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# Benefits Update

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# Pensions, tax & benefits

- During his autumn statement, the chancellor announced policies on:
  - National Insurance – including cutting the rate paid by employees from 12% to 10% from 6 January 2024 and cutting the main rate paid by self-employed individuals from 9% to 8% from 6 April 2024.
  - The ‘full expensing’ capital allowance – this allows businesses to offset investment in items such as new IT equipment and factory machinery against tax. This was made permanent, having been introduced temporarily in the 2023 spring budget.
  - The State pension – which will be increased by 8.5%. This means that the new State pension will rise to £221.20 per week (currently: £203.85) and the basic State pension will rise to £169.50 (currently: £156.20).

In addition to the above, the chancellor also announced welfare reforms including:

- People claiming benefits will face mandatory work experience if they do not find a job within 18 months.
  - The national living wage will rise from £10.42 per hour to £11.44 from April 2024. It will apply to those aged 21 or over.
  - Benefits will be increased by 6.7%.
  - Local housing allowance will rise (after being frozen since 2020). Rates will be increased to equal the 30th percentile of an area’s market rents, which could be worth up to £800 for some households next year.
- The chancellor has unveiled plans that could eventually give workers one pension pot for life. The model aims to simplify the market by allowing savers to ask their employers to pay into one portable pension pot.
  - Millions of low-income households claiming means-tested benefits, such as Universal Credit, Working Tax Credit and Pension Credit, received a £300 cost-of-living payment between 31 October and 19 November, with another due in spring 2024. There will also be an extra payment of up to £300 for eligible pensioner households, which will be paid alongside their winter fuel payment in November or December. Details for all cost-of-living payments and their eligibility criteria can be found at **[GOV.uk/guidance/cost-of-living-payment](https://www.gov.uk/guidance/cost-of-living-payment)**
  - The DWP is encouraging low-income pensioners not already getting Pension Credit to check their eligibility, as they can still qualify for the £300 cost-of-living payment if they make a successful backdated Pension Credit application by 10 December 2023. Individuals can check eligibility and apply for Pension Credit at **[GOV.uk/pensioncredit](https://www.gov.uk/pensioncredit)**

- The warm home discount (WHD) helpline opened for calls on 16 October (0800 030 9322). The WHD provides a £150 rebate onto electricity bills for eligible low-income households, which is usually applied automatically between early October and the end of March each year. If you're eligible, you'll get a letter by early January. If you think you're eligible but you don't receive a letter, you must call the helpline before 29 February 2024.
- The government has announced a package of employment support measures as part of the back to work plan. The investment aims to help up to 1.1 million people with long-term health conditions, disabilities or who are long-term unemployed to look for and stay in work. The plan includes exploring reforms of the fit note system and an expansion of the treatment and employment support available.
- Pensioners who have shared part of their personal allowance with their spouse through the marriage allowance scheme could face a surprise tax bill next year. This is due to a combination of the personal allowance being frozen at £12,570 and the 8.5% increase to State pensions announced by the chancellor in his autumn statement. If one partner earns at least 10% less than the personal allowance – £11,310 – and the other is a basic-rate taxpayer, the lower earner can hand over 10% of their unused tax allowance to their spouse. Until now, anyone receiving the full State pension (currently £10,600 a year) but no other income has been able to use the marriage allowance to help reduce the amount of tax paid by the household. However, as a result of next year's 8.5% rise in the State pension, the lower-paid spouse could face a tax bill as their earnings will be boosted to £11,502 a year (thus using 91.5% of their personal allowance). Once a couple starts to use the marriage allowance, the transfer carries on each year until it is revoked. Couples in this position will be able either to carry on with the marriage allowance, leaving the lower earner with a small tax bill every year, or they can cancel the marriage allowance, increasing the higher earner's tax bill and potentially leaving them worse off overall.

# General

- Ofgem has announced that the energy price cap will be set at £1,928 for the first three months of 2024 (for consumers paying by direct debit). This is a slight increase on the Q4 2023 cap, which was set at £1,923. The price cap reflects the cost of supplying energy to our homes and sets a maximum amount suppliers can charge per unit of energy bought on the global wholesale market.
- The government has frozen bus fares at £2. The bus fare cap had been due to rise to £2.50 but will remain at £2 until the end of next year to help millions of people make significant savings on their travel costs.
- Minimum service levels legislation is to be passed for passenger rail, ambulance and border security staff. The legislation aims to ensure that public services will keep operating if strikes are called, particularly over Christmas. A consultation is also under way exploring ways to protect children and young people's education during any future strike action.
- The government has announced funding to boost self-driving transport technologies in the UK. Up to £150 million to 2030 will be used to support the UK's position among world leaders in self-driving technologies.
- Students set to sit their GCSE exams in 2024 could receive additional support for one more year. Following a consultation, the proposal would see students provided with enhanced formulae and equation sheets to support them in mathematics, physics and combined science GCSEs, as was the case for 2023 exams. This means students will not have to memorise formulae, as they need to in a normal year.
- A 'transition period' for owners of XL Bully dogs is now under way. Owners who wish to keep their dogs must apply to an exemption scheme or can instead apply for compensation related to euthanasia costs. The period forms part of an effort to ban the XL Bully and will run until 31 January 2024. Owners who successfully apply for exemption must also comply with strict requirements throughout the lifetime of the dog, and anyone found without a certificate could receive a criminal record and an unlimited fine.