the single rate in April 2002 would be around £75.85 pw and the couple £121.25 pw. (based on a 4.6% increase in the “headline” rate of average earnings to July 2001²)

Minimum Income Guarantee

The Government is committed to increasing the minimum income guarantee for pensioners by the increase in average earnings.³ This year the relevant factor is 4.6%.

¹ In practice, because of rounding, the rates of some individual benefits will not change by exactly these factors.

² ONS *Monthly Digest of Statistics* Feb 2002 Table 18.12

³ see HC Deb 6 6 2000 c223W for basis of earnings uprating factor - 3 month avg change in average earnings to previous July "headline" rate, as published in monthly digest

The basic level of the MIG increased with age in April 1999 and April 2000, as IS for pensioners had done in previous years. However, from April 2001 the MIG level was simplified into one rate for all those over 60. The level of the guarantee from April 1999, to April 2002 and the previous rates of IS for pensioners are shown in the following table:

Minimum Income Guarantee – 1998 to 2002

	£pw				
	Apr-98	Apr-99	Apr-00	Apr-01	Apr-02
Single 60-74	70.45	75.00	78.45)		
Single 75-79	72.70	77.30	80.85)	92.15	98.15
Single 80 or over	77.55	82.25	86.05)		
Couple one or both 60- 74	109.35	116.60	121.95)		
Couple one or both 75-79	112.55	119.85	125.35)	140.55	149.80
Couple one or both 80 or over	117.90	125.30	131.05)		

The April 2002 increase represents an above-prices and above-earnings increase as part of the Government's strategy to move to a MIG for single pensioners of £100 pw by April 2003. In his Pre-Budget Statement on 8 November 2000 Gordon Brown gave information about future increases to the MIG:

First, for those in and at risk of poverty, we will radically improve the minimum income guarantee. I can tell the House that the minimum income guarantee, which was £68.80 in 1997, is £78.45 today, and will be raised in April by £14 a week to £92.15. For thousands of our poorest pensioners, that will mean £700 extra a year. I can also tell the House that when the new system is introduced in April 2003, the minimum income guarantee will be set not at £92, but at £100 a week, £22 a week more than today. For the first time, a single pensioner will be guaranteed at least £100 a week. For couples, there will be a rise from £106.60 in 1997 to £154. Every year after that, I can tell the House that the minimum income guarantee will be raised in line with earnings.⁴

⁴ HC Deb 8 November 2000 c325

Benefit rates

The following table sets out selected benefit rates before and after the April 2002 uprating:

	Apr-01	Apr-02		Apr-01	Apr-02
	£pw	£pw		£pw	£pw
Attendance Allowance			Income Support		
Higher rate	55.30	56.25	Personal allowances		
Lower rate	37.00	37.65	Single 18-24	42.00	42.70
Child Benefit			Single 25+	53.05	53.95
Only/elder/eldest child	15.50	15.75	Couple		
Subsequent child(ren)	10.35	10.55	both 18+	83.25	84.65
Disability Living Allowance			Dependent child <16	32.95	33.50
Care component			Premiums		
Highest	55.30	56.25	Family	14.50	14.75
Middle	37.00	37.65	Single pensioner	39.10	44.20
Lowest	14.65	14.90	Couple pensioner	57.30	65.15
Mobility component			Invalid Care Allowance	41.75	42.45
Higher	38.65	36.30	Jobseekers Allowance		
Lower	14.65	14.90	Contribution based		
Incapacity Benefit			Under 18	31.95	32.50
Long term	69.75	70.95	18-24	42.00	42.70
Short term			25+	53.05	53.95
Lower	52.60	53.50	Retirement Pension		
Higher	62.20	63.25	Single	72.50	75.50
			Couple	115.90	120.70

Links:

November 2001 Uprating statement by Alistair Darling – HC Deb 28 Nov 2001 c972
http://pubs1.tso.parliament.uk/pa/cm200102/cmhansrd/cm011128/debtext/11128-05.htm#11128-05_spmi0

DWP table of benefit rates before and after uprating
<http://www.dwp.gov.uk/mediacentre/pressreleases/2001/nov/csd2811-ihnm.pdf>