

Welfare benefit and tax credit highlights in Budget 2010

In Budget 2010, 'Securing the recovery', and in furtherance of the government's commitment, as the UK emerges from the downturn, to continue –

'... to work to foster recovery by providing targeted support to those who need it most ...'

– the Chancellor set out a series of welfare benefit and tax credit related measures, that included –

● 18–24 year olds

Extension of the Young Person's Guarantee after March 2011, to ensure young people continue to be guaranteed a job, training or work experience placement if they cannot find work within six months, with participation mandatory for those young people who are unemployed for 10 months.

● Tax credits and disability

From April 2011, automatic eligibility for the disability element in working tax credit for those with a limited capability for work moving into work from employment and support allowance.

● Tax credits and older workers

From April 2011, entitlement to working tax credit for people aged over 60 if they work at least 16 hours a week, rather than 30 hours as now.

● Child tax credit

From April 2012, an increase of £4 per week in the child element of child tax credit for each child aged one and two.

(continued on page 4 column 1)

10,000 incapacity benefit claimants to be reassessed every week from October 2010

The government has outlined plans to reassess everyone currently on 'old style' incapacity benefits, at a rate of 10,000 a week from October 2010, along with changes to the work capability assessment (WCA) as part of a new approach to tackling long term worklessness.

Following a review of the operation of the WCA – that was introduced alongside employment and support allowance (ESA) in October 2008 – the government has published a Command Paper, 'Building Bridges to Work', that sets out changes to improve the accuracy of the assessment and steps to migrate everyone claiming benefit on the basis of incapacity to ESA over the next three years, culminating in the abolition of incapacity benefits in April 2014.

Also announcing plans to guarantee all JSA claimants who have been out of work for two years a job or work placement,

Secretary of State for Work and Pensions, Yvette Cooper, said –

'As the economy recovers, we have to make sure no one is left behind. In the 80s and 90s too many people were abandoned to long term unemployment or sickness benefits, pushing families into poverty, devastating communities and hurting the economy and the taxpayer too. That's why it is more important than ever to press ahead with extra help and welfare reform.'

NB – in relation to the migration of claimants to ESA, the government has issued new regulations to protect the position of anyone who receives more from their current benefit than the amount they would otherwise receive by way of ESA, until either the ESA rate catches up or 5 April 2020, whichever comes first.

Changes to the WCA ... that have been accepted by the Secretary of State and will form the basis for new legislation to support the introduction of a revised assessment, include –

- greater recognition of fluctuating conditions, in particular in relation to those descriptors where exertion is a significant component;
- making the language of the assessment clearer and the process simplified, to support fair and consistent application;
- placing people awaiting chemotherapy in the support group, and expanding the support group to cover people with certain communication problems and severe disability due to mental health conditions;
- ensuring 'appropriate account' is taken of individuals' adaptation to their condition or disability; and
- providing those with limited capability for work with a personalised timetable to be reassessed as a condition of receiving ESA (with a maximum of two years between reassessments) alongside a personalised regime of support and requirements to take up that support.

For more information see www.dwp.gov.uk/docs/work-capability-assessment-review.pdf □

means tested

• Income Support & income-based Jobseeker's Allowance

Personal allowances

Single	
under 25	51.85
25+	65.45
Lone parent	
under 18	51.85
18+	65.45
Couple	
both under 18	51.85 / 78.30
one under 18	51.85 / 65.45 / 102.75
both aged 18+	102.75
Dependent children	57.57

Premiums

Carer	30.05
Disability	
single	28.00
couple	39.85
Disabled Child	52.08
Enhanced Disability	
single person/lone parent	13.65
couple	19.65
child	21.00
Family	17.40
Pensioner	
single (JSA only)	67.15
couple	99.65
Severe Disability	
per qualifying person	53.65

