



2015 Benefit Up-rating

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This note sets out the main benefit and tax credit rates for the 2015-16 financial year.

Over the three years from 2013-14 to 2015-16 inclusive, two main factors have been used to increase benefits:

- Benefits aimed at disabled people and pensioners (not including the basic state pension) are increased in line with CPI inflation (resulting in a 1.2% increase);
- Most benefits and tax credits for working-age people are being increased by 1%, i.e. below inflation. This money-saving measure was announced in Autumn Statement 2012.

From 2012-13 onwards the basic state pension has been up-rated in line with the 'triple guarantee' (or 'triple lock') which 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 2015-16 up-rating, 2.5% was the highest of these three benchmarks.

The Pension Credit standard minimum guarantee is required to be increased at least in line with earnings; the relevant earnings benchmark rose by 0.6%. However, for the fifth year in a row the Government has decided on an above-earnings increase so that recipients of Pension Credit Guarantee Credit get the same cash increase as those on the Basic State Pension. This is again being paid for by cutting the value of Pension Credit Savings Credit.

The main elements of Working Tax Credit have been up-rated by 1% in 2014-15. Child Benefit will also be increased by 1% from April 2015.

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1 Uprating policy

1.1 Introduction

The uprating of social security benefit rates in each financial year is normally based on inflation in the preceding September. However, 2015-16 is the third consecutive financial year in which a range of key working-age benefits are being limited to a 1% increase.

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' index¹ for means-tested benefits.

The guarantee credit in Pension Credit is to be increased at least in line with average earnings. This usually means that it goes up by more than if it were linked to price inflation. However, this year (and since 2011-12) earnings rose more slowly than prices and the Government have again decided to increase the 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 2014 **1.2%**
- Change in average weekly **earnings** to July 2014² **0.6%**

Changes in other indicators over the relevant period are:

- Change in **RPI** 12 months to September 2014 **2.3%**
- Change in **Rossi** 12 months to September 2014 **1.8%**

¹ Rossi index is RPI minus certain housing costs (rents, mortgage interest payments, council tax, depreciation).

² 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 c223W](#)

This figure was derived from the old Average Earnings Index ([ONS data series LNNC](#)) 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 1-per-cent uprating limit (2013-14 to 2015-16)

Most benefits for people of working age (except for disability/carer benefits and premiums and the ESA support component) are subject to a 1-per-cent uprating limit over the three-year period 2013-14 to 2015-16. The 1% limit was announced in [Autumn Statement 2012](#). The Government said that the 1% limit was “*in line with general economic conditions and to ensure the overall affordability of the welfare system.*”³

The application of the 1% limit in 2014-15 and 2015-16 was legislated in advance by the [Welfare Benefits Up-Rating Act 2013](#), passed in March 2013. Under the Act the orders implementing these 1% increases are not subject to any parliamentary procedure.

The 1% increase under the 2013 Act covers the following benefits and tax credits:

- The personal allowances for single persons and couples in Income Support, income-based Jobseeker’s Allowance, Housing Benefit
- The personal rate of contributory JSA
- The basic rate of Employment and Support Allowance (income-related and contributory)
- The Work-Related Activity Component of income-related or contributory ESA (but not the Support Component)
- Child Benefit
- Statutory Sick Pay, Statutory Maternity Pay, Statutory Paternity Pay and Statutory Adoption Pay
- The standard allowance for single or joint claimants in Universal Credit
- The “limited capability for work” and lower rate disabled child elements in Universal Credit
- The basic element, 30 hour element, second adult element and lone parent element of Working Tax Credit
- The child/qualifying young person element of Child Tax Credit.⁴

For further detail and background see the Library’s Research Paper prepared for the Bill’s second reading in the Commons, [Welfare Benefits Uprating Bill](#) (RP13/1).

³ [Autumn Statement 2012 para 1.155](#)

⁴ See also [Explanatory Notes](#) to the 2013 Act

2 Social security benefit rates

2.1 State Pension

For 2015/16 the basic state retirement pension has been increased by 2.5% 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 results in the single rate rising by £2.85 per week (from £113.10 to £115.95) and the married rate by £4.55 per week (from £180.90 to £185.45).

Table 1: The full Basic State Pension 1997-2015

April	Individual (on own contributions)			Couple (marriage or civil partnership) on one person's contributions		
	£ per week	increase		£ per week	increase	
		£ pw	%		£ pw	%
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%

Note: Rates for those aged under 80.

Additions to the basic pension, such as Additional Pension (SERPS/S2P) and increments are increased by 1.2%, in line with the September 2014 CPI.

