

Press release

Budget marks first step in plan to drive up opportunity and drive down poverty

Millions of people, including families, pensioners, carers and those struggling to find work are set to benefit from Autumn Budget reforms to boost work and tackle poverty.

From: **Department for Work and Pensions**
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- Welfare safety net will be strengthened with a new Fair Repayment Rate, an increase to benefits and an extension of vital crisis support.
- Carers will also see a boost to the amount they can earn whilst retaining their entitlement to Carer's Allowance.
- A £240 million package for the Get Britain Working White Paper will shift department's focus from welfare to work.

The first steps in the Work and Pensions Secretary's plan to drive up opportunity and drive down poverty across the UK were unveiled in the Government Budget yesterday (Wednesday 30 October).

As the department shifts its focus from welfare to work, a £240 million package will open up opportunities to millions of people left behind and denied the opportunity to get into work and get on at work.

These major changes will address spiralling economic inactivity and a record 2.8 million people locked out of work due to long term sickness and are part of the Government's ambition to reach an 80% employment rate.

The Get Britain Working White Paper will develop:

- A new jobs and careers service to help get more people into work, and get on in their work, by linking jobseekers with employers, with an increased focus on skills and careers;
- Joined-up work, health and skills plans to tackle economic inactivity and boost employment, led by Mayors and local areas;
- A new Youth Guarantee so that every young person is given the opportunity to earn or learn.

Those with caring responsibilities will be able to earn more without losing government support, with the Carer's Allowance earnings threshold boosted by £45 a week to £196, benefitting more than 60,000 carers by 2029/30. This is the biggest ever cash increase in the earnings threshold for Carer's Allowance. This is alongside an independent review into Carer's Allowance Overpayments led by Liz Sayce OBE.

As well as boosting pensions and benefits through annual uprating, a new Fair Repayment Rate will be introduced, reducing Universal Credit deductions. This will mean 1.2 million of the poorest households will benefit by an average of £420 a year.

£1 billion, including Barnett impact, will be invested to extend the Household Support Fund in England

by a full year, on top of the six months already announced, and to maintain Discretionary Housing Payments in England and Wales. This will help struggling families and pensioners facing the greatest financial hardship.

Work and Pensions Secretary, Liz Kendall said:

- “ We promised change, and that is what we will deliver.
- “ For too long, millions of people have been denied opportunities to work and build a better life, and too many children are growing up in poverty, harming their life chances and our country’s future.
- “ This Budget shows the first steps in our plan to drive up opportunity and drive down poverty in every corner of the country.
- “ There is still much more to do, but this Budget has shown change has begun.”

Measures announced today will also improve how the department detects and prevents fraud and error, so support is targeted where it is needed most and taxpayers know every pound is spent wisely. These changes are expected to save £7.6 billion by 2029/30.

The Secretary of State has also concluded her annual review of the State Pension and benefit rates, which will see:

- A 4.1 percent increase to the basic and new State Pensions due to the Triple Lock commitment – meaning those on the full rate of the new State Pension will now see an increase of over £470 per year.
- A 1.7 percent increase to Universal Credit and other working-age benefits – worth an average £12.50 per month for a family on Universal Credit.

Further Information

- The Get Britain Working White Paper will be published in Autumn and will set out the government's plans to reform employment support and tackle the root causes of record-high inactivity.
- Welfare reforms announced at Autumn Budget include:
 - A new Fair Repayment Rate to reduce Universal Credit deductions from 25% to 15%.
 - A £240 million Get Britain Working package
 - An extension of the Household Support Fund
 - Maintaining Discretionary Housing Payments funding.
 - Raising the Carer's Allowance earnings threshold by £45 a week
 - Up-rating disability benefits and working age benefits including Universal Credit by 1.7% in line with the year to September 2024 Consumer Prices Index figure.
 - Up-rating basic and new State Pensions and the standard minimum guarantee in Pension Credit by 4.1% in line with the average weekly earnings figure for the year to May to July 2024.
- Improving fraud, error and debt detection and prevention.

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