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Benefits Update.

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Pensions, tax & benefits

- The Pensions Commission has published its interim report on the state of retirement saving in the UK, setting out the key challenges facing the current system and where it will focus its work next. The report highlights that many people are not saving enough for retirement, particularly among low and middle earners, the self-employed and women, and points to the need for the system to evolve to meet modern working lives. Its findings include:

  - Low and middle earners are most at risk, with around half saving only at minimum Automatic Enrolment levels with little else to fall back on.
  - 45% of working-age adults (around 18 million people) are not saving into a pension at all, despite nearly half of them being in work.
  - Where employers are contributing above the statutory minimum, this is largely benefiting higher earners.
  - Just 4% of wholly self-employed workers are saving for retirement, and it's even lower among younger self-employed people.
  - On current trends, around three in 10 private pension pots are accessed at the earliest possible opportunity, with half of all pots taken out in full. Nearly half of these are spent on large expenses like a car, holiday or renovations.

  A final report with recommendations will follow in early 2027.

- Chancellor Rachel Reeves will cut VAT to 5% on summer attractions during the school holidays this year. Zoos, museums, theme parks and soft-play venues will benefit from the temporary VAT reduction, which will also apply to children's theatre and cinema tickets and kids' meals eaten in restaurants. The move is part of a £300m scheme that Reeves is calling 'Great British summer savings', which also includes free bus rides for under-16s in England during August.

- The Household Support Fund has now been replaced by a new Crisis and Resilience Fund, which councils can use to help people struggling with essentials like food, energy bills, housing costs or emergency expenses. Unlike the old scheme, there's more focus on preventing longer-term financial hardship as well as crisis payments. Support varies by council, and you usually apply through your local authority website or welfare team. You do not need to be on benefits to qualify in some areas.

- The government has announced that the 5p cut on fuel duty will be extended for the rest of the year.

- HMRC is urging parents to claim Child Benefit for their new baby now, as more than 30% of new parents are missing out on payments by not claiming in their baby's first year. Child Benefit is worth £27.05 per week (or £1,406.60 a year) for the eldest or only child and £17.90 per week (or £930.80 a year) for each additional child, with no limit as to how many children parents can claim for. Child Benefit can be claimed 48 hours after the baby's birth is registered but can only be backdated for up to three months from the date HMRC receives the claim, meaning thousands of families are not getting what they're entitled to. Even if one parent earns over £60,000 and the benefit may be subject to the High Income Child Benefit Charge, it can still be worth claiming. Parents can choose not to receive the payments while still protecting their entitlement to National Insurance credits, which count towards their State pension. This can be particularly important for parents who take time out of work to care for children. Parents can make their claim via the HMRC app, or by visiting **www.gov.uk/child-benefit/how-to-claim**

- Pensioners across the UK are being warned to watch out for fraudsters, as the recovery of the Winter Fuel Payment (or Pension Age Winter Heating Payments in Scotland) has begun. Payments made in winter 2025 will be recovered from pensioners with income above £35,000. Nearly two million people are expected to have to repay, and for most this will be an automatic process, using a change to their tax code to settle any money owed. For pensioners who file a self-assessment online, the payment should show in their 2025/26 tax return, due by 31 January 2027.

- Pensioners can choose to 'opt out' of receiving the Winter Fuel Payment if they know their income will be over the £35,000 threshold and they would otherwise have to repay it through HMRC later. To opt out for winter 2026/27, the deadline is 20 September 2026 online (or 18 September by phone). You only need to opt out once and can opt back in later if your circumstances change. Payments are normally automatic, so beware of scam texts or emails asking you to apply. To find out more, visit **www.gov.uk/winter-fuel-payment/report-change-circumstances**

General

- The energy price cap will rise sharply again from July, with Ofgem announcing an increase of 13% for a typical household bill. Under the cap, the average gas and electricity bill will increase to the equivalent of £1,862 a year from July until the end of September to take account of the rise in global energy market prices. This is up from £1,641 a year in April to June. Anyone on a standard variable tariff may want to check whether a fixed deal could save them money before the new rates kick in.

- People across the UK can now get help navigating government services through a new AI-powered tool, gov.uk Chat, which has launched on the gov.uk app. Users can ask questions in plain English and receive answers based on official government guidance. The tool can help people find information on a range of topics, including funded childcare, apprenticeships, buying a first home, pensions and benefits, making it easier to access information and support they may be entitled to.

- The final draft of the Tobacco and Vapes Bill has cleared parliament. It will stop people who were born on or after 1 January 2009 from ever buying tobacco/vape products and will also give ministers new powers to regulate tobacco, vaping and nicotine products – including their flavours and packaging.

- Some pet passports are now invalid due to new EU travel rules. Anyone travelling to one of the bloc's member states with dogs, cats or ferrets will now need to get an animal health certificate before they set off. It will need to be issued by a vet within 10 days of their trip, and a new one will be needed for every future journey from the UK into the EU. It can, however, be used for up to six months for onward travel within the EU and for re-entering the UK. The rules also apply to assistance dogs.

- The Scottish government has announced a new First Homes Fund aimed at helping first-time buyers onto the property ladder. From next month, eligible buyers in Scotland may be able to apply for an interest-free loan of up to £10,000 to put towards a deposit or other upfront home-buying costs. Full eligibility criteria and application details are expected to be published before the scheme opens.