2.2 Pension Credit

Standard minimum guarantee

The 'standard minimum guarantee' exists to provide pensioners with a guaranteed minimum income. Incomes which fall below this level are 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 by the increase in earnings; this year the relevant earnings benchmark rose by 0.6%. However, the Government has decided instead (for the fifth year in

a row) to the increase the standard minimum guarantee in Pension Credit in line with the cash rise in the full basic State Pension for an individual, which equates to a 1.9% increase in the standard minimum guarantee. This means that the single person's minimum income level rises by £2.85 (from £148.35 to £151.20 per week) while for couples the increase is £4.35 (from £226.50 to £230.85 per week).

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 for all those over 60.

Table 2: Income Support / MIG / Pension Credit Guarantee – 1997-2015

	Single £pw			Couple £pw			ave. increase in single rate
	60-74	75-79	80+	60-74	75-79	80+	
April 1997	68.80	71.00	75.70	106.80	109.90	115.15	+2.6%
1998	70.45	72.70	77.55	109.35	112.55	117.90	+2.4%
1999	75.00	77.30	82.25	116.60	119.85	125.30	+6.3%
2000	78.45	80.85	86.05	121.95	125.35	131.05	+4.6%
2001		92.15			140.55		+12.7%
2002		98.15			149.80		+6.5%
2003		102.10			155.80		+4.0%
2004		105.45			160.95		+3.3%
2005		109.45			167.05		+3.8%
2006		114.05			174.05		+4.2%
2007		119.05			181.70		+4.4%
2008		124.05			189.35		+4.2%
2009		130.00			198.45		+4.8%
2010		132.60			202.40		+2.0%
2011		137.35			209.70		+3.6%
2012		142.70			217.90		+3.9%
2013		145.40			222.05		+1.9%
2014		148.35			226.50		+2.0%
2015		151.20			230.85		+1.9%

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.

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 has been increased by more than earnings in each of these years. In addition, the

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

maximum award has been cut in each year from 2012-13 to 2015-16, after a freeze in 2011-12.⁶

The threshold will be increased by 5.1% from April 2015. The **single person's threshold** rises from £120.35 to **£126.50 per week**, while the **couple threshold** rises from £192.00 to **£201.80 per week**. In addition to reducing the number of eligible claimants by making the threshold higher, the maximum amount payable through Savings Credit has been reduced – from £16.80 per week to **£14.82** for a single person and from £20.70 to **£17.43** per week for a couple.

2.3 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, it was announced in the June 2010 Budget that Child Benefit would be held at the 2010-11 rates for three further years (2011-12 to 2013-14). As a consequence of the [Welfare Benefits Up-Rating Act 2013](#) Child Benefit was increased by 1% in 2014-15 and will be again in 2015-16.

Since January 2013, Child Benefit has been clawed back from families where the highest earner has an income in excess of £50,000.⁷ This threshold remains unchanged.

2.4 Other benefits

Most benefits for people of working age (except for disability/carer benefits and premiums and the ESA support component) are subject to a 1-per-cent uprating limit over the three-year period 2013-14 to 2015-16 (see section 1.2).

Inflation-linked benefits that remain exempt from the 1% limit are being increased by 1.2% in April 2015, in line with the CPI inflation rate in September 2014. This is only 0.2 percentage points above the 1% cap: it was originally forecast (at the time of the 2012 Autumn Statement) that the CPI factor for 2015/16 would be 2.2%.⁸

Tables 3a, 3b and 3c (below) show the main social security benefit rates for 2015-16 and the preceding six years, and the percentage increases in each case.

⁶ 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.

⁷ For further details see Library Standard Note 6299 [Child Benefit for higher income families](#)

⁸ [Autumn Statement 2012 table B2 – CPI \(September\) 2014/15](#)

