Welfare Benefits Uprating Bill

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Social security legislation requires the Secretary of State to review benefit levels each year to determine whether they have retained their value relative to prices. For most benefits annual uprating is not mandatory, but historically governments have exercised their discretion by increasing the principal means-tested working-age benefits each April in line with prices. Since 2011 the measure used has been the Consumer Price Index (CPI).

In his 2012 Autumn Statement, the Chancellor announced that increases in most working-age benefits would be limited to 1% a year for three years from 2013-14, as part of a package to deliver additional welfare savings of £3.7 billion a year by 2015-16. Increases in the basic rates of benefits such as Jobseeker's Allowance and Employment and Support Allowance (ESA), and benefits including Statutory Sick Pay and Statutory Maternity Pay, will be limited to 1% a year, but disability and carer premiums payable with means-tested benefits, and the ESA Support Component, will rise by the full CPI (2.2% from next April). Uprating by 1% will also extend to the couple, lone parent and child elements of tax credits and, for 2014-15 and 2015-16, to Child Benefit and the basic and 30 hour elements of Working Tax Credit (these are already frozen for 2013-14). Universal Credit (UC) earnings disregards and certain UC elements are also to be limited to a 1% increase in 2014-15 and 2015-16, as will Housing Benefit rates (subject to certain exceptions).

The Bill amends primary legislation to enable the decisions on uprating in 2014-15 and 2015-16 to be implemented. This paper has been prepared for the Second Reading debate in the House of Commons.