

EXPLANATORY MEMORANDUM TO
THE SOCIAL SECURITY BENEFITS (ADJUSTMENT OF AMOUNTS AND
THRESHOLDS) REGULATIONS 2016

2016 No. 242

1. Introduction

- 1.1 This explanatory memorandum has been prepared by the Department for Work and Pensions and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

- 2.1 The Social Security Benefits (Adjustment of Amounts and Thresholds) Regulations 2016 (“the Regulations”) make provision for the up-rating of amounts and thresholds of certain social security benefits, including increases to the pensioner premiums in working-age benefits; increases to pensioner amounts in Housing Benefit; increases to non-dependant deductions; increases to the amount of the standard minimum guarantee in the case of a polygamous marriage in Pension Credit; and changes to the level of the savings credit threshold also in Pension Credit.

3. Matters of special interest to Parliament

Matters of special interest to the [Joint Committee on Statutory Instruments]

- 3.1 None.

Other matters of interest to the House of Commons

- 3.2 As this instrument is subject to the negative resolution procedure and has not been prayed against, consideration as to whether there are other matters of interest to the House of Commons does not arise at this stage.

4. Legislative Context

- 4.1 The Regulations provide for the up-rating of amounts and thresholds of certain social security benefits in exercise of powers conferred by sections in the Social Security Contributions and Benefit Act 1992¹, the Jobseekers Act 1995², the State Pension Credit Act 2002³ and the Welfare Reform Act 2007⁴.
- 4.2 In previous years, the up-rating of these amounts and thresholds has been covered by an Up-rating Order laid under section 150 of the Social Security Administration Act 1992 (“the Act”). This year, the Secretary of State has determined that benefits falling within section 150(1) of the Act have maintained their value in relation to prices as measured by the Consumer Prices Index (CPI) over the 12 month period ending

¹ The Social Security Contributions and Benefits Act 1992 can be found on [legislation.gov.uk](http://www.legislation.gov.uk/ukpga/1992/4) on <http://www.legislation.gov.uk/ukpga/1992/4>

² The Jobseekers Act 1995 can be found on [legislation.gov.uk](http://www.legislation.gov.uk/ukpga/1995/18) on <http://www.legislation.gov.uk/ukpga/1995/18>

³ The State Pension Credit Act 2002 can be found on [legislation.gov.uk](http://www.legislation.gov.uk/ukpga/2002/16) on <http://www.legislation.gov.uk/ukpga/2002/16>

⁴ The Welfare Reform Act 2007 can be found on [legislation.gov.uk](http://www.legislation.gov.uk/ukpga/2007/5) on <http://www.legislation.gov.uk/ukpga/2007/5>

September 2015⁵. Therefore, while an Up-rating Order has been laid to increase earnings-indexed benefits covered by section 150A of the Act, this does not include the rates of benefits under section 150 of the Act.

- 4.3 These Regulations use powers conferred by the legislation referred to in paragraph 4.1, instead of the usual up-rating powers to deliver the policy intent.

5. Extent and Territorial Application

- 5.1 The extent of this instrument is Great Britain.
- 5.2 The territorial application of this instrument is Great Britain.
- 5.3 Subject to the agreement of the Northern Ireland Assembly, the Department of Social Development in Northern Ireland will be making corresponding provision for Northern Ireland.

6. European Convention on Human Rights

- 6.1 As the instrument is subject to the negative resolution procedure and does not amend primary legislation no statement is required.

7. Policy background

What is being done and why

- 7.1 An annual review of social security benefit rates is required by section 150 and 150A of the Social Security Administration Act 1992 to determine if benefits and pensions have retained their value against the rise in prices and earnings respectively.
- 7.2 Due to negative inflation, while an Up-rating Order has been laid to up-rate earnings-indexed benefits, it does not include price-indexed benefits under section 150 of the Act. The Regulations provide for certain benefits to be increased as set out in the following paragraphs and use alternative powers to deliver the policy intent. A full list of the proposed social security benefit rates for 2016-17 can be found on the website for the libraries of the House of Commons and the House of Lords at: http://data.parliament.uk/DepositedPapers/Files/DEP2015-0921/Proposed_benefit_and_pension_rates_2016-17.pdf.

Pensioner premiums within working-age benefits

- 7.3 A draft Up-rating Order⁶ has been laid under section 150A of the Act to increase the rates of the standard minimum guarantee element of Pension Credit by the statutory minimum of growth in earnings at 2.9 per cent⁷. The rate for single people is increased from £151.20 to £155.60 a week. The rate for couples is increased from £230.85 to £237.55 a week.
- 7.4 To retain parity between Pension Credit and working-age benefits for those over the age of Pension Credit entitlement, the premiums for pensioners are increased by the cash increase for the standard minimum guarantee element of Pension Credit. These

⁵ The Consumer Prices Index (all items) for the 12 month period to end September 2015 showed a negative growth rate, at -0.1 per cent.

⁶ The draft Social Security Benefits Up-rating Order 2016 can be found on legislation.gov.uk on <http://www.legislation.gov.uk/ukdsi/2016/9780111142868>

⁷ The Average Weekly Earnings (whole economy, including bonuses, seasonally adjusted) revised statistic showed annual growth of 2.9 per cent for the quarter ending July 2015.

working age benefits include Jobseeker's Allowance, Employment and Support Allowance and Income Support. For single people, the rise in the premiums is £4.40 a week. For couples, the rise in the premiums is £6.70 a week.