Table 3a: Social security benefits – Out-of-work benefits for working-age

	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15		2015-16	
	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.	£ per week	% incr.
ESA: components (added to personal allowances)														
Work-related activity group component	25.50	+6.3	25.95	+1.8	26.75	+3.1	28.15	+5.2	28.45	+1.1	28.75	+1.1	29.05	+1.0
Support Group component	30.85	+6.4	31.40	+1.8	32.35	+3.0	34.05	+5.3	34.80	+2.2	35.75	+2.7	36.20	+1.3
ESA, Income Support, JSA (income-based)														
<i>Personal allowances (selected rates):</i>														
Single under 25/lone parent under 18	50.95	+6.3	51.85	+1.8	53.45	+3.1	56.25	+5.2	56.80	+1.0	57.35	+1.0	57.90	+1.0
Single 25+ / lone parent 18+	64.30	+6.3	65.45	+1.8	67.50	+3.1	71.00	+5.2	71.70	+1.0	72.40	+1.0	73.10	+1.0
Couple (both over 18)	100.95	+6.3	102.75	+1.8	105.95	+3.1	111.45	+5.2	112.55	+1.0	113.70	+1.0	114.85	+1.0
Jobseeker's Allowance (contribution-based)														
Under 25	50.95	+6.3	51.85	+1.8	53.45	+3.1	56.25	+5.2	56.80	+1.0	57.35	+1.0	57.90	+1.0
25 or over	64.30	+6.3	65.45	+1.8	67.50	+3.1	71.00	+5.2	71.70	+1.0	72.40	+1.0	73.10	+1.0
Universal Credit - Standard allowances *														
Single under 25	..		..		..		..		56.80		57.35	+1.0	57.95	+1.0
Single 25+	..		..		..		..		71.70		72.40	+1.0	73.10	+1.0
Couple, one or both over 25	..		..		..		..		112.55		113.70	+1.0	114.85	+1.0
Incapacity Benefit - long-term														
	89.80	+6.3	91.40	+1.8	94.25	+3.1	99.15	+5.2	101.35	+2.2	104.10	+2.7	105.35	+1.2
Severe Disablement Allowance														
Basic rate + higher age-related addition	73.10	+6.3	74.45	+1.8	76.75	+3.1	80.70	+5.1	82.50	+2.2	84.75	+2.7	85.80	+1.2
Benchmarks for uprating														
Retail Prices Index (RPI)		+5.0		-1.4		+4.6		+5.6		+2.6		+3.2		+2.3
Consumer Prices index (CPI)		+5.2		+1.1		+3.1		+5.2		+2.2		+2.7		+1.2
Rossi index		+6.3		+1.8		+4.8		+6.8		+2.8		+3.4		+1.8
Earnings (a)		+3.5		+1.8		+2.0		+2.8		+1.6		+1.2		+0.6

(*) Rates are expressed in weekly amounts, however Universal Credit is paid monthly.

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

Table 3b: Social security benefits – disability and carer benefits; child and parental benefits

	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15		2015-16	
	£ 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	70.35	+5.0	71.40	+1.5	73.60	+3.1	77.45	+5.2	79.15	+2.2	81.30	+2.7	82.30	+1.2
Lower Rate	47.10	+5.0	47.80	+1.5	49.30	+3.1	51.85	+5.2	53.00	+2.2	54.45	+2.7	55.10	+1.2
Carer's Allowance														
	53.10	+5.0	53.90	+1.5	55.55	+3.1	58.45	+5.2	59.75	+2.2	61.35	+2.7	62.10	+1.2
Disability Living Allowance (DLA) & Personal Independence Payment (PIP) - components														
DLA Care: highest / PIP Daily Living: enhanced	70.35	+5.0	71.40	+1.5	73.60	+3.1	77.45	+5.2	79.15	+2.2	81.30	+2.7	82.30	+1.2
DLA Care: middle / PIP Daily Living: standard	47.10	+5.0	47.80	+1.5	49.30	+3.1	51.85	+5.2	53.00	+2.2	54.45	+2.7	55.10	+1.2
DLA Care: lowest	18.65	+5.1	18.95	+1.6	19.55	+3.2	20.55	+5.1	21.00	+2.2	21.55	+2.6	21.80	+1.2
DLA Mobility: higher / PIP Mobility: enhanced	49.10	+5.0	49.85	+1.5	51.40	+3.1	54.05	+5.2	55.25	+2.2	56.75	+2.7	57.45	+1.2
DLA Mobility: lower / PIP Mobility: standard	18.65	+5.1	18.95	+1.6	19.55	+3.2	20.55	+5.1	21.00	+2.2	21.55	+2.6	21.80	+1.2
Child Benefit														
First child	20.00	+6.4	20.30	+1.5	20.30	+0.0	20.30	+0.0	20.30	+0.0	20.50	+1.0	20.70	+1.0
Each additional child	13.20	+5.2	13.40	+1.5	13.40	+0.0	13.40	+0.0	13.40	+0.0	13.55	+1.1	13.70	+1.1
Statutory Maternity/Paternity/Parental/Adoption Pay; Maternity Allowance - std rate														
	123.06	+5.0	124.88	+1.5	128.73	+3.1	135.45	+5.2	136.78	+1.0	138.18	+1.0	139.58	+1.0
Benchmarks for uprating														
Retail Prices Index (RPI)		+5.0		-1.4		+4.6		+5.6		+2.6		+3.2		+2.3
Consumer Prices index (CPI)		+5.2		+1.1		+3.1		+5.2		+2.2		+2.7		+1.2
Rossi index		+6.3		+1.8		+4.8		+6.8		+2.8		+3.4		+1.8
Earnings (a)		+3.5		+1.8		+2.0		+2.8		+1.6		+1.2		+0.6

