

Pre-Budget Report Briefing

On 24 November 2008, the Chancellor Alistair Darling presented his pre-Budget Report to Parliament. The main items affecting older people were as follows:

- A £60 one-off payment in addition to the £10 Christmas Bonus, to be paid to all pensioners in January 2009.
(Note: This measure is estimated to cost £900m, but it is unclear where the money is coming from).
- Increase in the Basic State Pension (in line with the September Retail Price Index figure of 5%) of £4.55 a week for a single pensioner (taking it to £95.25) and £6.25 for a couple (taking it to £152.30).
- An above September earnings increase (of 4.8%) in the means-tested Pension Credit (Guarantee Element) of £5.95 a week for a single (taking it to £130) and £9.10 for a couple (taking it to £198.45).
- Personal Tax Allowances will rise from April 2009 as follows:
Up to 65 - £6035 rising to £6475
65-74 - £9030 rising to £9490
75 + - £9180 rising to £9640
- Up to £100m extra for the Warm Front programme, aimed at giving 60,000 homes insulation and improved heating systems.

In addition, the official Treasury statement also contains some useful pieces of information:

- National Insurance (NI) contributions will rise by 0.5% for both employers (currently 12.8% on all salary) and employees (currently 11% of salary up to the upper earnings limit and 1% thereafter) from April 2011. This is expected to raise an extra £4.6bn a year for the NI Fund.
- The lower earnings limit on NI contributions will rise in April 2009 from £106 a week to £111. The upper earnings limit will rise from £770 to £844.
- A temporary 13 month reduction of 2.5% in VAT (starting 1 December 2008) will NOT apply to energy bills or food.

Both prior and after the announcement, the NPC made a series of public statements. These are reproduced below for information. Media coverage of our comments included statements in the Daily Herald, Daily Mail, Daily Record, Daily Telegraph, Guardian, Mature Times, Morning Star, The Mirror, The Times, a host of regional newspapers and numerous news websites.

Five-point plan for pensioners' budget

Britain's biggest pensioner organisation, the National Pensioners Convention (NPC) is calling on the Chancellor to use his pre-Budget report today, to announce a series of measures to help hard-pressed pensioners.

The NPC is proposing a five-point plan to both boost pensioner incomes and stimulate local economies. The plan focuses on:

- State Pension – The basic state pension stands at just £90.70 a week and is due to rise in April 2009 by an additional £4.55. Pensioner poverty stands at 2.5m and many more are already struggling with the rising costs of living.

Recommend that state pension is substantially increased

- Christmas Bonus – The Christmas Bonus was introduced in 1972, and at £10 was equivalent to a 'double pension', as the basic state pension was £6.52 a week. After 36 years, a Christmas Bonus of £10 now looks insulting and irrelevant.

Recommend the Christmas Bonus is increased to £100 this winter

- Fuel Poverty – One in four pensioners is estimated to be spending more than 10% of their income on energy bills, placing them in fuel poverty. Average annual energy bills now exceed £1,000 and this absorbs 16% of the income of a single pensioner in receipt of the pension credit minimum guarantee and the current £250 Winter Fuel Payment.

Recommend the Winter Fuel Allowance is increased to £500 per pensioner household

- Free travel – Being able to travel, socialise and go shopping is important to both maintaining independence in older age and helping local economies. Whilst free bus travel exists within each of the four countries in the UK, there is no arrangement to allow cross-border travel.

Recommend the free bus travel scheme is made UK-wide

- Council Tax – Council tax remains the biggest single expense for most pensioner households. Increases in recent years have far outweighed those in the state pension, and as a result, large numbers of older people are seeing their incomes eroded and their standards of living fall.

Recommend the council tax is frozen for pensioner households

Joe Harris, NPC general secretary said: "Pensioners urgently need a boost to their income to help them through the current economic crisis. These measures would not only put money into pensioners' pockets in the short-term, but they would also ensure that local economies benefited, because pensioners would go out and spend their extra money. The Chancellor has already spoken about cutting taxes – but pensioners want to see some real

money in their hands this Christmas. Mr Darling has a choice – does he want to be the pensioners' Santa or Mr Scrooge?"

ENDS

Pre-Budget Report – Not far enough, fast enough for pensioners

Britain's biggest pensioner organisation, the National Pensioners Convention (NPC) has described the announcements in today's Pre-Budget Report as not going "far enough, fast enough" to prevent pensioners feeling a recession in retirement.

Commenting on the detail, Joe Harris, NPC general secretary said: "Mr Darling's proposed rise in the state pension means that millions of people will get an increase next year of just £4.55 a week, and no real extra help with their growing fuel bills. The one-off Christmas Bonus is welcome, but pensioners need that money, not only now, but also in the long-term. Whilst VAT has been reduced on other goods – it won't come off of fuel bills – which is where pensioners are feeling real pressure most."

"The Chancellor may have announced measures to ease the recession for the rest of society, but he's done very little to tackle the recession felt in retirement by Britain's 11m pensioners. Mr Darling has found billions for bankers, but still offers peanuts to pensioners. One in four older people still live in poverty and every week more and more of them face rising food and fuel prices."

"Pensioner inflation is double the official figures because older people spend a higher proportion of their income on those items with the fastest rising prices. Pensioners can't wait until next year for a small increase in their state pension; they need to see a much bigger increase now to help them cope with the current financial crisis."

ENDS