

On 23 November, the new Chancellor Philip Hammond presented his first (and last) Autumn Statement. This briefing covers the main items that were either announced or known which relate to older people. Initial observations and comments are shown in *italics*.

- The basic state pension will rise next April by 2.5%, as guaranteed by the triple lock. This is because inflation (Consumer Price Index) was 1% and average earnings 2.3%. This will mean a full basic state pension will rise by £3 a week to £122.30 for a single person and by £4.80 a week to £195.60 for a couple (where a wife relies on her husband's contribution record). For millions of women this actually means an increase of just £1.80 a week on their state pension (20p less than last year).
- The state second pension, such as SERPS, S2P or Graduated Pension which are linked to the CPI will therefore rise by 1%. This will also affect many occupational pensions that have an inflation-linked, rather than an RPI, increase. The CPI is forecast to be 2.3% next year, 2.5% in 2018, 2.1% in 2019 and 2% by 2020.
- However, whilst confirming the triple lock was safe until 2020, the Chancellor also said: "As we look ahead to the next Parliament, we will need to ensure we tackle the challenges of rising longevity and fiscal sustainability". *We can therefore expect a review at some point before 2020 into the way in which the state pension should be indexed in the future. It is worth noting that since 2010, the triple lock has only given a higher increase than the pre-2010 arrangement on just one occasion in April 2016. Critics are opposed to the 2.5% guaranteed increase that Gordon Brown introduced and some have called for the pension to be simply tied to the CPI. In four years' time, Mr Hammond may try to do to the triple lock what Margaret Thatcher did to the link with earnings.*
- There was no announcement as to the amount by which the new State Pension will rise in 2017, but it is expected to also go up in line with the triple lock guarantee of 2.5%. This will take the £155.65 a week to £159.55 – a rise of £3.90. *This is the first example of how unfair the indexation arrangements are between the old pre-April basic state pension and the new post-April 2016 single-tier state pension, and show how over time the gap between the two will widen. This remains a key area of campaigning with the government.*
- There was no announcement as to the amount by which Pension Credit will rise in 2017, but for an individual getting £155.60 a week it is likely to go up by 2.5% or £3.90 taking the total to £159.50 – just 5p less than the new State Pension. *This will need to be confirmed.*
- The implementation of the cap on Housing Benefit and Local Housing Allowance rates in the social rented sector will be delayed by 1 year, to April 2019. The cap will be applied to all supported housing tenancies from April 2019, and the government will provide additional funding to Local Authorities, so that they can meet the additional costs of supported housing in their area. For general needs housing, the cap will now apply to Housing Benefit tenants whose tenancies began or were renewed since April 2016, including pensioners. *This cap is not widely known among older tenants, but could adversely affect the amount of money they receive towards their housing costs.*
- The Budget papers also confirmed that spending on benefits would be capped at £126bn by 2020/21. Whilst the basic and second state pension are excluded from the welfare cap, Pension Credit, Attendance Allowance, the winter fuel allowance, cold weather payments and Christmas Bonus are all included.

- The basic personal allowance for Income Tax will rise in April 2017 from £11,000 to £11,500. The allowance is forecast to rise again to £12,500 by 2020. There was no information available on the Married Couples Allowance.
- Other announcements included the following:
 - The publication of a Housing White Paper which will include plans for a regional pilot scheme to allow up to 3000 housing association tenants to buy their own home.
 - An increase in Insurance Premium Tax in June 2017 from 10% to 12%, costing the average household between £50-£90 a year extra on their various insurance policies.
 - ISA limit will increase next April from £15,240 to £20,000.
 - The launch of a new NS&I 3-year savings bond. The indicative rate is 2.2% but this may be adjusted to reflect market conditions when the product is launched. The bond will be open to those aged 16 and over, subject to a minimum investment limit of £100 and a maximum investment limit of £3,000. The product will be available for 12 months from spring 2017.
 - A consultation will be launched on banning pension cold calling and pension related scams, of which there are an estimated 250m every year.
 - A review of the energy market.
 - An increase in the earnings limit on which National Insurance is paid at 12%, going from £43,000 to £45,000. This will cost each individual an extra £200 a year and is expected to raise £38bn in 5 years.
 - The abolition of the Autumn Statement to be replaced with an Autumn Budget instead, in 2017. The spring Budget next year will therefore be the last of its kind.
- However, the biggest omission from the Chancellor's statement was on social care. Nowhere in the 72 page document, was the issue mentioned, and neither did Mr Hammond cover it in his speech. He is on record as having dismissed the idea of a "crisis or looming chaos" in the sector, despite a range of pensioner groups, charities, trade unions, politicians and think tanks all calling for additional funding. There was also no mention of the 2% precept that allows local councils to raise additional funding just for social care, which was introduced this April. *Critics argue that the funding gap in the social care sector will hit £2.9bn by 2020 and up to half of all care homes could close. The NPC continues to argue for a National Health and Social Care Service, funded through general taxation.*

The NPC's press statement issued following the Autumn Statement is reproduced below for information. It appeared in The Daily Express (twice), Daily Mail and the Morning Star. No other pensioner organisation received this amount of coverage.

**Chancellor hints at ending state pension triple lock,
but says nothing about crisis in social care**

Britain's biggest pensioner organisation, the National Pensioners Convention (NPC) has raised concerns over the future of the state pension triple lock, following today's Autumn Statement.

Dot Gibson, NPC general secretary said: When the Chancellor said 'As we look ahead to the next Parliament, we will need to ensure we tackle the challenges of rising longevity and fiscal sustainability' it's clear that he intends to attack the state pension triple lock after 2020. Putting aside all the misinformation surrounding the triple lock – it will only offer a £3 a week rise next April and just £1.80 for millions of older women. The inadequacy of the state pension certainly won't be solved by 2020 if this is how we intend to go on. Future generations are also going to become ever more reliant on the state pension for their income in retirement – so if we scrap the triple lock the state pension will wither on the vine like it did in the 1980s and they will be left with nothing."

The Convention also expressed its surprise that the Chancellor did not address the current financial crisis affecting social care.

Dot Gibson added: "Since 2010, social care budgets have been cut by around £5bn. The system suffers from a postcode lottery of charges, limited access to services, badly paid and poorly trained staff, a lack of proper regulation, low standards, inadequate "flying" 15-minute visits and a lack of dignity for both staff and residents. But most importantly we know that there will be a £1.9bn funding gap next year, increasing to £2.3bn by 2019/20."

"Every week, we come across examples of how older people have been let down by the care system and now nearly 2m people no longer get the care they need. This is a real crisis and yet the Chancellor didn't even mention it. It's like social care has become the issue that dare not speak its name. Yet the general public, those involved in the care sector and older people and their families are way ahead of the politicians on this issue. They know the current system isn't working and more of the same just isn't going to solve anything. We need something bold to tackle the major problems facing the sector. Waiting until 2020, as the government has previously suggested, will effectively mean that older people are left to suffer for years and for some it will be too late. That is completely unacceptable."

ENDS