



News in Brief

It's the one you've all been waiting for – following the Chancellor's statement last week, here is our Budget Special.

For a more in-depth analysis of the budget announcements, as well a presentation from North Yorkshire Citizens Advice and Law Centre on how those who see individuals with welfare benefit issues can partner with law centres, working with discrimination caseworkers or solicitors to find long lasting ways to change the benefits system and resolve clients problems for good, come to our Forum Meeting.

Date: Thursday 21 November 2024

Time: 10:00am to 12:30pm

Location: Zoom

To **book your place**, visit: <https://www.eventbrite.co.uk/e...> by **Friday 15 November**.

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Child Benefit

- The government will **not** proceed with the previous government's plans to assess the High Income Child Benefit Charge on household income rather than individual income.
- The reason given is the cost involved: 'it would have come at a significant fiscal cost of £1.4 billion by 2029/2030 if setting the threshold to £120,000-£160,000, where no families would lose out.'
- Changes from 2025 will allow employed individuals to pay the charge through their tax code.
- Changes from 6 April 2026 (for the tax year 2025/2026) will allow self-employed earners to pre-populate tax returns with Child Benefit data.

Carer's Allowance

- In response to the high-profile issues with Carer's Allowance overpayments, the earnings limit will increase to £196 per week from April 2025.
- This is an increase of £45 per week and is the largest increase to the earnings limit since Carer's Allowance was introduced in 1976.
- The new threshold is the equivalent of 16 hours per week at the National Living Wage – and will increase in line with future NLW increases.
- The changes will bring an estimated 60,000 more people into entitlement.
- Calls are being made on Social Security Scotland to make equivalent changes to the earnings limit in Carer Support Payment.

Universal Credit debt repayment

- The Universal Credit deduction maximum rate is to be capped at 15% of standard allowance – described as a 'fair repayment rate'.
- This is a reduction from the current maximum deduction of 25% – and is predicted to save claimants an average of £420 per year.
- *'This will benefit around 1.2 million households as they will keep more of their Universal Credit award each month, with households expected to be better off by £420 a year on average. Around 700,000 of the poorest families with children will benefit as a result of this change'*

Health and disability reforms

- The Government will set out reforms to the health and disability benefit system in 2025 – aiming to be 'fair and sustainable'.
- Responding to the consultation undertaken by previous government – which was designed to reduce the number of claimants in the LCWRA group – the Chancellor stated '*... we inherited the last government's plans to reform the work capability assessment. We will deliver those savings as part of our fundamental reforms to the health and disability benefits system.'*

Anti-fraud measures

- From April 2025, Universal Credit claimants will need to periodically redeclare their circumstances in order to reduce fraud and error. The DWP will also be able to carry out additional checks where a claimant has a change in circumstances.
- There will be a two-year extension of Targeted Case Review activity – from 2028 to 2030.
- There will be an additional 3,000 front-line counter-fraud staff from April 2025.
- Alongside these changes is the introduction of the Fraud, Error and Debt bill – which provisions include limited data sharing with banks and the power to recover money directly from claimants' bank accounts.

Other announcements

- An additional £90 million is being allocated to accelerate **income-related Employment and Support Allowance managed migration** – from September 2024.
- The **surplus earnings threshold** will remain at £2,500 for 2025/26.
- The administration of **Pension Credit and Housing Benefit** will be combined in 2026 – two years earlier than planned. The government is also working to maximise Pension Credit take-up – including contacting pensioners who currently receive Housing Benefit.
- Working-age benefits will be **updated by 1.7 per cent** in April 2025.
- State Pension and Pension Credit minimum guarantee will be **increased by 4.1%** in April 2025.
- An additional £1 billion will be allocated to the **Household Support Fund** and **Discretionary Housing Payment** budgets.
- **Local Housing Allowance rates** and **Benefit Cap** levels remain unchanged for 2025/26.
- Changes will be made to the **severe disability premium** so that people moving from specified accommodation into general needs housing are better supported. This will come into place in 2025/26 but be backdated to February 2024.
- **National Insurance contributions** – from April 2025, the Lower Earnings Limit will increase to £6,500 pa, and the Small Profits Threshold will increase to £6,845 pa. Voluntary Class 2 and Class 3 NIC's will increase by 1.7%.
- The Government is to invest £240 million to trial different ways of **getting people into work**, through the soon-to-be-published 'Get Britain Working' White Paper. They will *'... test new approaches and collect robust evidence on how to tackle the root causes of ill-health-related inactivity, support young people who are 'not in education, employment, or training' (NEET), and help people to develop their careers.'*
- **National Living Wage** – from April 2025, the National Living Wage will increase to £12.21 per hour for all eligible employees, and the National Minimum Wage for 18-20 year olds will increase to £10.00 per hour for all eligible workers. The government is also increasing the minimum wages for Under 18s and Apprentices to £7.55 per hour.

