

# Benefits Bulletin

## Spring Budget...

19<sup>th</sup> March 2024

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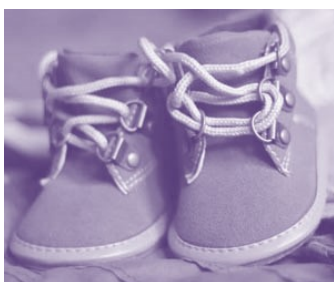
This Benefits Bulletin brings news of the changes / reforms to Social Security benefits announced in the Spring Budget published on 6<sup>th</sup> March 2024.

Please see this [LINK](#) for full details of the Spring Budget statement.

The key changes and reforms to Social Security benefits (with paragraph numbering) were as follows:

## Child Benefit...

3.17: From April 2024, the Department for Work and Pensions (DWP) will increase the High Income Child Benefit Charge (HICBC) threshold from £50,000 to £60,000.



The rate at which the HICBC is charged will also be halved so that Child Benefit is not withdrawn in full until an individual earns £80,000 or more.

The HICBC was first introduced from January 2013. When introduced the HICBC threshold was £50,000 and the upper limit was £60,000. These levels have remained ever since. This has meant that if the person receiving Child Benefit has been earning between £50,000 and £60,000 then they have been liable to pay tax on their Child Benefit. It has meant that anyone earning over £60,000 will have been liable to pay tax on their Child Benefit to the point whereby it no longer had any cash in hand value.



3.16: The view is that Child Benefit provides much needed financial support to working families. It provides an income to help parents pay for the costs associated with having children, meaning they can better balance work with looking after their children. However, the DWP consider that the way the HICBC presently operates is unfair towards single earner families.

The plan to end this unfairness is to administer the HICBC based upon household income rather than an individual's income.

This reform will be put in place by April 2026 following a consultation process.

3.17: It is understood that as many as 170,000 more families will benefit from an award of Child Benefit than do so at the present time. Overall, the DWP estimates 485,000 families will gain an average of £1,260.00 in Child Benefit in 2024-25, as a result of these changes.

As things stand those with children who have high earnings can elect to claim Child Benefit and pay tax on it or claim Child Benefit but choose not to be paid it. In the latter case this would at least enable the claimant (or their partner) to be credited with a National Insurance contribution protecting entitlement to a state pension. See this [LINK](#) for more information.

## Universal Credit Budgeting Advance...

5.77: The standard maximum repayment period for a Budgeting Advance is to be extended from 12 months to 24 months. This change will apply to Budgeting Advances taken from December 2024 onwards and will reduce the monthly repayments on these loans, relieving financial pressure on low-income households on Universal Credit.

A person can apply for a Budgeting Advance to help with expenses associated with the purchase of clothing, essential household furniture / household equipment, maternity needs or getting a job.

To qualify for a Budgeting Advance the applicant / their partner must have been receiving Universal Credit (or another equivalent benefit) for at least six months.

The minimum amount a person can borrow is £100. The maximum is:

- £348 if a person is single

- £464 if the person is a member of a couple
- £812 if the person has a child(ren).

How much Budgeting Advance may actually be awarded depends on whether the applicant may be considered to be able to repay the loan and the amount of savings (if any) they have. Any savings over £1,000 will reduce the amount of loan provided.

Any Budgeting Advance is repaid by way of deductions from the person's monthly Universal Credit payments. The first repayment deduction would normally be taken on the day they get their next Universal Credit payment.

A person can apply for a Budgeting Advance through their local Jobcentre Work Coach.

Please do not confuse this with the Universal Credit Advance Payment which people can apply for to help them make ends meet for the period between when they apply for Universal Credit and their first payday. Since 12<sup>th</sup> April 2021 the maximum repayment for these loans has been 24 months.

Please see this [LINK](#) for more information on both a Budgeting Advance and Advance Payment.

## Household Support Fund...

3.35: It was announced that funding for the Household Support Fund (costing an additional £500 million) would be extended in England from April 2024 to September 2024 to enable targeted support to vulnerable households with the cost of essentials such as food and utilities, as inflation continues to fall.

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