

# **WELFARE BENEFITS UP-RATING ACT 2013**

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## **EXPLANATORY NOTES**

### **BACKGROUND**

3. The measures contained within this Act implement decisions made as part of the Autumn Statement 2012.
4. Welfare expenditure is a significant driver of public spending, and the Government has made a commitment to deliver a more sustainable welfare system. In the Autumn Statement, it was announced that in light of the national economic situation, certain working-age social security benefits and payments, and certain elements of tax credits, would be up-rated by 1 per cent, rather than prices (as measured by the Consumer Prices Index ('CPI'), 2.2 per cent), for the tax year 2013-14.
5. The working-age social security benefits and payments in question are:
  - The main rates of Income Support, Jobseeker's Allowance, Employment and Support Allowance and Housing Benefit; and the work-related activity group component of Employment and Support Allowance;
  - Maternity Allowance; and Statutory Adoption, Maternity, Paternity and Sick Pay.
6. Also for 2013-14, the Government has decided that the basic State Pension should be up-rated by 2.5 per cent as under the 'triple lock' commitment. The Standard Minimum Guarantee in Pension Credit will be increased beyond the statutory minimum of earnings to give an equivalent to the cash increase in basic State Pension, with the cost off-set by an increase in the Savings Credit threshold. Premia paid to pensioner recipients of working-age benefits as listed above will continue to be up-rated to match Pension Credit rates. Premia paid to disabled people receiving working-age benefits as listed above, and the Support Group component of Employment and Support Allowance, will be up-rated by CPI at 2.2 per cent. Applicable amounts specified for children or young persons in the working-age benefits as listed above will continue to be up-rated with reference to Tax Credit and Child Benefit rates.
7. The above up-rating decisions for 2013-14 will take effect through the [Social Security Benefits Up-rating Order 2013 \(S.I. 2013/574\)](#) provided for by sections 150 and 150A of the Social Security Administration Act 1992. The new rates will take effect in April 2013.
8. The Government also decided that certain tax credits – the couple element and lone parent element of Working Tax Credit, and the child element of Child Tax Credit – would be up-rated by 1 per cent in 2013-14. These decisions will come into force in April 2013.
9. Also at the Autumn Statement it was announced that the 1 per cent decision would apply in 2014-15 and 2015-16 to the working-age benefits and payments as listed above (and therefore the corresponding Universal Credit rates; Child Benefit; and certain elements of tax credits). It is these decisions in respect of 2014-15 and 2015-16 which are the subject of this Act.

*These notes refer to the Welfare Benefits Up-rating Act  
2013 (c.16) which received Royal Assent on 26 March 2013*

10. For ease of reference when reading these explanatory notes, please note the following abbreviations for existing pieces of legislation affected by the Act:
- SSAA 1992 – Social Security Administration Act 1992;
  - SSAA (NI)1992 – Social Security Administration (Northern Ireland) Act 1992;
  - TCA – Tax Credits Act 2002.