Parliamentary Briefing:
Autumn Budget 2024 – Age UK's response

Introduction

For many pensioners this Budget will be seen as a missed opportunity for the Government to reverse its decision to means-test the Winter Fuel Payment. Since the policy was announced in July 2024, the scale of its impact on vulnerable pensioners has become increasingly clear - around 2.5 million older people living in poverty or just above the poverty line are set to lose the payment when they simply cannot afford to do so.[i] Despite calls to, at the very least, widen eligibility to protect more of these older people, the Government announced no further mitigations in this Autumn Budget.

There were welcome announcements, including a very significant increase in NHS funding and in the earnings limit for Carer's Allowance, which will benefit many older people across the country.

In response to the Autumn Statement, Caroline Abrahams CBE, Charity Director at Age UK, said:

On the Winter Fuel Payment:

"Nothing in the Budget changes the plight of the four-in-five pensioners on low and modest incomes set to lose their Winter Fuel Payment this year when they simply cannot afford to do so, and that's a massive disappointment. The Government could have brought forward measures to safeguard these older people but chose not to, despite compelling evidence showing how severely as many as two and half million in this position will be hit."

"It comes to something when the best policy option older people on tight budgets now have left is to hope and pray for a mild winter. But even if the weather is kind, we know that millions will face impossible choices over how to make their money stretch far enough to keep them well fed and warm through the colder months. The Government's cut to Winter Fuel Payment is coming in too quickly and hitting too many older people, and their decision not to right the wrong in this Budget is a source of enormous regret. We fear there will be severe consequences for some older people as a result and we will be monitoring this carefully over the coming weeks and months, while continuing to campaign."

On the NHS & social care:

"The very significant additional funding announced in the Budget for the NHS is important for older people, its biggest users. It should at least prevent things from getting worse and it will hopefully create the stability on which a positive and progressive 10-year NHS Plan can be built. We presume that quite a lot of the extra money will be taken up by the increase in Employers' National Insurance contributions, but nonetheless the high priority given to supporting our healthcare system is warmly welcome. The more limited extra money for social care will, we hope, help keep fragile provision from completely falling over, but we note it is split between adults' and children's social care so it will not go very far. This means that the seemingly endless wait for the far-reaching, fundamental reform and refinancing of social care that is so badly needed goes on - heartbreaking for all the older and disabled people who need social care, and their families."

On Carer's Allowance:

"We applaud the changes announced to Carers Allowance, which are seriously overdue. Unpaid carers are the backbone of our social care system and need and deserve much more practical support than they currently receive. These changes are important recognition of this and a step in the right direction. We hope there will be more to come."

Key policy announcements

No change or mitigations on the cut to Winter Fuel Payment

The lack of measures to expand eligibility for the Winter Fuel Payment (WFP) is a huge disappointment and will mean many older people who desperately need the money to stay warm and well this winter won't receive it.

This winter around 2.5 million pensioners living in poverty or just above the poverty line will not receive the WFP.[ii] Means-testing was introduced quickly, with virtually no notice or compensatory measures – failing to adequately protect pensioners on low incomes or who are living in vulnerable circumstances this winter. Next year's increase in the State Pension, which was confirmed at the Budget, while vitally important for older people, will not make up for the loss of the WFP experienced by so many this winter, especially as energy bills are rising by an average 10%.[iii]

The Government could have taken the opportunity of this Budget to bring forward measures to safeguard these older people. Indeed, Age UK has recommended policies that would go some way to mitigating its worse effects, most notably by **extending eligibility for the WFP to include Housing Benefit, Council Tax Support and disability benefits like Attendance Allowance and Carer's Allowance**. We fear that the decision to go ahead with means-testing as planned will have severe consequences for many older people, leading them to suffer financial hardship, a deterioration in their mental and physical health, and potentially worse this winter.

While the decision to extend the Household Support Fund (HSF) is welcome, it will not make up for the loss of the WFP experienced by vulnerable older people this winter. The HSF is an all-age fund for people in financial difficulty, where individuals have to apply for the fund or be otherwise identified as needing support. Spent at the discretion of individual local authorities, the HSF will go nowhere near reaching all the older people who will desperately need support this winter.

We remain concerned that too many people who are eligible for Pension Credit are not receiving it but welcome additional funding for the Department for Work and Pensions (DWP) to increase take-up and eagerly anticipate further details of how this will be spent. Now that receipt of Pension Credit is the main route to retaining Winter Fuel Payment it is more important than ever that we see substantial increases in take-up as quickly as possible, though time is running out to help older people this winter.

Age UK will be monitoring the situation closely over the coming weeks and months and doing everything in our power to support older people to stay warm and well this winter.

