

## **How the Budget and Comprehensive Spending Review could affect you**

As a result of the new Coalition Government's announcements in the **2010 Budget** and the **Comprehensive Spending Review**, the following changes will be made to the benefits listed below.

You can contact the Family Information Service (FIS) on 020 7361 3302 to discuss these topics. Other local service numbers are listed where applicable.

### **Tax credits**

- From April 2011, the first and second withdrawal rates for tax credits will increase to 41 per cent.
- From April 2012, the period for which a claim and certain changes of circumstance can be backdated will be reduced from three months to one.
- The Government will also increase the rate at which tax credits are withdrawn once household incomes rise.

#### **Changes specific to Child Tax Credits**

- No Child Tax Credit (CTC) will be available to families earning more than £40,000 from April 2011. This figure will be reduced to £30,000 by 2012.
- The baby element of CTC will be removed as of April 2011.
- However, the child element will be increased by £150 above inflation in April 2011 and £60 above inflation in April 2012.
- From April 2012, the family element of CTC will be removed immediately after the child element. (P54)
- The Government will not introduce the £4 supplement in CTC for each child aged one and two from April 2012.

#### **Changes specific to Working Tax Credits**

- The amount of income not taken into account will be lowered from £25,000 to £10,000 between 2011 and 2012; it will then be lowered to £5,000 between 2013 and 2014.
- Increasing the rate at which tax credits are withdrawn as your household income goes up.
- The one-off payment for new workers over the age of 50 will be removed as of April 2012.
- The basic 30 hour element will be frozen for three years from 2011-12.
- There will be a reduction in payable costs through childcare element, from 80 per cent to 70 per cent, restoring the 2006 rate.
- There will be an increase working hours requirement for couples with children to 24 hours between them, where one partner is working at least 16 hours a week.

### **Child Benefit**

- Child Benefit rates will remain the same for three years from April 2011.

### **Child Trust Funds**

- Government payments to Child Trust Funds will be reduced and then stopped completely, as announced on 24 May 2010.

### **Housing benefit and council tax benefit**

- Changes have also been made to housing benefit and council tax benefit. Up-to-date details can be found on the Royal Borough's website at [www.rbkc.gov.uk/adviceandbenefits.aspx](http://www.rbkc.gov.uk/adviceandbenefits.aspx).

You can also contact the Benefits Line on 020 7361 3006 for further information.

### **Job Seekers Allowance**

- To support more lone parents into work, those with their youngest child over five will be moved onto Jobs Seekers Allowance rather than Income support as of 2011 to 2012.

Please speak to your local Jobcentre or your lone parent advisor for further details.

### **Disability Living Allowance (DLA)**

- The mobility component of DLA will be removed for those claimants in care.

### **Sure Start Maternity Grant**

- You will only receive the Sure Start Maternity Grant for your first child (or children in the case of a multiple birth).

### **Health in Pregnancy Grant**

- The Health in Pregnancy Grant will be abolished in January 2011.
- Mothers that are already pregnant are not affected.

### **Employers Supported Childcare (childcare vouchers)**

- From April 2011, the weekly amount that parents joining an Employer-Supported Childcare scheme will be able to claim exempt of income tax and disregarded of NICs will remain at £55 for basic rate taxpayers, but will be reduced to £28 and £22 per week for higher and additional rate taxpayers respectively. All current users will continue to enjoy the same exemption and disregards beyond April 2011

### **Education Maintenance Allowance (EMA)**

- EMA will close to new applicants in England from January 2011. Additional support funds will be available through schools, colleges and training providers to help students who most need it to continue in learning. If you currently receive EMA you will receive it for the rest of this academic year. You will no longer receive it from September 2011.