Briefing: March 2017 Budget

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The Chancellor Philip Hammond delivered his first and last 'Spring' Budget on 8 March (as Budgets will in future take place in the Autumn). In a document that was light on surprises, most of the key points having been well-signalled beforehand, social care finally received some welcome attention. This briefing picks out the main points, but the full documents are available here: https://www.gov.uk/government/topical-events/spring-budget-2017

Age UK – along with many other organisations - has been calling for an emergency injection of funding for social care which, as set out in our report *The Health and Care of Older People in England 2017*, is now not only failing to meet the needs of increasing numbers of older people (1.2 million at our latest count), but also having an increasingly serious knock-on effect on the rest of our healthcare system.

In the event, the Chancellor proposed funding of £2bn over 3 years and announced plans for a Green Paper later in 2017. Age UK will be considering these plans against 10 principles we think should underpin their approach.

Age UK's media response

"Although we warmly support the Chancellor's announcement of a Social Care Green Paper in the autumn, this is tempered by some anxiety that today's emergency funding package, welcome though it is, may not be enough to keep the system going until a new, sustainable approach is put in place.'

"In recent months different experts have come up with a range of numbers for how much is needed to keep Social Care functioning over the next 3 years but they were all higher than the amount announced today. We also need to know more about where the additional £2 billion is coming from and whether it is genuinely 'new money' or not.

"Our concern is that there could be big trouble ahead in some places for older people needing care and their families if providers continue to shut up shop and councils find it impossible to spread the jam any thinner to meet rising demand. A crucial question is whether what has been announced today will be enough to make care providers who were considering exiting the market think again, in the hope that a more sustainable approach is on the way. If it isn't then the Government's rescue package might well need to be followed by a further bail out for social care later this year or next and so for now we are viewing this £2 billion injection of funds as more of a down-payment than a final interim settlement.

"There's a pressing need to give social care real stability, and providers, commissioners and users more confidence. We will have to wait and see if the extra funding announced today does enough in these respects and the Government must be prepared to act fast if it does not but, more positively, a Green Paper is absolutely the right approach and Age UK looks forward to supporting its development."

Health and Social Care

The Chancellor has confirmed that local councils will receive an extra £2bn over the next three years for social care, with £1bn available in 2017/18. This is in addition to the measures announced in the Autumn Statement and will “allow local authorities to act now to commission new care packages”.

This funding will be supplemented with targeted measures to support those areas facing the greatest challenges, particularly in reducing delayed transfers of care between NHS and social care services.

The Chancellor also confirmed a Green Paper on social care funding will be published later in the year. He said a “death tax” will not be an option.

In relation to health care, the Chancellor announced £325m of capital funding over three years for pioneering Sustainability and Transformation Plans (STPs) where there is the strongest case to deliver real improvements for patients and to ensure financial sustainability in the health service.

He also made a promise of a "multi-year capital programme" at the Autumn Budget to support the rest of the STPs, where a further round of local proposals will be considered, subject to rigorous value for money tests.

He then announced £100m of capital funding towards a new A&E department triage system to allow for better assessment of patients when they arrive at A&E (for example increasing the provision of on-site GP facilities).

Tax allowances and thresholds

The Chancellor confirmed the previously announced tax allowances and thresholds. The personal allowance will rise from £11,000 to £11,500 in April 2017-18 and basic tax will be payable on taxable income up to £33,500.

State Pensions and benefits

State Pension and benefit rates were also announced in November 2016. Some key points are:

- The full basic and full new State Pension will be increased by 2.5% to £122.30 and £159.55 respectively. This is a 2.5% increase based on the triple lock.
- Other elements of the State Pension and disability benefits such as Attendance Allowance will rise by 1% in line with the rise in the CPI.
- The standard rate of Pension Credit guarantee for a single person will be increased by 2.4%, to £159.35, in line with the rise in average earnings.
- The majority of working-age benefits such as Jobseeker's Allowance will be unchanged. They are frozen at their 2015-16 levels for four years following the Welfare Reform and Work Act 2016.

Private pensions and saving

As expected, given that the Cridland Review of State Pension Age and a review of pensions auto-enrolment are both still under way, there were no new announcements.

The Budget documents confirm the following previous announcements:

- The Government will press ahead with reducing the Money Purchase Annual Allowance for people who have accessed their private pension, to £4,000pa. This was previously announced in the 2016 Autumn Statement and means that if people use some of their pension savings, usually through an income drawdown account, they will be limited in future to only saving £4,000 each year.
- The interest rate on the new NS&I Investment Bond is confirmed as being 2.2% over a term of 3 years. The Bond will be available for 12 months from April 2017 and will be open to everyone aged 16 and over, subject to a minimum investment limit of £100 and a maximum investment limit of £3,000.
- The ISA limit for tax-free savings will rise to £20,000 from April 2017.

Employment, learning and skills

Lifelong learning

In addition to significant new investment into technical education for school leavers, the government committed £40million to fund pilots aimed at investigating new ways to encourage lifelong learning that helps people retrain and upskill throughout their working lives.

The Government also committed £5 million in 2018/19 to fund ‘returnships’ for people who have had a “lengthy career break” – this could include childcare or providing informal care for a friend or relative.

These changes are welcome and we look forward to more detail, although for many years skills funding has failed to keep pace with the changing labour market. We hope this marks the beginning of a serious attempt by Government to ensure people of all ages can access learning opportunities.

Student loans

The Government has extended eligibility of maintenance loans for Higher Education to part-time students. One of the failings of the existing loan system is that it is highly focussed on full-time undergraduates, so this is a welcome move that should make it possible for people to re-train as adults. There is, however, still an age cap of 60 which the Government must now remove – this is especially pertinent in the wake of rising State Pension ages.

Consumer issues

The Government will publish a competition and markets green paper later this year to examine markets that are not working efficiently or fairly. The Budget sets out the initial steps the government will take, including:

- legislating at the earliest opportunity to allow consumer enforcement bodies, such as the Competition and Markets Authority, to ask the courts to order civil fines against companies that break consumer law.
- developing proposals to protect consumers from facing unexpected payments when a subscription is renewed or when a free trial ends
- considering how to make terms and conditions clearer, simpler and shorter for consumers to engage with.