

# Briefing: 2020 Budget

11 March 2020

**Contact:**

[christopher.brooks@ageuk.org.uk](mailto:christopher.brooks@ageuk.org.uk)

The Chancellor Rishi Sunak delivered his maiden Budget on Wednesday 11 March 2020, at a time of great uncertainty for the UK. Although this is the first Budget for several years delivered with the weight of a substantial majority in Parliament behind it, the Government still has to contend with issues such as Brexit negotiations and the outbreak of the Covid-19 coronavirus.

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

## Health and care

Much of the Budget focussed on dealing with the impact of coronavirus on health services, which is welcomed by Age UK.

### Health

The budget included a number of commitments in reaction to the Covid-19 coronavirus, including support for business, including a £5 billion “support fund” for the NHS and other public services. They also committed £30 million to research into the disease and £10 million to help Public Health England with diagnostics and surveillance.

The Budget included an additional £6 billion for the NHS on top of previous commitments in the 2019 Spending Round. A focus for this money will be improving recruitment and retention of nurses and GPs and the aim of creating 50 million more GP surgery appointments every year. Additionally, over £100 million will go towards “progress” on new hospitals, alongside a £683 million increase in the Department of Health and Social Care’s capital budget, available for buildings, facilities and maintenance. Addressing the current workforce shortages is essential in ensuring that the NHS can meet the commitments laid out in the Long Term Plan and that older people are able to access the support they need, when they need it. However, the NHS does not operate in isolation and we have been disappointed to see that the Government made no substantive commitments to public health and prevention.

### Social care

Local authorities are set to be supported to manage pressures on social care through access to the £5 billion COVID-19 response fund if required. Given the threat Coronavirus may pose to key public services including social care, we were pleased to see this commitment.

While there was significant investment committed to in this budget on a wide range of areas, there was a distinct lack of focus on refinancing and reform of the social care

system in England yet again. This Government has promised to ‘fix social care’, but again we leave a budget disappointed that promises have not been delivered in action.

### **Carers’ leave**

The Government will consult on the design of Carers’ Leave for employees, for workers who have caring responsibilities. While this was not unexpected, it is welcome to have it confirmed in the Budget, and it is a significant step in the right direction. Age UK will feed in to the consultation, and we support the aim of helping improve carers’ work-life balance.

### **Access to cash**

We are pleased that the Government has recognised the need to protect access to cash and has committed to legislating to ensure its continued survival.

Age UK has long campaigned for this and we are pleased that the Government has listened to us and to those older people who are most affected. The decline in access to cash is a very real threat to many older people who rely on cash as they go about their lives, and we look forward to working with Government to develop the proposals and ensure that they will allow some of the most vulnerable people in society to continue to access their cash.

As ever, the devil is in the detail and we await further information about precisely what the Treasury proposes. Age UK will work to ensure that older peoples’ views are at the heart of the reforms.

### **Review of payment systems**

Related to the legislation, the Treasury will publish a ‘call for evidence’ on payments – the Payments Landscape Review. This will look at how the payments infrastructure and regulation are keeping pace with the rapid technological change over recent years. Age UK will keep a close watch over this process to make sure that older people’s priorities, for example cheques and cash, are at the forefront of Government considerations.

### **Tax allowances and thresholds**

The Chancellor confirmed that the personal tax allowance will remain at the same level of £12,500 for the 2020/21 tax year. In subsequent years it will rise in line with the Consumer Prices Index. The threshold for paying higher rate tax will also remain the same at £50,000 in 2020-21.

He also confirmed that the National Insurance contributions (NICs) Primary Threshold and Lower Profits Limit, for employees and the self-employed respectively, will increase to £9,500 from April 2020. This will be seen as a boost to many lower earners, although it should be noted that workers aged over State Pension age do not make any contributions. This threshold change will not affect future rights to the State Pension as entitlement to the State Pension and contributory benefits are linked to a lower threshold – the Lower Earnings Limit – which will rise in line with the Consumer Prices Index (CPI).

## **State Pensions and benefits**

The Budget confirmed a recent positive announcement that there will be funding to ensure that people do not receive a gap in payments when they move from Universal Credit to pensioner benefits on reaching state pension age.

### **State Pension and benefit rates**

State Pension and benefits rates from April 2020 were announced in November 2019. The basic State Pension and new State Pension will increase by 3.9% in line with the triple lock - the highest out of increases in earnings, prices (as measured by the CPI) - or 2.5%. Pension Credit guarantee is also increased by 3.9% in line with earnings while other benefits, including Attendance Allowance and Personal Independence Payment will rise by 1.7% in line with the CPI. This includes working age benefits, most of which have been frozen for the last four years.

### **Statutory Sick Pay and welfare measures linked to coronavirus**

Statutory Sick Pay (SSP) will temporarily be paid from the first day off work (rather than the fourth) in response to the coronavirus. This includes for people who are self-isolating, or where people in their household have the symptoms.

Some other short-term changes to benefits as a result of the Covid-19 coronavirus are: making 'new style' Employment Support Allowance available from the first day rather than the eighth, and for Universal Credit, removing the requirement to attend a jobcentre, and relaxing the minimum income floor to help self-employed claimants.

More detail from the Government on support available for people with coronavirus can be found [here](#).

The Budget also saw the announcement of a £500m Hardship Fund to support economically vulnerable people and households. The government expects most of this funding to be used locally to provide more council tax relief, either through existing

Local Council Tax Support schemes, or through complementary reliefs. We believe that older people should be given priority in accessing this funding.

