

Parliamentary Briefing

Spring Budget Response 2024

Introduction

For most older people, there was little to celebrate from the Budget. While we are pleased to see the extension of the Household Support Fund by six months, this will not be enough to help older people struggling on low incomes. And it will do nothing to support with their costs next winter.

The additional investment into the NHS is welcome but this will not begin to help tackle huge NHS and GP waiting lists and the nearly half a million older people waiting social for care¹ in England. Without more funding for councils, the prospects for the public services older people rely on, especially social care are bleak.

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

“The reductions in National Insurance (NI) will be welcomed by people in their fifties and early sixties who are in employment but do nothing for anyone working beyond their State Pension Age because they do not pay NI. They can be forgiven for feeling hard done by as a result, especially since many of them are working in their late sixties and beyond not because they want to, but because they simply cannot afford to retire. Nor will it help retired people with modest pensions that take them over the tax threshold who will face an increase in income tax rise because personal allowances remain frozen.’

“Age UK had called for the Household Support Fund to be continued beyond April, to help people of all ages struggling on low incomes, and we are pleased the Chancellor announced a six-month extension. However, six months is not long enough and, crucially, this leaves older people on low fixed incomes without recourse to this extra help through the winter months, when high energy bills provoke so much hardship and fear.

“The extra investment announced into the NHS is, of course, very welcome, but we are aware that funding for technical innovation within our health services often gets eaten up by the need to fund more immediate pressures - which are there in abundance for all to see. We deeply regret the lack of any further investment to help the NHS reduce waiting lists and support GPs to see more patients, more quickly, in the short term - the things older people often tell us they prioritise the most. And we understand that the picture for other public services, especially social care among other council services, remains incredibly bleak: on behalf of older people, disabled people and their unpaid carers we are sad the Budget did nothing to address this.

[Please see here for the full announcement](#)

Personal tax allowances

People who have already reached State Pension age do not pay National Insurance therefore do not benefit from the cut announced. However, many pensioners are affected by the current policy of not increasing personal tax thresholds annually in line with inflation. Tax allowances have been frozen at their 2021-22 level and are due to remain at this level until 2028. This is having a negative impact on many older people with relatively modest incomes – each year the allowance is frozen, some must start paying income tax while others face higher tax bills. Many in this situation have been hard hit by increases in essential costs over recent times but feel they have missed out on additional support because of the pension savings they made during their working life.

Since the Government decided to freeze tax allowances, inflation has risen markedly and consequently earnings, State Pensions and benefits have risen. This has increased the tax burden for individuals and resulted in higher than originally expected tax receipts for Government. Age UK had asked the Government to revisit this policy and return to indexing personal allowances from April 2024, so it is disappointing that no changes to allowances were announced.

Household Support Fund

While the extension of the Household Support Fund (HSF) from April to September is a welcome measure it means that funding will run out just before the colder months set in. **The Government should rethink this decision and further extend the HSF to cover winter 2024/25.**

An extra £500 million has been allocated to the Household Support Fund (HSF) to cover the spring through to early autumn. This means local authorities can once again provide much needed support to help cover the essential costs faced by their most vulnerable residents. While this is welcome, the Government's decision to then abruptly end the HSF in September this year means councils face running out of funding for bespoke support with energy bills, food costs, and wider essentials just before the winter.

Many older people, particularly those who do not have access to welfare benefits but are still struggling to pay for the essentials, have turned to the HSF when all other options have been exhausted. To hear that the scheme will end just before they need to put the heating back on will come as a real blow.

Health and Care

The commitment to invest an additional £3.4 billion in the NHS from 2025/26 is clearly welcome. Finding ways to enhance and future-proof how the NHS operates, and how it interacts with patients, is vital. However, technology and administrative improvements, must be the building blocks for future transformation rather than a goal in itself. Older people need health and care services that work effectively together and are as focused on prevention and early intervention as they are on urgent and emergency services. Money for transformation ought to be distributed amongst all parts of the health and care system, which should include social care providers, and

partners in the voluntary sector who are delivering vital preventative support on the ground. Doing so will not only be critical to achieving the productivity targets that come with this extra funding but also the long-term sustainability of the health and care system, and the wellbeing of our older and ageing population.

It will certainly be a challenging year ahead for health and care services. We are pleased the Government committed a real-terms increase for the NHS, however it still has a huge mountain to climb with historically high waiting lists, wide concerns about GP access and industrial disputes yet to be settled.

Social care is even more challenged. It is moving closer to collapse rather than nearer to being meaningfully reformed and therefore the omission of any support for local Government in the Budget is disappointing.

Private Pensions

Age UK has fed into the Department for Work and Pensions Call for Evidence on lifetime pension providers, and while we note that it is a laudable long-term goal that could, in theory, help many savers, we are concerned that pursuing this in the near future could be detrimental to the majority. While the most engaged savers may be able to shop around and improve their fortunes, most people will not take advantage of this and instead have to cover the costs associated with schemes becoming direct-to-consumer retail providers, or they may be at risk of falling victim to a scam and losing their entire life savings.

Before any steps are taken down this route, it is imperative that consumer protections are increased and that a means of comparing value among pension schemes is created.

Get in touch

If you have any questions or would like to meet to discuss anything mentioned in our briefing, please contact, Roshni Mistry, Senior Public Affairs Officer, at roshni.mistry@ageuk.org.uk.

ⁱ <https://www.adass.org.uk/media/9897/autumn-survey-report-2023-adult-social-care-budgets-waiting-times.pdf>