• Employment and Support Allowance

Basic Allowance ^(a)	
single/lone parent	65.45
couple	65.45 / 102.75
Work-related activity component	25.95
Support component	31.40
(Carer, Enhanced Disability, Pensioner ^(b) and Severe Disability Premiums paid at the same rate as Income Support/income-based JSA)	

• Pension Credit

Minimum guarantee

single	132.60
couple	202.40

Additional amounts

severe disability (per qualifying person)	53.65
carer	30.05

Savings Credit

Threshold – single	98.40
couple	157.25
Maximum – single	20.52
couple	27.09

• Housing Benefit & Council Tax Benefit^(c)

As for Income Support, income-based JSA, Employment and Support Allowance or Pension Credit, except –

Personal Allowances

Single person – aged 65+	153.15
Couple – both under 18 (n/a for CTB)	78.30
– one under 18	102.75
– one or both aged 65+	229.50

Premiums

Family – lone parent rate	22.20
– baby addition	10.50

• Working Tax Credit^(d)

Basic element	1,920.00
Couple/lone parent	1,890.00
30 hours element	790.00
Disability element	2,570.00
Severe Disability element	1,095.00
50+ return to work	
16–29 hours	1,320.00
30+ hours	1,965.00
Childcare costs (80% of up to)	
1 child (weekly rate)	175.00
2+ children (weekly rate)	300.00

• Child Tax Credit^(d)

Family element	545.00
Baby addition	545.00
Child element	2,300.00
Disabled child	2,715.00
Severely disabled child	1,095.00

non means tested

• Attendance Allowance

lower rate	47.80
higher rate	71.40

• Bereavement Benefits

Bereavement Allowance	
aged 45–54	29.30–90.81
aged 55–pension age	97.65
Widowed Parent's Allowance	97.65
child dependant	11.35 ^(e)

• Carer's Allowance

adult dependant	53.90
child dependant	31.70
	11.35 ^(e)

• Child Benefit

only/eldest child	20.30
other children	13.40

• Disability Living Allowance

Care component	
lower rate	18.95
middle rate	47.80
higher rate	71.40
Mobility component	
lower rate	18.95
higher rate	49.85

• Employment and Support Allowance

Basic Allowance ^(a)	65.45
Work-related activity component	25.95
Support component	31.40

• Guardian's Allowance

	14.30
--	-------

• Incapacity Benefit

short term (under pension age)	
lower rate	68.95
higher rate	81.60
adult dependant	41.35
child dependant (paid with higher rate)	11.35 ^(e)
long term	91.40
age addition	
under 35	15.00
aged 35–44	5.80
adult dependant	53.10
child dependant	11.35 ^(e)

• Industrial Injuries Disablement Benefit

(variable depending on % disablement)	
under 18	17.87–89.35
18+ (or under 18 with dependants)	29.16–145.80

• Jobseeker's Allowance

under 25	51.85
25+	65.45

• Maternity Allowance

standard rate	124.88
adult dependant	41.35

• Retirement Pension

Cat A	97.65
Cat B late spouse's or civil partner's NI	97.65
Cat B spouse's or civil partner's NI	58.50
Cat D non contributory, aged 80 or over	58.50
age addition (aged 80 or over)	0.25
adult dependant (with Cat A)	57.05
child dependant (with Cat A and B)	11.35 ^(e)

• Severe Disablement Allowance

age addition	
aged under 40	15.00
aged 40–49	8.40
aged 50–59	5.45
adult dependant	31.90
child dependant	11.35 ^(e)

• Statutory Adoption, Maternity and Paternity Pay

	124.88
--	--------

• Statutory Sick Pay

	79.15
--	-------

(a) Paid at a reduced rate to certain claimants during 13 week assessment phase.

(b) Reduced where claimant entitled to ESA component.

(c) Replaced by Local Housing Allowance – based on area and family size – in the private rented sector from April 2008.

(d) Annual figures. First threshold £6,420 (£16,190 if not entitled to WTC). Second threshold £50,000.

(e) Reduced for an eldest/only child where CB is payable.

