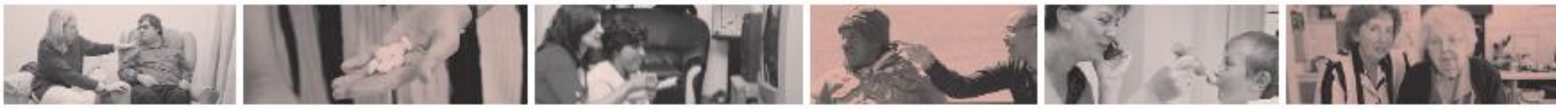
CARERS UK
the voice of carers

Policy Briefing



Autumn Statement 2013: What it means for carers

December 2013

Summary

Each year the Chancellor makes an Autumn Statement in Parliament to provide an update on the Government's plans for the economy and the most recent economic forecasts.

In this Autumn Statement, the Chancellor announced improved forecasts for economic growth and employment rates. He argued that despite an improving economic outlook, the Government had to stick to plans to cut public spending.

This briefing is a short summary of the major ways in which the 2013 Autumn Statement will affect carers and their families.

Cost of living (all UK)

The Chancellor announced two major measures on the cost of living:

Fuel duty

Cancelling the planned 2p rise in fuel duty next year, the Government will freeze fuel duty for the remainder of this Parliament. This means that the Government will not add extra tax rises on top of petrol prices.

Energy bills

By making changes to the ways in which Government levies form a part of household fuel bills, the Chancellor has said that there will be 'an average saving of £50 in household bills.'

Carers UK verdict

Carers currently face a perfect storm of rising household bills, loss of income from giving up or reducing paid work and all the extra costs of caring and disability. Any measures to make household bills more affordable are welcome – however it is important to note that both of these measures are about freezing or slowing future rises in costs, not about cutting bills relative to current levels.

The £50 saving on energy bills does mean that bills won't be as high as they could have been next year – but most bills will rise by more than £50 so, despite this measure, they will still be increasing from what is already an unaffordable level for many families.

Similarly, the petrol duty pledge means that Government has cancelled plans to increase the duties they place on petrol – it doesn't mean they are cutting duties or reducing the current cost.

The State Pension (all UK)

Rise in State Pension

The Chancellor confirmed that as a result of existing measures to peg the State Pension to inflation, it will rise by £2.95 a week in April.

Voluntary National Insurance top-ups

The Government will offer a time-limited scheme from 2015 to enable current pensioners and those who reach State Pension age before the introduction of the new single-tier Pension in 2016, to make voluntary National Insurance contributions to fill in gaps in their National Insurance records and boost their income in retirement.

Increase in the State Pension Age

The Chancellor announced that the Pensions Bill will mean that the State Pension age will be reviewed every 5 years to keep track with life expectancy. On current plans, it will rise to 68 in the 2030s and 69 in the 2040s. The media has reported that, for people currently in their 20s, their State Pension age will rise to 70.

Carers UK verdict

Measures to increase the State Pension in line with inflation are welcome and Carers UK has argued that a similar approach must be applied to social security payments for people of working age.

Caring can often result in gaps in National Insurance contributions. When full details are available, we will examine the new topping up measures to see if this can help existing pensioners and people about to reach State Pension age who have National Insurance records as a result of periods out of work whilst caring.

Whilst we recognise that rapid increases in life expectancy have implications for the State Pension age, Carers UK is deeply concerned that the impact that caring has on families' ability to earn and save towards a pension are not being recognised.

We are increasingly seeing examples of catastrophic exit from the labour market where carers give up work in their 40s or 50s and unable to return to the workforce after a period of caring. In addition

to lost income, increased likelihood of debt and loss of savings, the loss of over a decade of pensions contribution puts them at risk of long-term financial hardship.

If the Government wants to enable families to work for longer, they must fund social care services which enable carers to combine work and caring, and deliver greater support and rights in the workplace. Otherwise, if the number of carers falling out of work in their 50s and 60s continues to rise, instead of leading to 'longer working lives' the rise in the State Pension age could simply mean carers spend longer in receipt of low-level carers' benefits before they can receive their pension.

Social security (all UK)

Limiting social security spending

As announced in the Budget in March, the Chancellor plans to put a cap on overall spending on benefits. This is very different from existing caps which apply to limiting the benefits individual households can receive.

A lot of the money the Government spends is planned and budgeted for in advance, but other spending responds to what is needed each year, this is called 'Annually Managed Expenditure' (AME). Most of this AME spending is on benefits, so that, until now, spending on benefits has increased or decreased according to what is needed.