- 7.5 There are an estimated fewer than 1000 claimants with a pensioner premium in receipt of Jobseeker's Allowance and fewer than 1000 claimants with a pensioner premium in receipt of Income Support.

Pensioner amounts within Housing Benefit

- 7.6 To retain parity between the rates of Pension Credit and Housing Benefit, the personal allowances for pensioners are increased according to the changes to the standard minimum guarantee element and the savings credit element of Pension Credit.
- 7.7 For single people who have attained the qualifying age for Pension Credit but are under 65, the personal allowance is increased from £151.20 to £155.60 a week. For couples where one or both have attained the qualifying age for Pension Credit but both are under 65, the personal allowance is increased from £230.85 to £237.55 a week.
- 7.8 For single people aged 65 or over, the personal allowance is increased from £166.05 to £168.70 a week. For couples where one or both are aged 65 or over, the personal allowance is increased from £248.30 to £252.30 a week.
- 7.9 For a claimant and the other party to a polygamous marriage in which none of the members of the marriage have attained the age of 65, the personal allowance is increased from £230.85 to £237.55 a week and the additional amount for each additional spouse who is a member of the same household as the claimant is increased from £79.65 to £81.95 a week.
- 7.10 For a claimant and the other party to a polygamous marriage in which one or more of the marriage are aged 65 or over, the personal allowance is increased from £248.30 to £252.30 a week and the additional amount for each additional spouse who is a member of the same household as the claimant is increased from £82.25 to £83.60 a week.
- 7.11 There are an estimated 1,419,000 recipients of Housing Benefit over the Pension Credit qualifying age during 2015-16⁸.

Polygamous marriage amounts within Pension Credit

- 7.12 To retain parity within Pension Credit between couples and members of polygamous marriages, the amount of the standard minimum guarantee for claimants and first spouses in polygamous marriages is increased from £230.85 to £237.55 a week and the additional amount for each additional spouse is increased from £79.65 to £81.95 a week.

Non-dependant deductions

- 7.13 The income bands which determine the level of non-dependant deductions within Housing Benefit and benefits that include Support for Mortgage Interest are up-rated in line with earnings at 2.92%.

⁸ Autumn Statement 2015, Expenditure and Caseload forecasts, Housing Benefit table, which can be found on Gov.uk (<https://www.gov.uk/government/statistics/benefit-expenditure-and-caseload-tables-2015>).

- 7.14 The amounts of the non-dependant deductions are up-rated by the forecast growth in rents for those eligible for Housing Benefit at 0.75%.
- 7.15 As of November 2015, there were an estimated 205,000 households for which non-dependant deductions were made from benefits, in respect of approximately 220,000 non-dependants.

Pension Credit savings credit thresholds

- 7.16 The amount prescribed for the savings credit thresholds is increased from £126.50 to £133.82 for a claimant with no partner and from £201.80 to £212.97 for a claimant with a partner. The savings credit threshold is also increased for cases of polygamous marriage.
- 7.17 For those pensioners with qualifying income above the level of the savings credit threshold, this would set the Savings Credit maximum at £13.07 a week for single people and at £14.75 for couples.
- 7.18 There are an estimated 1,126,000 recipients of the Savings Credit element of Pension Credit during 2015-16⁹.

Consolidation

- 7.19 Informal consolidated text of instruments is available to the public free of charge via ‘The Law Relating to Social Security’ (Blue Volumes) on the Department for Work and Pensions website at <http://lawvolumes.dwp.gov.uk/the-law-relating-to-social-security> or the National Archive website legislation.gov.uk. An explanation as to which instruments are maintained on each site is available from <http://www.dwp.gov.uk/docs/lawvolnews.pdf>.

8. Consultation outcome

- 8.1 Increases to amounts and thresholds usually form part of the regular annual up-rating exercise and so consultation is not necessary.
- 8.2 This year, because alternative powers are being used to change amounts and thresholds, the Regulations were considered by the Social Security Advisory Committee. The Committee has agreed that proposals in respect of these Regulations should not be referred to it.

9. Guidance

- 9.1 Public information products will be updated by April 2016 and guidance bulletins have been issued to operational staff.

10. Impact

- 10.1 There is no impact on business, charities or voluntary bodies.
- 10.2 The impact on the public sector is that, combined with the Social Security Benefits Up-rating Order 2016 and the Social Security Benefits Up-rating Regulations 2016, the total cost of up-rating certain benefit and pension rates for 2016-17 is an estimated £2.1 billion.

⁹ Autumn Statement 2015, Expenditure and Caseload forecasts, Pension Credit table, which can be found on Gov.uk (<https://www.gov.uk/government/statistics/benefit-expenditure-and-caseload-tables-2015>).

10.3 An Impact Assessment has not been prepared for this instrument.

11. Regulating small business

11.1 The legislation does not apply to activities that are undertaken by small businesses.

12. Monitoring & review

12.1 The rates of social security benefits covered by sections 150 and 150A of the Act are subject to review each tax year.

13. Contact

13.1 Stephen Wan at the Department for Work and Pensions (Telephone: 02073404460 or e-mail: stephen.wan@dwp.gsi.gov.uk) can answer any queries regarding the instrument.