Get a colour A2 version of our poster!
Colour copies of our benefit rates poster – and our handy pocket-sized rates cards – are also available to purchase. Email us – info@lasa.org.uk – for more information.

benefit and tax credit rates • 2010/2011

Welfare benefit and tax credit highlights in Budget 2010

(continued from page 1 column 1)

● Childcare

Simplification of the system for working parents who claim the childcare element of working tax credit for short periods of time, for example during school holidays, by allowing claims to be made in respect of these short periods rather than on an annualised basis.

● Tax credit take-up

Following recommendations of the Take-Up Taskforce, the launch of an online resource to bring together advice on the range of financial support available to working age families, designed to assist intermediaries and local advisers to promote take-up at a national and local level.

● Housing benefit reform

The exclusion, from October 2011, of the highest rents across the country, including the most expensive 8 per cent of properties in London, from the calculation of the local housing allowance in each area.

● Help with mortgage costs

The maintenance of the standard interest rate at 6.08 per cent for a further six months until December 2010.

● Help with fuel bills

Continuation of the additional payment made this year alongside the winter fuel payment, worth £100 to households with someone over 80 or £50 if someone is over the female state pension age.

● Support for second earners

Consideration of options to improve work incentives and support for second earners

moving into and progressing in the labour market, including initiatives such as the School Gates Employment Support Initiative and other outreach work.

● Treatment of guardianship payments

From April 2011, disregarding special guardianship payments as income in the assessment of housing benefit and council tax benefit to bring their treatment into line with the treatment of child maintenance.

● Tackling fraud and error

Further action to prevent incorrect payments in the benefits system, to be achieved by improving the interface between the IT systems for different benefits, to enable the automatic cross-checking of information on individuals' circumstances, and by increasing resources to review existing claims to identify and remove overpayments.

● Child benefit claims

The introduction of a full on-line service for child benefit claimants, and the creation of an electronic link between the Revenue and the General Register Offices, that are responsible for registering UK births, in order that families who claim child benefit will no longer have to submit original UK birth certificates from 2011/2012.

● Saving Gateway

The launch of the first Saving Gateway accounts in July 2010, with Lloyds Banking Group, the Post Office and Royal Bank of Scotland Group intending to offer accounts during 2010.

Government proposes radical reform of the social fund

The government has launched a consultation on proposals for radical reform of the social fund, designed to move it away from the short-term 'sticking plaster' role it has for many.

In a new Green Paper, 'Social Fund reform: debt, credit and low income households', the government sets out its vision of –

'... a sustainable scheme which helps people both deal with short term crises and also addresses the longer-term challenges faced by those who need financial support.'

Amongst the proposals for reform are –

- changes to budgeting loans so that more people can apply for smaller loans earlier in their benefit claim;
- the provision of goods and services instead of cash grants;
- a requirement to attend an interview for those who make repeat applications for crisis loans, and more stringent checks on what the loan is required for;
- requiring repeat applicants to, for example, take up a financial health check to address their more deep-seated financial problems, or to develop and agree action plans with advisers; and
- providing 'resettlement' grants to people leaving care or fleeing domestic violence.

The consultation – that applies to England, Wales and Scotland – will run until 7 June 2010. □

The Budget 2010 report and accompanying Treasury documents are available @ www.hm-treasury.gov.uk/budget2010.htm □

Subscriptions to **review** cost £19.00 a year (6 issues) for voluntary organisations, £24.00 a year for others.

Please invoice my organisation for: £19.00 £24.00

Name:

Organisation:

Address:

Telephone:

Return to **LASA**, Universal House, 88–94 Wentworth St, London E1 7SA
or faxback to 020 7247 4725

lasa review

is produced by Lasa, Universal House, 88/94 Wentworth Street, London E1 7SA

Written and edited by:
Ros White and Shawn Mach

Editorial:
020 7426 4483

This organisation is funded by

Subscriptions:
020 7377 2748



ISSN 1740–3294