

## **Appendix 1**

### **AUTUMN STATEMENT 2022**

The impact of the Autumn statement on local authority budgets and on families on low incomes is detailed below. Whilst the Government has introduced measure to help families mitigate the cost-of-living crisis, there are several unknowns, in particular the increase in mortgage rates, and likely increase of rents in the private rented sector, which will be different for every family.

#### **Core Schools Budget**

There will be an increase of £2.3 billion in the core schools' budget in 2023/24 and 2024/25. According to the Autumn Statement, this represents a real-terms increase in per-pupil funding from that committed at Spending Review 2021.

The actual level of school funding that local authorities will receive in 2023/24 is yet to be confirmed. Therefore, it is too early to assess the extent to which the funding increase will alleviate financial pressures. School budgets are already under strain due to higher-than-expected pay awards this year in respect of both teaching and non-teaching staff groups, in addition to significant increases in energy costs.

#### **Social Care Grant**

The Social Care Grant is provided to local authorities for social care expenditure in relation to both adults and children. The Autumn Statement confirms that £1.3 billion in 2023/24 and £1.9 billion in 2024/25 will be distributed to local authorities. However, until authority-level allocations are published, it is unclear whether this represents additional funding or whether it may be subject to additional conditions.

#### **The impact on low-income families**

The Autumn Statement contains some elements to offset the cost-of-living crisis impacting those families on low incomes. Universal Credit levels will increase by 10%, but only in April 2023. There is a guarantee of hardship payments for those families who are in receipt of means tested benefits of £900, but it is likely that most of this will be swallowed up by the increase in energy bills that have already occurred. Electricity and gas price increases are capped at £3000 until April 2023 but after this prices may rise again and there will be no protection.

Those families who have children with disabilities and may need to use extra electricity to power special equipment will be adversely affected by any more rises. There is an allowance of £150 for disabled people, including children, but this will easily be used up, especially by those families living in uninsulated houses, with pre-paid meters, which cost more than paying by direct debit.

There were some announcements in the Autumn Statement that will adversely affect low-income families: Councils will be able to raise council tax by up to 5% from April, a development that will impact on everyone, but especially low income families. In May this year 1.4 million lower-income households (12.3%) reported being in arrears with council tax.

An omission from the statement was action to unfreeze Local Housing Allowance. Instead, this will stay at levels based on rents over the 12 months to September 2019, hitting private renters very hard while not offering additional support while rents rise at their fastest rate for a decade. Increasing proportions of private renters on Universal Credit are facing shortfalls between their rents and support towards housing costs, meaning money they receive which contributes to the cost of food and bills will have to be used to cover rent.

Continuing to freeze personal tax thresholds, such as income tax and national insurance for an additional two years to April 2028 will bring some lower earners into paying tax and raise taxes for others, again eating into families' budgets and offsetting pay rises.

Families will undoubtedly face rising levels of debt in the coming months including council tax and rent arrears. Over 14.5 million people are living in poverty in the UK, according to the Joseph Rowntree Foundation. That includes 4.3 million children. Analysis from the Resolution Foundation has projected that a further 500,000 children will fall into poverty by April 2023.

In St Helens we know that children living in deprived areas are more likely to be referred to children's social care and receive services. 52% of Children in Need in St Helens live in areas which are the 10% most deprived wards in England.