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

Table 3c: Social security benefits – pensioner benefits

	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15		2015-16	
	£ 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>)	95.25	+5.0	97.65	+2.5	102.15	+4.6	107.45	+5.2	110.15	+2.5	113.10	+2.7	115.95	+2.5
Spouse or civil partner (<i>Category B lower</i>)	57.05	+5.0	58.50	+2.5	61.20	+4.6	64.40	+5.2	66.00	+2.5	67.80	+2.7	69.50	+2.5
Couple on one person's contributions (<i>Category A + Category B lower</i>)	152.30	+5.0	156.15	+2.5	163.35	+4.6	171.85	+5.2	176.15	+2.5	180.90	+2.7	185.45	+2.5
Pension Credit														
Standard minimum guarantee - Single	130.00	+4.8	132.60	+2.0	137.35	+3.6	142.70	+3.9	145.40	+1.9	148.35	+2.0	151.20	+1.9
Standard minimum guarantee - Couple	198.45	+4.8	202.40	+2.0	209.70	+3.6	217.90	+3.9	222.05	+1.9	226.50	+2.0	230.85	+1.9
Savings Credit threshold - Single	96.00	+5.3	98.40	+2.5	103.15	+4.8	111.80	+8.4	115.30	+3.1	120.35	+4.4	126.50	+5.1
Savings Credit threshold - Couple	153.40	+5.2	157.25	+2.5	164.55	+4.6	178.35	+8.4	183.90	+3.1	192.00	+4.4	201.80	+5.1
Savings Credit maximum award - Single	20.40	+3.5	20.52	+0.6	20.52	+0.0	18.54	-9.6	18.06	-2.6	16.80	-7.0	14.82	-11.8
Savings Credit maximum award - Couple	27.03	+3.4	27.09	+0.2	27.09	+0.0	23.73	-12.4	22.89	-3.5	20.70	-9.6	17.43	-15.8
Benchmarks for uprating														
Retail Prices Index (RPI)		+5.0		-1.4		+4.6		+5.6		+2.6		+3.2		+2.3
Consumer Prices index (CPI)		+5.2		+1.1		+3.1		+5.2		+2.2		+2.7		+1.2
Rossi index		+6.3		+1.8		+4.8		+6.8		+2.8		+3.4		+1.8
Earnings (a)		+3.5		+1.8		+2.0		+2.8		+1.6		+1.2		+0.6

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

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.

In 2013-14 to 2015-16 the 1% uprating limit applies to those core CTC and WTC elements that are conventionally inflation-linked.

The tax credit rates and thresholds for 2013-14 and the preceding four years are shown in table 4.

⁹ [Section 41](#)

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

Table 4: Tax credit rates and thresholds

£ amounts are annual except where specified

	2010-11		2011-12		2012-13		2013-14		2014-15		2015-16	
	£	% incr.	£	% incr.	£	% incr.	£	% incr.	£	% incr.	£	% incr.
Child Tax Credit												
Family element	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
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
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
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
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
30 hour element	790	+1.9	790	+0.0	790	+0.0	790	+0.0	800	+1.3	810	+1.3
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
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
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	
Eligible costs incurred for 2+ children	300		300		300		300		300		300	
Percentage of eligible costs covered	80%		70%		70%		70%		70%		70%	
Income thresholds and withdrawal rates												
First income threshold	6,420		6,420		6,420		6,420		6,420		6,420	
First withdrawal rate	39%		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	
Income increase disregard	25,000		10,000		10,000		5,000		5,000		5,000	
Income fall disregard	..		..		2,500		2,500		2,500		2,500	
Upating benchmarks (for comparison)												
Retail Prices Index (RPI)	-1.4		+4.6		+5.6		+2.6		+3.2		+2.3	
Consumer Prices index (CPI)	+1.1		+3.1		+5.2		+2.2		+2.7		+1.2	
Earnings	+1.8		+2.0		+2.8		+1.6		+1.2		+0.6	

.. denotes that the feature in question does not apply.