## Transport

### Accessibility

The Government will invest £50 million to improve accessibility at 12 train stations, including Newtown in Powys, Beeston in Nottinghamshire, Eaglescliffe in County Durham, and Walkden in Greater Manchester. This extends the Department for Transport's Access for All initiative to upgrade railway stations. Funding for rail accessibility is also likely to be part of the Williams Review of rail, which is expected to be published soon.

The £30 million Changing Places Fund to provide toilet space and equipment for disabled people in both new and old motorway service station buildings has been confirmed.

### Bus services

The Government previously announced an allocation of £5 billion over five years to support a National Bus Strategy. This funding should reverse the decline in service but will need to balance ongoing revenue, subsidies to local authorities for bus passes and to fares reductions as well as spending on less polluting, accessible, and comfortable new buses.

The Budget allocates over £1 billion from the Transforming Cities Fund to pay for a range of different local transport schemes over 2022-23.

## Housing and Communities

### Affordable Homes

The Government has allocated £12bn to the Government's Affordable Homes Programme. Under the Government's definition, affordable housing can include sub-market price homes for sale and homes for rent at up to 80% of local market rents. This leaves less money for social housing at a rent level that older people can genuinely afford. A significant proportion of this £12bn should be allocated for accessible, genuinely affordable social housing, which should offer an alternative for older people currently living in unsuitable private rented accommodation.

There are measures to ease borrowing for investment in social housing and well as further planning reforms to address land availability, while the Budget provides £400m for building new homes on brownfield sites – in addition to the measures for improving energy efficiency of new housing, it should all be accessible, at a minimum built to the Lifetime Homes standard.

## **Renting and homelessness**

Age UK is surprised at the lack of a measures for increasing Housing Benefit rates to cover average rents. The shortfall is impacting on many older private tenants.

We welcome £650m to get rough sleepers into permanent housing with the provision of 6,000 new places. This package needs to include housing care and support services to help older homeless people to sustain their tenancies over the longer term.

Furthermore, we welcome the measures and £1 billion of funding for improving fire safety following the Grenfell tragedy. However these are unlikely to go far enough, and we urge the Government to prioritise ensuring that all housing is safe, in particular where many residents have low levels of mobility or other vulnerabilities that may place them at greater risk.

## **Floods**

Starting from 2021, the government will invest £5.2 billion in a six-year programme for flood defences. The investment has been forecast to protect 336,000 properties from flooding. The government has also confirmed a new £200 million package of place-based resilience schemes to ensure faster recovery for rural, urban and coastal communities most at risk of flooding. The government will also provide £120 million to repair flood defences which were damaged in the floods this (2019/20) winter.

This should ensure that the formula to decide how the money is spent is fair and equitable across the country, and at-risk older people have their homes protected. For those who are affected by floods, support must be provided to help people overcome the damage done. This should include support for local agencies.

## **Private pensions and saving**

### **The 'net pay' scandal**

Age UK has been campaigning for changes to the 'net pay' pensions tax relief regime, which prevents non-taxpayers saving into certain pension schemes (those operating a

'net pay' system) from getting the tax relief they have been promised. The Government has committed to reviewing options of possible solutions and will shortly publish a call for evidence on pensions tax relief administration. This is a welcome development in tackling this thorny issue.

### **Pensions tax relief**

As was expected, the Chancellor announced reforms to the annual allowance taper for high earners, by increasing the salary level at which the annual pension savings tax allowance starts reducing. Introduced under the coalition Government, this has disincentivised some doctors from taking extra shifts. This will cost £670 million in 2024-25. There were no radical reforms to other aspects of the pensions tax system.

The lifetime allowance for pension savings will increase in line with the Consumer Prices Index for 2020-21, rising to £1,073,100. Also unchanged are the amount of savings income that you can have tax-free and the Individual Savings Account (ISA) annual subscription limit (£20,000).

## **Consumer issues**

### **Retail Price Index**

As was announced last year by the previous Chancellor, the Government and UK Statistics Authority are launching a consultation on reforms to the Retail Prices Index.

This will include when to implement changes, likely to be between 2025 and 2030, and issues on technical matters concerning the implementation of its proposal. The consultation will be open for a period of six weeks, closing on 22 April 2020.

This is particularly relevant for pensioners in receipt of defined benefit pensions, which are often linked to the RPI, but also has ramifications for other consumer issues. Age UK will assess the extent to which this affects pensioners.

### **Funeral plans**

Following an investigation by the Competition and Markets Authority, the government will provide protection for consumers against misleading sales tactics in the pre-paid funeral plan market. This will ensure that all providers are subject to robust regulation by bringing the market within the remit of the Financial Conduct Authority.

## Energy

The government will freeze fuel duty for the tenth year in a row.

It will also support the installation of heat pumps and biomass boilers by introducing a Low Carbon Heat Support Scheme. Recognising the energy efficiency benefits of heat networks, the Budget confirms funding for the Heat Networks Investment Project for a further year to 2022 and provides £270 million of new funding to enable new and existing heat networks to adopt low carbon heat sources.

The government will extend the Domestic Renewable Heat Incentive (RHI) in Great Britain until 31 March 2022. The RHI provides financial support to promote the use of renewable heat sources such as heat pumps and solar thermal panels.

The Conservative manifesto and Queen's Speech both committed to £9.2 billion of funding over five years for improving energy efficiency across housing, hospitals and schools. We are disappointed that the Budget did not take this forward and would welcome more detail from the Government on how they will support the 1 million older people living in fuel poverty.