Triple Lock

The Chancellor confirmed the Government's commitment to the Triple Lock. This means a 4.1% rise in the basic and new State Pension in 2025-26, rising in line with average earnings. While Age UK applauds the Government for their continued commitment to the Triple Lock, the differing State Pension systems and impact of qualifying years mean that the actual increase in State Pension received by pensioners each April varies hugely. Not all pensioners will receive the same level of support and most will not benefit from the whole amount, as explained below.

The full rate of the new State Pension will rise by around £470 in April 2025, but just one in seven (15%) pensioners will receive this maximum increase.[iv] Around three-in-five pensioners (7.2m) will receive an increase in their State Pension in April 2025 of less than £400, among whom 4.7m will receive an increase of between £300-400 and 2.5m an increase of less than £300.[v] The increase in the State Pension is designed to protect pensioners' income from a range of rising costs, yet for many on low incomes next year's State Pension rise will not even compensate them for the loss of the WFP.

The 4.1% increase in the Pension Credit Standard Minimum Guarantee, rising by £465 in 2025-26 in the single pensioner guarantee and £710 in the couple guarantee, was expected and welcome.

Health and social care

NHS funding: The announcement of funding growth for the NHS of £22.6bn for 2025-26 compared to 2023-24, is warmly welcome. The investment is intended to fund more NHS procedures, diagnostic tests and increase capacity in hospitals and help to tackle the backlog of critical NHS maintenance, repairs and upgrades. As the biggest users of the NHS, we hope and expect that older people will see tangible benefits from this investment.

Giving high priority to investment in the health service within a challenging fiscal environment was the right decision by the Chancellor in Age UK's view. It should help to prevent things from getting worse and hopefully create the stability needed to build a positive and progressive 10-year NHS plan.

That said, the wording of the Chancellor's speech reflected a continued focus on prioritising investment in acute settings. To achieve real progress in bringing down waiting lists and a shift towards prevention, we need services to intervene earlier and this can only be achieved by directing more funding and focus towards primary and community care. We also expect that a considerable amount of the additional funding will be taken up by the increase in Employers' National Insurance (NI) contributions.

Social care: The announcement of an additional £600m grant funding for social care, as a part of an extra £1.3bn for local authorities, was also welcome, but it will not go very far, especially as it is to be shared between children's and adults' services.

A large proportion of this funding is also likely to be taken up by increased workforce costs due to substantial increases in the National Minimum Wage (NMW) and Employers' NI contributions. We note that these measures will place significant additional costs on adult social care providers operating in an already challenging financial environment and support the calls already being made for consideration of social care being made exempt from some or all of them.

Meanwhile, the long wait for the far-reaching, fundamental reform and refinancing of social care that is so desperately needed goes on. Age UK eagerly anticipates further progress on the Government's plans to bring about a Fair Pay Agreement for care workers and an early announcement about how the Government intends to progress its commitment to a ten-year plan for social care, to run alongside that already underway for the NHS.

Voluntary sector: Voluntary sector organisations play a crucial role in delivering health, care and support services. For many charities, including Age UK and our local Age UK partners, increases in the NMW and Employers' NI contributions represent significant additional costs at a time when need is high and rising and charity budgets are already stretched.

The increased cost of living post-pandemic has placed significant pressure on the individuals that Age UK, and others, exist to help, many of whom were already struggling due to health and other issues. While demand for charitable services has surged, funding has often remained static or even fallen, as more councils experience financial distress and individuals find they are less able to afford to donate due to the pressures on their own incomes.

Despite these challenges, Age UK and the charitable sector more generally remain passionately committed to our beneficiaries and communities. However, if, as currently seems likely, the increased costs arising from the Budget will need to be met out of existing funds, this will undoubtedly impact service provision. We fear it may also threaten the viability of some local charities.

Social security

The decision to increase the earnings limit of **Carer's Allowance** is extremely welcome. The entire social care system depends on the goodwill and unpaid labour of millions of families and friends who are carers – without them, the system would grind to a halt. As a result of the change, 60,000 more carers will be eligible for government support and those receiving Carer's Allowance will be able to earn more while retaining the payment – a real step in the right direction.

So too is further confirmation of the Government's intention to hold an independent review into the overpayment of Carer's Allowance and how these problems can be avoided in the future. The injustice whereby carers breaching the earnings limits by tiny amounts have found themselves owing huge sums to the DWP must also be addressed.

Age UK also welcomes the new Fair Repayment Rate for Universal Credit (UC). Repayment rates are a huge issue for people on UC, including those approaching State Pension age, mixed age couples where one partner is over State Pension age, and workers over State Pension age who are moved to UC because tax credits are ending. The Fair Repayment Rate will help ease some of the pressure of repaying debts, but the Government should also review the five-week wait for a first UC payment as this is often the cause of the debt in the first place.