Note: Actual increases may not exactly match the underlying % increase in the indexation benchmark due to rounding

4 Universal Credit

In 2013, Universal Credit 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. In September 2014 the DWP [announced plans](#) to commence full national expansion of UC from early 2015 onwards, with new claims for the legacy benefits to be closed from 2016.¹³

Universal Credit awards consist of the following elements:

- **Standard allowance:** based on the personal allowances in JSA / ESA / Income Support;
- **Child elements:** set at the same level as Child Tax Credit family and child elements;
- **Housing cost element:** the equivalent of Housing Benefit;
- **Childcare cost element:** the equivalent of Working Tax Credit childcare element.

4.1 Work Allowances

For those with earnings or other income, a single taper applies such that as earnings rise, UC is withdrawn at a constant rate of 65 pence for each pound of net earnings above the family’s monthly earnings disregard (or “**work allowance**”).

Different work allowances apply 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 are much higher if housing cost element is not received – the stated rationale for this is to “target resources fairly”, taking into account the higher awards that housing-cost claimants receive.¹⁴

The default budgetary assumption is that work allowances increase in line with CPI inflation.¹⁵ However, work allowances are being kept frozen at their initial 2013-14 cash levels until 2017-18 inclusive. This is the result of announcements at successive Autumn Statements:

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

[Autumn Statement 2013](#): work allowances 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 to be frozen for a further year (2017-18) to help finance an increase in the generosity of UC childcare element (see below).

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 DWP, [Plans announced for accelerated rollout of Universal Credit after success in north west](#), press release 29 September 2014; [Universal Credit national expansion](#), 9 December 2014

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

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

4.2 Childcare element

The UC childcare element is currently 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:

- 1 child: 70% of £175 per week = £122.50 per week = **£532.29 per month**
- 2+ children: 70% of £300 per week = £210.00 per week = **£912.50 per month**

In Budget 2014 it was announced that the value of the UC childcare element would increase to the equivalent of 85% of eligible costs for all families eligible for Universal Credit.¹⁶ This was confirmed in Autumn Statement 2014, which also announced that this increase in childcare support will be provided from April 2016 and will be part-financed by freezing UC work allowances for a further year (2017-18).¹⁷

The increase from 70% to 85% of eligible costs means that as of 2016-17 the maximum UC childcare elements will increase to £646 per month for one child and £1,108 per month for two or more children.¹⁸

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

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

¹⁸ [HM Treasury Autumn Statement 2014 policy costings](#), p.60

Table 5: Universal Credit main rates and thresholds - monthly

	£ per month				
	2013-14	2014-15		2015-16	
	£	£	% <i>incr</i>	£	% <i>incr</i>
Standard Allowance					
Single under 25	246.81	249.28	+1.0	251.77	+1.0
Single 25 or over	311.55	314.67	+1.0	317.82	+1.0
Joint claimants both under 25	387.42	391.29	+1.0	395.20	+1.0
Joint claimants, one or both 25 or over	489.06	493.95	+1.0	498.89	+1.0
Child element					
First child	272.08	274.58	+0.9	277.08	+0.9
Each additional child	226.67	229.17	+1.1	231.67	+1.1
Childcare element					
Maximum for 1 child	532.29	532.29		532.29	
Maximum for 2+ children	912.50	912.50		912.50	
Higher work allowance <i>(for claimants not claiming housing element)</i>					
Single claimant, no dependent children	111.00	111.00	+0.0	111.00	+0.0
Single claimant, one or more children	734.00	734.00	+0.0	734.00	+0.0
Single claimant, limited capability for work	647.00	647.00	+0.0	647.00	+0.0
Joint claimant, no dependent children	111.00	111.00	+0.0	111.00	+0.0
Joint claimant, one or more children	536.00	536.00	+0.0	536.00	+0.0
Joint claimant, limited capability for work	647.00	647.00	+0.0	647.00	+0.0
Lower work allowance <i>(for claimants claiming housing element)</i>					
Single claimant, no dependent children	111.00	111.00	+0.0	111.00	+0.0
Single claimant, one or more children	263.00	263.00	+0.0	263.00	+0.0
Single claimant, limited capability for work	192.00	192.00	+0.0	192.00	+0.0
Joint claimant, no dependent children	111.00	111.00	+0.0	111.00	+0.0
Joint claimant, one or more children	222.00	222.00	+0.0	222.00	+0.0
Joint claimant, limited capability for work	192.00	192.00	+0.0	192.00	+0.0

Notes: Work Allowances to be frozen at current levels to 2017-18 inclusive;
Childcare element maximum amounts set to increase to £646 (1 child) and £1,108 (2+ children) in 2016-17.

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 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 Ben 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 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