

Briefing: 2018 Budget

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The Chancellor Philip Hammond delivered his 2018 Budget on Monday 29 October, at a time of unprecedented pre-Brexit uncertainty. That explains why he left himself some wiggle room, saying that the Spending Review planned for next Spring could be turned into an emergency budget in the event of a 'no deal' Brexit. The Local Government Finance Settlement normally published in December will also have an important bearing on local services.

This briefing picks out the main points relevant to older people, but the full documents are available [here](#).

Age UK's media response

“Our dominant reaction to today's Budget announcement is relief, but we are disappointed that the investment in social care wasn't more and that at £650m (plus £55m for Disabled Facilities Grant), it is somewhere between a third and half of the amount the experts say is needed to fill existing gaps in services.”

Due to lack of funding, next year was shaping up to be truly perilous for the delivery of social care so it is very good news that this extra money has been found, but at £650m it won't be enough to plug current gaps, let alone bring back the care homes and home care packages we've lost over the last decade or so – all at a time when demand has been rising. Unfortunately, despite this additional money the 1.4 million older people with some level of unmet need for care will have to continue to 'make do' and those older and disabled people who are lucky enough to be receiving a service are unlikely to see any improvement in 2019.

This announcement also continues the pattern whereby year on year, governments allow social care to teeter on the brink, only to bail it out with an emergency hand out – just enough to prevent total national collapse but no more. The problem is that this approach gives neither staff nor providers much encouragement to stay and so they continue to drift away, storing up even greater problems for the future.

Nothing could better demonstrate the need for a bold and ambitious Social Care Green Paper, fit for meeting the challenge of saving social care for this and future generations, with much also resting on the outcome of next year's Spending Review.“

The NHS

The Chancellor reconfirmed the commitment made in June to increase funding for the NHS, promising £20.5 billion over five years. What this means in practice is that for the period 2018-19 to 2023-24, funding growth for the NHS will be 3.4% in real terms annually, raising to £147 billion by the end of the period. For context, the average annual growth rate for the NHS over its lifetime has been approximately 4% in real terms, and around 1-2% over the last eight years.

The Budget does not go into detail about how this money will be allocated, but NHS England has been tasked with publishing a “ten year plan” before the end of the year. However, the Chancellor did promise specific funding for mental health services including increased access to crisis teams and a 24 hour telephone support service through NHS 111. The Chancellor also announced £10 million for the air ambulance service.

The Budget included five financial tests to go with the overall funding increase, which include: demands to achieve cash-releasing productivity gains, or efficiency targets, of at least 1.1% a year; better integration of services; and reduced variation, amongst others.

For older people, continued growth in NHS is funding is welcome and we hope that the NHS ten year plan will include a specific emphasis on improving their outcomes from and experience of care. Also welcome is a commitment to put extra money into mental health care, but there must be specific measures to support older people’s mental health. Historically, older people have missed out on targeted access to support, most recently in the five year view for mental health which included very little on addressing long-standing inequalities in both access to and outcomes from care.

Social Care

Social care received an additional £650 million of spending to be used in the next financial year. This winter, local authorities have access to a (previously announced) £240 million fund to reduce delayed transfers of care from hospitals. Councils are supposed to use the money to fund domiciliary (home) care or reablement packages to allow older people to be discharged from hospital sooner and therefore reduce pressure on NHS services. This fund will also be available to councils in 2019-20. The Budget also provides a further £410 million in 2019-20 for adults and children’s social care with local authorities urged to use the additional funding to ensure that adult social care pressures ‘do not create additional demand on the NHS’ as well as improving their social care offer for older and disabled people and children.

These announcements are of course welcome but still significantly below what local government leaders say is needed to plug the future funding gap. The spending plans also prioritise reducing pressure on the health service rather than ensuring the care

system is able to provide high-quality care to all those that need it. However, the Chancellor did confirm that the Social Care Green Paper will be published 'soon'.

The Budget also provides councils with an additional £55 million in 2018-19 for the Disabled Facilities Grant (currently £468 million) to provide home aids and adaptations for disabled children and adults on low incomes. This is very welcome and will boost local government's ability to enable timely and affordable housing adaptations. Hopefully this augurs well for the Government's eventual response to the review of the Disabled Facilities Grant expected to be released around the time of the Adult Social Care Green Paper.

Tax allowances and thresholds

The Chancellor announced that the personal tax allowance will increase from the current amount of £11,850 to £12,500 in April 2019 – a year earlier than planned. This threshold will stay the same in 2020-21 and then rise in line with the Consumer Prices Index. The threshold for paying higher rate tax will also rise – from £46,350 in 2018-19 to £50,000 in 2019-20. All tax rates remain unchanged.

State Pensions and benefits

Details of State Pension and benefit rates for 2019/20 are normally announced in November or the beginning of December.

However, the Chancellor did announce some changes to Universal Credit.

- the amount that households with children, and people with disabilities can earn before their Universal Credit award begins to be withdrawn – the Work Allowance – will be increased by £1,000 from April 2019.
- from October 2019, the government will reduce the maximum rate at which deductions can be made from a Universal Credit award from 40% to 30% of the standard allowance. From October 2021, the period of repayment will be extended from 12 to 18 months.
- the extra two-week benefit payments for people moving to Universal Credit will be extended to cover the income-related elements of Jobseeker's Allowance and Employment and Support Allowance, and Income Support. This will be effective from July 2020. This builds on two-week run-on of Housing Benefit for people moving to Universal Credit from April 2019.

Private pensions and saving

Contrary to some of the Budget speculation, the lifetime allowance for pension savings will increase in line with the Consumer Prices Index for 2019-20, rising to £1,055,000. Also unchanged are the £5,000 amount of savings income that you can have tax-free and the Individual Savings Account (ISA) annual subscription limit (£20,000).

This winter, DWP will publish a paper setting out the government's approach to increasing pension participation and savings persistency among the self-employed. This follows the 2017 review of automatic enrolment.

A 'pensions dashboard' to allow pension savers to see their savings, including their State Pension, in one place, has been under discussion for some time. The Budget confirms that the DWP will consult later this year on the detailed design for Pensions Dashboards, working closely with the pensions industry and financial technology firms. The Budget provides extra funding in 2019-20 to help make this a reality.

Housing and Communities

The previously announced lifting of the local authorities' borrowing cap for housing (the Housing Revenue Account) could help to increase both the supply of mainstream and sheltered housing for older people - but this will still rely on increased Government investment.

The Chancellor also announced a 3-year delay in the timetable for transferring rent support from Housing Benefit to Pension Credit, to ensure that this transfer aligns with the full implementation of Universal Credit. Age UK welcomed the government's previous reversal on restricting benefit payments for supported housing – which will now continue under the current welfare system.

Public toilets are hugely important to older people (and others) so the new business rate relief the Chancellor announced for them is welcome, although it is unclear what difference this will make. However, an allocation of £675m for high street transformation might open up the possibility of influencing a more age friendly approach to the high street.

Work

From April 2019, the National Living Wage will rise from £7.83 to £8.21 for workers aged 25+.

Consumer issues

As part of the government's efforts to tackle nuisance calls, National Trading Standards will receive further funding to extend their project providing telephone call blocking technology to vulnerable people.

The Government has published details on banning pensions cold calling, which is one of the most common methods used to initiate pension fraud. The government is publishing a response to its consultation alongside the Budget and will shortly be implementing legislation to make pensions cold calling illegal.

Energy

The planned fuel duty increase has been scrapped.