Pensioners earning under £35k to get winter fuel cash again

**Chancellor Rachel Reeves has reversed last year’s decision to restrict winter fuel payments, confirming that pensioners in England and Wales with taxable incomes of £35,000 or less will again receive the benefit from this autumn.**

Pensioners aged 67-79 will be paid £200, while over-80s will receive £300. Scotland and Northern Ireland run separate schemes.

The Treasury estimates the change will put about £1.25bn into pensioners’ pockets, after recovering around £450m by clawing back payments from wealthier recipients. Payments will be issued automatically by the Department for Work and Pensions and, where income exceeds the £35,000 threshold, HMRC will recover the full amount via PAYE or self assessment, mirroring the high-income child benefit charge. No registration is required, though an opt-out will be offered later this year.

The move brings nine million households back into scope after only 1.5m qualified last winter when eligibility was tied to pension credit. Tax specialists welcome the broader support but warn that the new means test could add administrative complexity and fresh inequities between single- and dual-income households.

Reeves said: “Targeting winter fuel payments was a tough decision, but the right decision because of the inheritance we had been left by the previous government. It is also right that we continue to means test this payment so that it is targeted and fair, rather than restoring eligibility to everyone, including the wealthiest.”

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UK growth forecast downgraded by OECD

**The Organisation for Economic Co-operation and Development (OECD) expects UK economic growth to be slower than previously forecast. The Paris-based body has revised its UK growth forecast for 2025 from 1.4% to 1.3% and cut its 2026 estimate from 1.2% to just 1%.**

The downgrade follows a broader fall in global growth expectations, primarily driven by trade tensions triggered by the US’s renewed use of import tariffs. The OECD said that higher-than-expected inflation and tight public finances have also weighed on the UK’s outlook.

Although the UK economy grew by 0.7% in the first quarter of 2025, the OECD noted a sharp loss of momentum. Business confidence is fading, retail sales have been volatile and consumer sentiment has declined since mid-2024.

Almost all OECD member countries received downgraded forecasts. Global growth is now projected at a modest 2.9% in 2025 and 2026, compared to March’s estimates of 3.1% and 3% respectively. The US, Mexico and Canada will likely be hardest hit by tariff-related uncertainty.

The UK Chancellor, Rachel Reeves, faces added pressure ahead of her upcoming spending review. With tax revenues constrained by a stagnant economy and rising health, pensions and defence costs, there’s little budget headroom.

The OECD advised the UK to prioritise capital investment by limiting day-to-day spending. However, it warned that even small economic shocks could derail existing fiscal plans and prompt further cuts.

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Employer NIC hike drives record May job losses

**Early HMRC information shows UK payrolled employment fell by 109,000 (-0.4%) in May 2025, the sharpest monthly decline for four years. The drop pushed the unemployment rate up to 4.6%, its highest level since April 2021.**

Economists have highlighted the 1.2 percentage point rise in employer National Insurance – from 13.8% to 15% on 6 April – as a key factor. But arguably just as significant is the drop in the threshold at which employer National Insurance kicks in, from £758 a month to £500, widening the impact for many businesses. Hospitality shed 5.6% of roles, IT and telecoms 3.4%, and retail 2.4%, contributing to an overall 0.9% fall in employment.

London recorded the steepest regional contraction, with payroll numbers down 2.3%, while the Scottish Borders and parts of East Anglia also suffered marked losses. Vacancies slipped by 63,000 to 736,000, yet shortages persist in accountancy, construction and health, keeping competition for skilled staff intense.

Average regular pay grew 5.2% in the three months to April, only marginally slower than March’s 5.5%, leaving the Bank of England alert to wage-pressure risks as it considers further interest rate cuts later this year.

The Office for National Statistics cautioned that the payroll figures remain provisional and could be substantially revised when additional real-time submissions arrive next month.

Kate Nicholls, chief executive of UKHospitality, said: “Losing more than 100,000 jobs across the economy in a month goes far beyond the worst-case scenario predicted by the government’s own fiscal watchdog, major banks and countless business groups.”

Daniel Herring, head of economic and fiscal policy at the Centre for Policy Studies, added: “The provisional employment data confirms our concerns about Labour’s job tax. When you make it 11% more expensive to hire minimum-wage workers, businesses simply stop hiring.”

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Nearly 149m working days lost to sickness in 2024

**UK sickness absence edged closer to pre-pandemic norms last year, according to new Office for National Statistics (ONS) figures.**

Workers took an average of 4.4 days off for sickness or injury in 2024, amounting to 148.9m lost working days, or 2% of all possible days. That is 0.2% lower than 2023 but still above the 1.9% recorded in 2019, adding the equivalent of 9.9m extra lost days.

Absence remained highest in the public sector at 2.9%, although this has fallen from 3.6% in 2022. Private-sector absence stood at 1.8%. Senior management and professional services, including accountancy firms, recorded even lower rates of 1.8% and 1.3% respectively.

Minor ailments, such as colds, continued to dominate reasons for absence (30%), followed by musculoskeletal issues (15.5%) and mental-health conditions (9.8%). The ONS notes that statutory sick-pay (SSP) rules partly explain the public-private gap: many private-sector staff are unpaid for the first three days away. The forthcoming Employment Rights Bill will make SSP payable from day one, potentially increasing costs for smaller employers.

Regionally, sickness absence was highest in the South West (2.4%) and lowest in London and the East (both 1.5%), patterns linked to younger, more highly skilled workforces.

James Cockett, senior labour market economist at the Chartered Institute of Personnel and Development, said: “Many frontline roles in the public sector – particularly in healthcare, education, social care and policing – not only increase exposure to illness but are often physically and emotionally demanding, leading to greater rates of stress-related ill health and absence. There’s also growing demand on our public services and limited resources, which is leading to an increase in the number of people who feel they’re consistently working under excessive pressure.”

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