

Benefits affected by the Spending Review

Benefits cap

From 2013 the total amount of household benefits you can claim will be capped at £500 per week for couples and lone parents, and at £350 per week for single adult households. This excludes all Disability Living Allowance claimants, War Widows and working families claiming Working Tax Credit.

All benefits including Child Benefit will be included when calculating a family's entitlement to benefit. This change will generally affect those families with a greater number of children who live in an area where rental costs are high.

Child Benefit

To qualify for Child Benefit you must have children aged under-16 or under-20 and they are in certain types of full-time education or training. It is paid at two different rates; a claimant will receive £20.30 a week for their eldest child and £13.40 a week for every other child.

Changes: In January 2013 Child Benefit will be withdrawn from families with a higher rate taxpayer (i.e. earning above £43,875 a year).

Child Tax Credit

You can usually claim Child Tax Credit for any child who lives with you until 31 August after their 16th birthday. Or children under 20 if they're in full-time education or approved training.

Changes: There will be an increase in the child element of tax credits by £30 in 2011 and £50 in 2012.

Employment and Support Allowance (ESA)

ESA replaced Incapacity Benefit in 2008. To qualify you must either have paid the relevant National Insurance contributions in order to qualify for Contributory ESA, and/ or have a low enough household income to qualify for Income Related ESA. Claimants are assessed on their ability to work, and after 13 weeks of claiming will be placed into either a 'work related activity group' or 'support group'.

Changes: Starting from 2012 for those in the 'work related activity group', contribution based ESA will only be paid for 12 months. After 12 months claimants will be re-assessed for income based ESA. This change will mainly affect households comprising a couple where one partner is a claimant and the other works, earning an income over £102.75pw.

Local Housing Allowance (LHA)

Local Housing Allowance (LHA) is used by local councils to set the maximum rent they will pay in Housing Benefit for tenants living in privately rented accommodation. Councils will only pay a rate applicable to the bedrooms needed i.e. a family with one child are only eligible for LHA for a two bedroom property.

Changes: The age threshold for the shared room rate will rise from 25 to 35 from 2012. Following the change, single people aged under 35 with no dependents and who are in good health will only be eligible for the lower rate applicable to a shared room. For example, the shared room rate for a property in Cheltenham is £65 per week. However, the one bedroom property rate in Cheltenham is £113 per week; meaning a Housing Benefit claimant under 35 living in a one bedroom property will be £48 per week worse off.

State Pension

In changes laid out by the previous government the state pension age was set to rise to 65 for women by April 2020, to equalise with the age when men could claim state pension.

Changes: The state pension age for both men and women will now rise to 66 by April 2020. However, the amount of state pension paid will be increased each year in line with either earnings, prices or 2.5%, whichever of these three amounts is the higher.

Pension Credit (Savings Credit element)

Anyone over the age of 65 who has made some provision for their retirement in the form of private pensions or savings, or have made extra contributions to their second state pension, may qualify for additional support through the Savings Credit element of Pension Credit.

Changes: From 2011 there will be a freeze on the maximum awards of Savings Credit for four years. Therefore the qualifying amount of savings or additional income pensioners can have and still receive Savings Credit will be frozen.

Working Tax Credits

Working Tax Credit is based on the hours you work and your income from that work as employee or a self-employed person. If a claimant doesn't have children, and are over 25, they need to work at least 30 hours a week to qualify. Those with children need to be aged 16 or over and do paid work of at least 16 hours a week.

Changes: In April 2011 the percentage of childcare costs that can be claimed through Working Tax Credits will be reduced from 80 percent to 70 percent. There will also be a freeze on the basic element and 30 hour element of Working Tax Credit for three years.

From 2012 there will be a change in the eligibility rules so that couples with children must work 24 hours per week between them, with one partner working at least 16 hours per week – an increase on the current minimum of 16 hours between both partners.

If you want to read details of the full Spending Review or listen to a podcast explaining them, please visit [Directgov](https://www.direct.gov.uk).

Other organisations able to help

Benefit Enquiry Line	0800 882 200
Disability Benefits Helpline	08457 123 456
Carer's Allowance Unit	0845 608 4321
Jobcentre Plus	0800 055 6688
Child Benefit Office	08453 021 444
Tax Credit Helpline	0845 300 3900
Moneymadeclear	0300 500 5000
Age UK	0800 169 6565
Community Legal Advice	0845 345 4345

We can also offer you a complete counselling session on the internet using our online tool [CCCS Debt Remedy](#). It only takes about 20 minutes to complete and will provide you with a customised recommendation. It is anonymous and free of charge.

Alternatively, you can call our Helpline and speak to one of our advisors. They will collect information from you and if necessary will arrange an appointment with a debt counsellor either straight away or at a time that suits you.