Housing

We were pleased to hear the announcements of over £5bn for housing investment in 2025-26 and £500m for the Affordable Homes Programme. It is vital that the needs of older people are not overlooked within the Government's housing strategy. As the vast majority of older people live in mainstream housing, new homes must meet the needs of an ageing population so that they are accessible and adaptable. We hope that the Government will take steps to publish the report of the Taskforce on Older People's Housing and Care, established by the last government, soon.

An £86m increase to the Disabled Facilities Grant (DFG) is also welcome, but radical improvements are required to its administration to achieve better value for money for the taxpayer and better outcomes for older and disabled people. Nearly 70% of local authorities took longer than the 6 months guidance requires to process the grant in 2021-22, and Age UK has been involved in cases where it has taken several years to push applications through the system.[vi]

Work and skills

The Chancellor also announced the establishment of Skills England to ensure we have the highly trained workforce needed to deliver economic growth. Lifelong learning must be a central pillar of Skills England's work, maximising the economic contribution of older people across the country. The Budget also commits to launching the Lifelong Learning Entitlement in January 2027 - this must benefit older workers too.

Similarly, the upcoming "Get Britain Working" white paper, focused on addressing economic inactivity, should include a focus on supporting older people to be economically active and a plan to address existing barriers such as ageism and health-related challenges.

Energy

The confirmation of an initial £3.4bn for the Warm Homes Plan over the next three years, which includes £1.8bn to support fuel poverty schemes, is a welcome start but needs to be dramatically scaled up, not least in light of the Government's decision to means-test the WFP. Older people are both more likely to be living in non-decent, cold homes, and to be more at risk in terms of ill health as a result. A huge national effort is required to ensure that people on low incomes or who are otherwise vulnerable are protected from the devastating impacts of fuel poverty.

As well as a scaled-up Warm Homes Plan, Age UK repeats its recommendation to Government to introduce an energy social tariff, which would go a long way towards delivering energy security for all those who most need it, regardless of age.

Transport

Buses are vital infrastructure, especially in rural communities – wherever they live, older people should be able to reach key services, friends and family at reasonable cost. We welcome the Government's additional funding in the Budget for local transport, including buses.

Tax thresholds

We welcome the decision to uprate the Income Tax Personal Allowance from April 2028. However, that is more than three years away and between now and then even more pensioners – including some on very modest incomes – will begin to pay Income Tax on their State Pension.

The freezing of the Personal Allowance from April 2021 to April 2028 could mean that by April 2028, two-in-five (43%) of people receiving a State Pension (basic or new) – 5.5m people – will be liable to paying Income Tax on their State Pension income.[vii] That compares to one-in-ten (11%) of pensioners – 1.4m – today.[viii]

Furthermore, by 2027-28, pensioners receiving the full rate of the new State Pension will receive an amount above the personal allowance and thus automatically be liable for Income Tax. This will increasingly impact older people on lower and modest incomes, especially those who rely on the State Pension alone. We do not think this is desirable or appropriate.

Get in touch

If you have any questions or would like to meet to discuss the issues outlined in this briefing further, please contact publicaffairs@ageuk.org.uk.

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[i] Age UK, 2024. New Age UK Analysis shows 2.5 million older people on low incomes – a higher number than first estimated – are set to lose their Winter Fuel Payment and will struggle without in. [Online]. Available at: https://www.ageuk.org.uk/latest-press/articles/new-age-uk-analysis-shows-2.5-million-older-people-on-low-incomes---a-higher-number-than-first-estimated---are-set-to-lose-their-winter-fuel-payment-and-will-struggle-without-it/. [Accessed: 31/10/2024]
[ii] ibid.
[iii] House of Commons Library, 2024. Gas and electricity prices during the 'energy crisis' and beyond. UK Parliament. [Online]. Available at: https://commonslibrary.parliament.uk/research-briefings/cbp-9714/ [Accessed 04/09/2024]
[iv] Age UK analysis (October 2024)
[v] ibid.
[vi] Age UK, 2024. A step change: improving delivery of the Disabled Facilities Grant. [Online]. Accessible at: https://www.ageuk.org.uk/siteassets/documents/reports-and-publications/reports-and-briefings/health--wellbeing/disabled-facilities-grant/the-disabled-facilities-grant-a-step-change-improving-delivery-of-the-disabled-facilities-grant.pdf (Accessed 30/10/2024)
[vii] Age UK analysis (October 2024)
[viii] ibid.