But this change will mean that, at the start of each parliament, the Chancellor will have to set a limit on the amount the Government can spend on benefits and if this is breached they must hold a vote in Parliament. So, instead of the social security budget responding to *need* at the time, the Government will decide in advance how much can be spent.

Whilst spending on the State Pension, Jobseeker's Allowance and Housing Benefit linked to Jobseeker's Allowance (and these groups under Universal Credit) will not come under the cap, all other benefits, including carers' and disability benefits, will.

Carers UK verdict

This is already very technical and we don't even a lot of the details yet - but it indicates that the Government intends to make further cuts to social security.

Carers UK has already spoken out about the devastating impact the current benefit cuts are having and our deep concerns about the changes still to come. We strongly reject an approach which sets an arbitrary limit on the amount that can be spent on social security and believe that support, including carers and disability benefits, should respond to what is <u>needed</u> in society, not pre-selected targets.

Whilst the most 'cyclical' benefits (those where the numbers needing them increase and decrease in response to what is happening in the economy), including Jobseeker's Allowance, wouldn't be part of the cap, we know that other spending, for example on tax credits, increases when the

economy goes through a difficult period. If the total benefits bill is limited then if spending on some benefits increases because of unemployment, it could result in cuts elsewhere, including to disability benefits.

Piloting new 'work conditions' for young jobseekers

The Government will trial a new scheme for young people in receipt of Jobseeker's Allowance. If they don't have certain basic qualifications, they will from the first day of their claim be required to do up to 16 hours training alongside looking for work. After six months, they will be required to participate in work experience or community work. Unless they comply they will be at risk of losing their benefits.

Verdict: *Carers often struggle to get their caring responsibilities recognised in the context of work. Carers UK has often heard from carers who are unable to work or who would only be able to work for a few hours a week, but struggle to get jobcentre advisors to recognise and understand this.*

Young adult carers are amongst the fastest growing group of carers, but they can face additional barriers in being identified as 'carers' and miss out on advice, information and support. As this group faces tougher tests in order to receive benefits, it is vital that robust mechanisms are put in place for identifying people with caring responsibilities and exempt them from penalties and 'work-focused' requirements.

Universal Credit

The Autumn Statement also includes updated details of the timetable for the introduction of the Government's flagship change to the benefits system, where most working-age benefits are replaced by a new Universal Credit.

The Autumn Statement confirmed that the policy is being delayed and that, whilst the full national roll-out was supposed to be underway now, the process will be much more gradual. The Government now says that Universal Credit will be fully available during 2016 when new claims for the current benefits it is replacing will be closed. The Government plans to move everyone on the benefits being replaced onto Universal Credit by 2017 – but this could be further delayed.

Carers UK verdict

Whilst delays in the implementation of such a major change create anxiety and uncertainty for families and undermine confidence in the new system, it is essential that Universal Credit is not rolled out until we can be confident that it will work. As a result, Carers UK believes that introducing the benefit more gradually is a better approach.

We continue to have significant concerns about a number of the measures within Universal Credit which will significantly disadvantage carers – particularly parents of some disabled children and carers who are themselves disabled. However there are also a number of areas where the Government has argued that current problems with the benefits system will be 'solved' by Universal Credit - but families will now have to wait longer before this happens.

For example, some carers who are in paid work on the minimum wage are now no longer able to receive both Carer's Allowance and Working Tax Credit because working the right number of hours for their tax credits pushes them over the Carer's Allowance earnings limit. The Government has not implemented Carers UK's recommendations on the Carer's Allowance earnings limit to solve this. Universal Credit should alleviate the problem, but families will now be missing out on potentially thousands of pounds in income because the solution through Universal Credit is being delayed. The Government must consider what interim measures should be put in place for families in these circumstances.

Spending cuts

Further spending cuts

The Chancellor announced further spending reductions of of £1.1 billion in 2014-15 and £1 billion in 2015-16 to departmental budgets. The NHS and local Government are protected but spending on social security benefits continues to be sharply reduced.

Carers UK verdict

Our concerns about cuts to social security spending our outlined above, and whilst it is welcome that NHS spending will not be cut, in order to respond to rising demand with limited resources, the health service continues to have to make very challenging efficiencies.

Local councils have faced amongst the biggest cuts funding which has resulted in year on year cuts in social care and other local authority services. We are relieved that further cuts have not been made to local government in the Autumn Statement, as this would have pushed the social care system further into crisis.

But the system, which was already chronically underfunded has been repeatedly cut over the last three years – leaving even more carers, older and disabled people without support. We are deeply disappointed that the Government has not recognised the need for additional funding to meet this growing demand and to alleviate the pressure on NHS services driven by cuts to social care.

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