

## Budget 2010 – Family Finance, Benefits & Pensions

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• Louise Lewis, 23 June 2010

George Osborne is aiming to eliminate the structural deficit by 2015-16 in a budget that he has described as “tough but fair”. How will it impact on your family?

#### **Benefit cuts**

Overall the Chancellor will cut £11 billion a year from benefits and welfare payments.

Anyone claiming or hoping to claim Disability Living Allowance will have to undergo a medical assessment.

Housing benefit will be capped at £280 per week for a one room flat and £400 per week for a four bedroom house.

Child benefit will be frozen for the next 3 years and government contributions to child trust funds will be reduced and then abolished.

Council tax benefit will be frozen for one year.

The health in pregnancy grant of £190 will be abolished from April 2011 and the Sure Start maternity grant will be restricted to the first child in a family only.

#### **Pensions**

The date at which state pension age will be raised to 66 will be brought forward, potentially to 2016. The basic state pension will however rise by the higher of 2.5%, average earnings or inflation. This is in contrast to other benefits and tax credits (including Jobseeker’s Allowance and Income Support) which will only rise in line with the Consumer Prices Index rather than the (usually higher) Retail Prices Index.

#### **Tax credits**

Toddler tax credit will be abandoned. From October 2011, single parents whose youngest child is 5 or older will have to claim Jobseeker’s Allowance rather than Income Support when their child starts school.

#### **Council tax**

Council tax will be frozen for 1 year from April 2011. This will mean that the average family will be £35 a year better off.

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