

# Benefits Bulletin

# Autumn Statement...

29<sup>th</sup> November 2023

Issue **7** [2023]

This Benefits Bulletin brings news of the changes / reforms to Social Security benefits announced in the Autumn Statement published on 22<sup>nd</sup> November 2023. Please see this [LINK](#) for full details of the Autumn Statement.

The key changes and reforms to Social Security benefits were as follows:

## Increase to Benefit Rates...

**3.47:** Working age benefits paid by the Department for Work and Pensions (DWP) and His Majesty's Revenue and Customs (HMRC) will be increased by 6.7% next year. The increase is equivalent to inflation in the 12 months leading up to September 2023.

**3.47:** This will see 5.5 million households on Universal Credit gaining £470 on average next year.

**3.48:** The Triple Lock for pension age benefits will be maintained. The basic State Pension, new State Pension and Pension Credit standard minimum guarantee will be uprated from April next year in line with the average earnings growth of 8.5%.



**3.48:** This means that the new State Pension will be worth up to £900 a year more from next year.



More news...

# Increase to LHA Rates...

**3.45:** Support for private tenants that need help to pay their rent will be increased.



The level of Local Housing Allowance rates will rise to the 30<sup>th</sup> percentile of local market rents from April next year.

**3.35:** It is anticipated that this measure will provide 1.6 million households with an extra £800 next year to help them with their rent payments to private landlords.

# National Living Wage...

**3.14:** From 1<sup>st</sup> April 2024, the National Living Wage (NLW) will increase from £10.42 an hour to £11.44 an hour, an overall increase of £1.02 (9.8%) an hour.

**3.14:** Also, the qualifying age threshold has been lowered from 23 to 21 years old, ending the low hourly rate (presently £10.18 an hour) for those aged 21 and 22.



**3.14:** It is understood that that this measure will benefit 2.7 million low paid workers.

**3.14:** This increase represents a rise of just over £1,800 per annum in earnings of someone working full-time (i.e. 35 hours per week).



# Support for Long-term Unemployed

**3.22:** There are presently around 300,000 people (20% of the overall number of unemployed people) who have been unemployed for over a year. This figure is significantly higher than in the top performing Organisation for Economic Co-operation and Development ([OECD](#)) countries.

**3.24:** As part of the Back to Work Plan, over £1.3 billion will be invested over the next five years to help tackle long-term unemployment by establishing an end-to-end process that supports and motivates unemployed Universal Credit claimants to find work. The support measures will include expanding Jobcentre support for claimants.

**3.25:** To 'incentivise' compliance, the Universal Credit sanctions regime will be strengthened to enforce the expectation that those who can work must engage with the support available or lose their benefits.



**3.25:** Claimants who have been on an 'open-ended sanction' for over six months and who continue to disengage with Jobcentre support and who are solely eligible for the Universal Credit standard allowance will lose their entitlement to Universal Credit and access to additional benefits such as free prescriptions and legal aid.

**3.25:** Claimants of Universal Credit will have their attendance at job fairs and interviews organised by Jobcentres ‘tracked’ so that Work Coaches have the information they need to determine whether they are meeting their claimant commitments.

**3.26:** A ‘Back to Work Plan’ will provide enhanced support which will be delivered to support claimants find work, with interventions intensifying the longer a claimant remains unemployed.

**3.26:** Where a person fails to find employment after six months, they will be referred for more intensive and tailored support. This support will include coaching and involve CV writing, interview skills and other training sessions.



**3.26:** If a person remains long-term unemployed and there is no suitable local job available then they will be required to accept a time-limited mandatory work placement or take part in other intensive activity, designed to increase their skills and improve their employability. If a claimant refuses to accept these new conditions without ‘good reason’, their Universal Credit claim will be closed. This model will be rolled out gradually from 2024.

**3.27:** As a result of these reforms, no claimant should reach their claimant review point at 18 months of unemployment in receipt of their full benefits if they have not taken every reasonable step to comply with Jobcentre support.



## Support for Mental Health...

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**3.31:** The number of people inactive because of long-term sickness who reported a mental health condition rose by over 35% during period 2019 and 2023.

**3.31:** To counter this trend, £795 million will be invested over the next five years to tackle the root causes of mental health problems and support people to remain in or return to work.

**3.32:** The [Individual Placement and Support](#) scheme for people with severe mental illness will be expanded to offer an additional 100,000 places over five years.



**3.32:** The NHS flagship programme [Talking Therapies](#) that provides people with treatment for mild and moderate mental health conditions will be expanded.

## WCA Reform...

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**3.34:** Plans are being made to reform the activities and descriptors in the Work Capability Assessment (WCA) to better reflect the greater flexibility and reasonable adjustments now available in the world of work.

**3.34:** This reform will prevent some individuals from being deemed as not fit for work, and ensure they are better supported into employment.

**3.35:** The reforms will be implemented from 2025. When they are, they will apply to new claims only.



**3.35:** The forecast is that the combined number of people deemed to have 'limited capability for work' and 'limited capability for work-related activity' under Universal Credit and Employment and Support Allowance is due to increase from around 2.4 million individuals (2023-24) to around 2.9 million (2028-2029).

**3.35:** The planned reforms will significantly reduce this number whilst ensuring that individuals receive the 'right work and health support' at the right time.

## Cost of Increased Sickness...

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**3.16:** ... Getting more people into good jobs is ... the best route out of poverty.

**3.18:** Although there has been significant progress in reducing unemployment, the number of people of working-age who are neither in work nor looking for or available for work remains an issue.



**3.19:** Whilst there are many reasons for labour market inactivity the recent rise in inactivity since the onset of the pandemic due to ill-health and disability is a particular worry.

**3.19:** The report underlined the effect that health-related inactivity is having on the United Kingdom's medium-term economic growth prospects and the public finances, reducing tax receipts by an estimated £8.9 billion and increasing welfare spending by an estimated £6.8 billion in 2023-2024.



Please see this [LINK](#) for full details of the Autumn Statement.

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