

PRESS RELEASE

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Autumn Statement announcements to reduce poverty by 430,000

A new report published today by the Centre for Social Policy Studies shows that changes announced by the Chancellor at his 22nd November Autumn Statement stand to reduce the number of people in poverty by 430,000.

The report comes ahead of the 6th January 2024 enactment of the first of these changes, as reductions in rates of National Insurance Contributions (NICs) for employees and the self-employed are put in place. Alone, these changes to NICs stand to see the number of people in poverty reduced by 175,000.

Further changes were announced to the National Living Wage, the financial support available for housing costs for people on low incomes and more practical support for people looking to find work. After taking into account estimates from the Office for Budget Responsibilityⁱ of the labour market impacts of these changes, the report estimates that poverty could be reduced by as much as 430,000 once fully rolled out. This includes:

- 250,000 fewer working-age adults in poverty; and
- 185,000 fewer children in poverty.

The focus on supporting work and working families means that the impacts are felt most amongst people in work, with a 390,000 reduction in poverty in these families.

The results are particularly important given a recent report from the Social Metrics Commissionⁱⁱ shows that poverty increased over the course of the pandemic. This report shows that, on their own, the Autumn Statement measures reduce the increase in poverty seen since 2019 by more than half.

Philippa Stroud, CEO of the Centre for Social Policy Studies, commented:

“With poverty rising significantly over the course of the pandemic, these findings provide some hope that, with the right approach, poverty can be reduced in the UK.

“Importantly, the Government has focussed on increasing pay and supporting people to enter work, as well as helping people to better meet housing costs. This shows that, rather than simply focussing on redistribution, an effective anti-poverty strategy must be based on boosting incomes, increasing work and reducing costs.”

“Policymakers, business leaders, community builders and those in poverty themselves all have a part to play in reducing poverty. By working together, we can ensure that increases in poverty seen in the pandemic are reversed, and that as many people as possible can enjoy a life free of poverty.”

A copy of the report is available for download. More details of the SMC approach to poverty measurement and its most recent report can be found [here](#).

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Notes to Editors:

At the Autumn Statement, the Chancellor announced:

- Significant changes to National Insurance Contributions (NICs):
 - The main rate of Class 1 Employee NICs will be cut from 12% to 10% on the 6th of January 2024.
 - The main rate of Class 4 self-employed NICs will be cut from 9% to 8% from the 6th of April 2024.
 - Class 2 self-employed NICs will be abolished.
- Confirmation that, from the 1st of April 2024, the National Living Wage (NLW) will increase by 9.8% to £11.44 an hour for all eligible workers aged 21 or older.
- Significant changes to the UK's system of benefits. Of most significance in the short term, Local Housing Allowance (LHA) rates, which act as a cap on housing payments within Universal Credit, will be reset to the 30th percentile of local rents in April 2024.
- Changes to back-to-work support within Universal Credit were also announced, with expansions to Additional Jobcentre Support building on reforms announced at the Spring Budget 2023, which increased work coach support for claimants. Reforms are accompanied by a strengthening of the existing system of conditionality and sanctions.

Measure of poverty used: The report uses the Social Metrics Commission's (SMC) measure of poverty as the basis of its analysis. The SMC was established in 2016, with the intention of building consensus around a new measure of poverty for the UK. Following its landmark 2018 report, the Commission's approach received support from across the political spectrum and from a wide range of experts and people involved in taking action to tackle poverty. In March 2023, the Department for Work and Pensions announced plans to resume work on new measures of poverty using the Social Metrics Commission's framework for poverty measurement.ⁱⁱⁱ The first publication of these official statistics in development is due on 18th January 2024.^{iv}

About the Centre for Social Policy Studies: The Centre for Social Policy Studies is an independent charity that hosts the Poverty Strategy Commission, Social Metrics Commission and Race Equality Commission.

For more information or to arrange an interview, please contact:

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ⁱ Office for Budget Responsibility (2023). [Economics and Fiscal Outlook – November 2023](#).

ⁱⁱ SMC (2023). [Measuring Poverty 2023](#).

ⁱⁱⁱ Department for Work and Pensions (2023). [Development of a new measures of poverty: statistical notice](#).

^{iv} Department for Work and Pensions (2023). [Development of a new additional measure of poverty](#).