

Budget Briefing

October 2018



On 29 October, the Chancellor Philip Hammond delivered the last Budget before the UK plans to leave the EU on 29 March 2019. This briefing covers the main items that were either announced or known which relate to older people. Initial observations and comments are shown in *italics*.

- The basic state pension will rise in April by 2.6%, as guaranteed by the triple lock, based on the July 2018 earnings' figure. This will mean a full basic state pension (pre-April 2016) will rise by £3.25 a week to £129.20 for a single person and by £5.20 a week a week to £206.65 for a couple (where a wife relies on her husband's contribution record). For millions of women this actually means an increase of just £1.95 a week on their state pension.
- The state second pension, such as SERPS, S2P or Graduated Pension which are linked to the Consumer Price Index (CPI) are also likely to go up by 2.4% based on the September 2018 figure. This will affect many occupational pensions that have an inflation-linked, rather than an RPI, increase as well.
- The new State Pension that was introduced after April 2016 will also rise in April in line with the July earnings' figure of 2.6%. This will take the £164.35 a week to £168.60 – a rise of £4.25. *This effectively means that whilst all of the new state pension will rise by earnings, only the basic element of the older state pension will do so. The key issue is therefore that the second state pension must also be triple locked, rather than simply tied to the CPI. This remains a key area of campaigning.*
- Whilst no detail was made available in the Budget documents, if the Pension Credit Guarantee continues to rise next April by the same cash amount as that given to the basic state pension (under the triple lock arrangements), a single pensioner will see an increase of £3.25 from £163 to £166.25 a week.
- The basic personal allowance for Income Tax will rise from 6 April 2019 from £11,850 to £12,500. The allowance will then be frozen till 5 April 2021. *Most analysts who have looked at the Budget in detail believe that those with higher incomes did better than the lower paid. For example, a basic rate taxpayer would be £130 a year better off after the Budget announcements, compared to top rate taxpayers on £150,000 who will be £600 a year better off. This contrasts with the argument about the winter fuel allowance going to richer pensioners – when in fact more money is going to wealthy individuals – regardless of their age.*
- The Marriage Allowance allows taxpayers to transfer up to 10% of their unused personal tax allowance to their partner. There were no details in the Budget announcing any changes to the current arrangements.

- The Chancellor announced an additional £500m would be made available to the Housing Infrastructure Fund to enable 650,000 new homes to be built. However, there was no detail as to the timescale of this proposal. First time buyers going into shared ownership properties would also be exempt from paying Stamp Duty. *For older people there needs to be a 75% increase in specialist properties by 2035 if we are to meet a growing older population, and nothing in the Chancellor's statement addressed this issue.*
- The Disabled Facilities Grant is to rise by £55m in 2018/19, increasing the total budget for this period to £523m. The majority of Disabled Facilities Grants are £5,000 or under, with adaptations that enable people to use their bathroom the most commonly grant aided works, followed by stair lifts. *Home adaptations play a key role in enabling older and disabled people of all ages to live independently and safely in their own homes.*
- Other announcements included the following:
 - The NHS budget will increase by £20.5bn a year by 2023, with £2bn funding mental health support in every major A&E, a mental health hotline and children's crisis teams around the country.
 - The Lower Earnings' Limit on National Insurance contributions will rise from £163 to £166 a week, whereas the Upper Earnings' Limit (UEL) will rise from £892 to £962 a week. *This means that anyone earning more than £50,024 a year only pays 2% NI on any income over that threshold. It remains longstanding NPC policy for the UEL to be abolished.*
 - Local authorities are to mandatory business rates relief for public toilets in an attempt to prevent further closures. *For many older people the lack of these facilities can sometimes prevent them from going out.*
- However, the main issue of concern to many older people and their families remains that of social care funding. Once again the Chancellor reiterated that the Green Paper on social care would be published shortly, but did not give any details. Instead he announced an extra £650m for local councils to fund social care services for the coming year. *In the small print however, £240m of that money has been put aside for the NHS. This means that only £410m has been earmarked for social care – well short of the £2.35bn funding gap highlighted by the Association of Directors of Adult Social Services (ADASS). Yesterday's Budget has therefore been widely criticised by professionals and campaigners as being both "inadequate" and "temporary" in its approach to social care.*
- Commenting on the Budget, the NPC's general secretary, Jan Shortt said: "The promise of an additional £650m next year for local authorities to use on social care is at least £2bn short of what's needed just to stand still. Every day, well over a million older people are going without the care and support they need – finding it difficult to get out of bed, get dressed or have a shower because the service has collapsed. The green paper on social care still looks a long way off and in the meantime, our most vulnerable and needy older people are left to struggle on. Talk of economic growth and the end of austerity are pretty meaningless if you're relying on the social care system, and there's little in today's Budget to give you any hope."