

Benefits Bulletin

Autumn Budget...

4th November 2024

Issue **10** [2024]

This Benefits Bulletin brings news of the changes / reforms to Social Security benefits announced in the Autumn Budget published on 30th October 2024. Please see this [LINK](#) for full details of the Autumn Budget.

The key changes and reforms to Social Security benefits were as follows:

Annual Up-rating

2.32: All working age benefits for 2025-26 will be up-rated by 1.7%. This is estimated to provide 5.7 million families on Universal Credit with an average annual increase of £150 in 2025-2026.

2.33: The triple lock will be maintained on the State Retirement Pension for the duration of this parliament. This means that pension age people will see their State Retirement Pension increase by 4.1% from April 2025. This will result in over 12 million pensioners gaining up to £470 each in 2025-2026.

2.34: The basic level of Pension Credit (presently £218.15 per week for a single pensioner and £332.95 per week for a couple) will also increase by 4.1% from April 2025. This will result in an annual increase of £465 in

2025-2026 for a single pensioner and £710 for a pensioner couple.

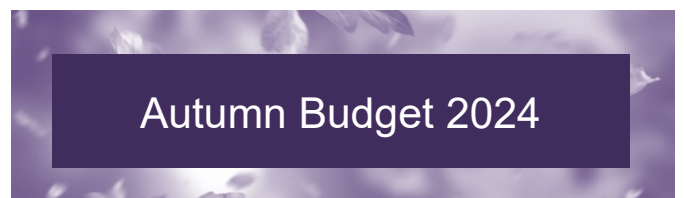


National Living Wage...

2.25 / 5.141: From 1st April 2025 the National Living Wage increase will increase to:

- £12.21 per hour (from £11.44 per hour) for those aged 21 or over
- £10.00 per hour (from £8.60 per hour) for 18–20-year-olds.

It will also increase to £7.55 per hour (from £6.40 per hour) for those aged under 18 and Apprentices.



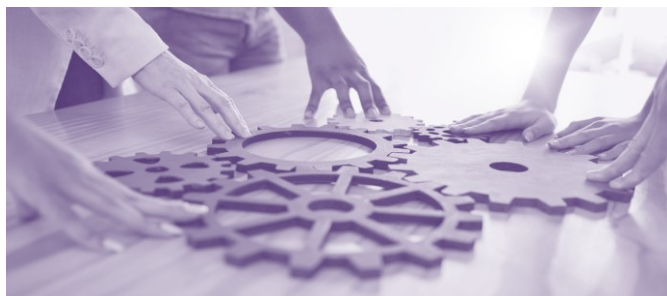
The intention here being to, at some point in the future, create a single adult wage rate for people aged 18 and over.

Universal Credit

5.134: There will be a new Fair Repayment Rate provision to reduce the maximum debt repayment rate made through Universal Credit from 25% to 15% of the basic standard allowance. This will mean 1.2 million households will be, on average better off by £420 per year.

5.135: The 'surplus earnings' threshold for Universal Credit will remain at £2,500 until at least March 2026.

Note: The 'surplus earnings' rule means that should a person be assessed as having earned more than £2,500 in any month above the amount that is needed to end their Universal Credit claim, then the 'surplus amount' (i.e. the amount above £2,500) would be taken into account as earnings (and added to any other earnings amount) for the following 'assessment period' or new claim if made within the following six months. There could, depending upon the amount of the person's earnings at that time plus the amount of the 'surplus earnings' taken into account, result in the person getting less (or no) Universal Credit for that particular 'assessment period'.



5.136: The regulations surrounding the Severe Disability Premium transitional protection (which are designed to protect the benefit levels of severely disabled claimants who are required to move from 'legacy benefits' on to Universal Credit) will be amended to better support claimants who move from supported or temporary accommodation into rented housing.

Pension Credit

5.139: There has been a significant increase in the number of Pension Credit claims following the announcement to means-test entitlement to the Winter Fuel Payment. The government is encouraging the use of Housing Benefit to identify 'pension age' claimants who might qualify for Pension Credit. Housing Benefit accounts will be used to proactively encourage those who it is deemed may be entitled to Pension Credit to apply. It is estimated that 120,000 pensioner households who are currently in receipt of Housing Benefit will be invited to apply for Pension Credit too.



5.140: The plan to provide help to pension aged people with their rent / service charges through Pension Credit entitlement rather than Housing Benefit, is to be brought forward for new claimants from 2026. This is two years earlier than previously announced. It is hoped that it will support more pension aged people to receive the benefits that they are entitled to.

Child Benefit...

5.146: The plan to increase the High Income Child Benefit Charge (HICBC) - which affects families where the claimant or their partner earn over £60,000 per year - threshold will not go ahead. The plan was to base the HICBC on joint (not individual) income.



The decision was made not to go ahead because it was considered that the cost to the Treasury would have been too great.

Carer's Allowance Earnings...

2.26 / 4113: From 1st April 2025 the Carer's Allowance 'Weekly Earnings Limit' will be set at the equivalent of 16 hours multiplied by the National Living Wage (i.e $16 \times \text{£}12.21 = \text{£}195.36$).

The present level is only $\text{£}151.00$ per week, thus removing from Carer's Allowance entitlement anyone who earns more per week than 13 times the current National Living Wage.

The changes will support those receiving Carer's Allowance, 70% of which are women, to start work or work more hours.

Carer's Allowance Overpayments...

2.27: There will be an independent review into overpayments of Carer's Allowance, which will consider how they occurred and what operational changes can be made to minimise the risk of future overpayments.

The fact that the 'Weekly Earnings Limit' has not, in recent times, kept in line with the level of the National Living Wage has seen more carers being deemed to have been overpaid Carer's Allowance where they have worked 16 hours or more.



Alongside this, further work on the 'Weekly Earnings Limit' will be undertaken to explore what more can be done to help support more carers into work.

Household Support Fund...

5.137: The Household Support Fund will be extended to help those in greatest hardship and financial crisis, including supporting them with the cost of essentials such as food, energy and water.

Support for the Discretionary Housing Payment scheme will also continue so as vulnerable and low-income claimants can receive extra money to meet their housing costs.

WCA Reform...

3.45 / 4.112: The reforms to the health and disability benefits system will be announced in early 2025. The intention will be to ensure the system supports people who can work to remain in or start work (in a way that is fair and sustainable) and 'reduce health related inactivity' whilst giving $\text{£}800$ million for disability employment support and $\text{£}240$ million to trial new ways of getting people back into work.

It is understood that this will, at least in part, involve reforms to the Work Capability Assessment (WCA) which is the system for assessing 'limited capability for work' and 'limited capability for work-related activity' for Universal Credit purposes.

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