



Chartered
Institute of
Housing

What you need to know about Government support measures on cost of living



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Introduction

On 26 May the Chancellor [announced](#) a set of measures to address the rising cost of living. In summary:

- One-off payments of different amounts will be given to the most vulnerable - the elderly, those with disabilities, and those with the lowest incomes
- £400 discount on energy bills for all households (with loan scheme scrapped)
- £650 for those on the lowest incomes (supported through the welfare system) via two lump sums (July and Autumn)
- £150 for those on disability living allowance
- £300 for pensioners who receive winter fuel payments
- Local Authority Household Support Fund increased by £500 million

The Chancellor also confirmed that next year's benefits uprating will rise with this September's inflation.

Detail

Further detail on the measures is set out below, drawn from the [DWP factsheet](#).

Energy Bills Support Scheme:

- Households will get £400 of support with their energy bills through an expansion of the Energy Bills Support Scheme.
- The £400 payment will now be made as a grant, which will not be recovered through higher bills in future years.
- Energy suppliers will deliver this support to households with a domestic electricity meter over six months from October. Direct debit and credit customers will have the money credited to their account, while customers with pre-payment meters will have the money applied to their meter or paid via a voucher.

- This support will apply directly for households in England, Scotland, and Wales. It is GB-wide. Equivalent support will be provided to people in Northern Ireland.
- This support is in addition to the £150 Council Tax rebate for households in England in Council Tax bands A-D, which was announced in February.

Cost of Living Payment for those on means tested benefits:

- More than 8 million households on means tested benefits will receive a payment of £650 this year, made in two instalments. This includes all households receiving: Universal Credit; Income-based Jobseekers Allowance; Income-related Employment and Support Allowance; Income Support; Working Tax Credit; Child Tax Credit; Pension Credit
- DWP will make the payment in two lump sums – the first from July, the second in the autumn. Payments from HMRC for those on tax credits only will follow shortly after each to avoid duplicate payments.
- Claimants will need to be in receipt of one of these benefits, or have begun a claim which is later successful, as of 25th May 2022 to be eligible for the first of the two instalments. HMRC and DWP will provide further guidance, and the government will set out the eligibility date for the second instalment, in due course.
- This payment will be tax-free, will not count towards the benefit cap, and will not have any impact on existing benefit awards.
- The government will make these payments directly to households across the UK.
- Legislation will be introduced shortly to allow payments to be made to this timetable.

Pensioner Cost of Living Payment:

- Pensioner households will receive an extra £300 to help them cover the rising cost of energy this winter.
- This additional one-off payment will go to the over 8 million pensioner households across the UK who receive the Winter Fuel Payment and will be paid on top of any other one-off support a pensioner household is entitled to, e.g., where they are on pension credit or receive disability benefits.
- The Winter Fuel Payment (including the extra Pensioner Cost of Living Payment) is not taxable and does not affect eligibility for other benefits.
- All pensioner households will get the one-off Pensioner Cost of Living Payment as a top-up to their annual Winter Fuel Payment in November/December. For most pensioner households, this will be paid by direct debit.
- People will be eligible for this payment if they are over State Pension age (aged 66 or above) between 19 - 25 September 2022. There are certain circumstances where an individual above State Pension age does not qualify for the Winter Fuel Payment which can be found here on gov.uk
- The government will make these payments directly to households across the UK.

Disability Cost of Living Payment:

- Around six million people across the UK who receive the following disability benefits will receive a one-off payment of £150 in September: Disability Living Allowance; Personal Independence Payment; Attendance Allowance; Scottish Disability Benefits; Armed Forces Independence Payment; Constant Attendance Allowance; War Pension Mobility Supplement.
- Claimants must be in receipt of, or have begun an eventually successful claim for, one of these benefits as of 25th May 2022 to be eligible.
- For disability benefit recipients who receive means tested benefits, this £150 will come on top of the £650 they will receive separately.

- These payments will be exempt from tax, will not count towards the benefit cap, and will not have any impact on existing benefit awards.
- The government will make these payments directly to eligible people across the UK.

Household Support Fund:

- The Government is providing an extra £500 million of local support, via the Household Support Fund, which will be extended from this October to March 2023.
- The Household Support Fund helps those in most need with payments towards the rising cost of food, energy, and water bills.
- The government will issue additional guidance to Local Authorities to ensure support is targeted towards those most in need of support, including those not eligible for the Cost of Living Payments set out above.
- The Household Support Fund is administered by local councils in England and further information will be available directly from them. Eligibility will be determined by individual councils.
- The Barnett formula provides a share of this funding to the devolved administrations in Scotland, Wales, and Northern Ireland so they can decide how to provide support. It is not yet clear whether this funding can be allocated in Northern Ireland while the Northern Ireland Assembly is not sitting.

How will this support package be funded?

These new measures are estimated to cost £15bn and will be part funded by a temporary energy profits levy on oil and gas companies at a rate of 25% (expected to raise £5bn). The remainder will be funded by borrowing (recovered through taxation).

CIH response

Overall, we're really pleased to see Government stepping in to provide much needed support at this unprecedented time. CIH, along with others, has been calling for this intervention for some time.

The (mainly) targeted support for the most vulnerable, via the benefits system, is much needed and the confirmation that next year's benefits will be uprated in line with September inflation is a positive step.

However, if energy prices continue to rise as they are, further support will be needed, and this must come through adequate social security support.

It is important to recognise that some of the most vulnerable families on low incomes are struggling because of the successive failure to fully uprate benefits in line with the cost of living. Our analysis shows that everyone

who gets support - both in and out of work (tax credits) - is receiving at least £400 a year less in real terms than they did in 2012 (£620 if a couple). Add to that another £1,200 with one child, and a further £620 with two. This assumes that they haven't been affected by other welfare measures (e.g., bedroom tax, benefit cap, two child limit). Families with three or more children incur losses of £3,200 if out of work or up to £1,890 if in work. Government needs to increase the benefit cap to ensure that the support given through this package is not simultaneously removed.

There is no mention in this support package of the urgent action needed to tackle energy inefficiency in people's homes (the cause of 20% of UK carbon emissions). The energy crisis that we are currently facing is a daily reminder of the importance of the decarbonisation agenda and the need to move to net zero carbon as fast as possible. Further investment is also needed to retrofit existing homes.

