



Department  
for Work &  
Pensions

**RT HON MEL STRIDE MP**  
**Secretary of State for Work and Pensions**

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Rt Hon Sir Stephen Timms MP  
Chair of the Work and Pensions Select Committee  
House of Commons  
London  
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Dear Sir Stephen,

Thank you for your letter of 30<sup>th</sup> November 2022 regarding the Cost of Living Payments.

Over 2022, DWP, HMRC and MoD successfully delivered 8.4 million £326 means-tested benefit Cost of Living Payments (as of 8<sup>th</sup> September 2022), 8.3 million £324 means-tested benefit Cost of Living Payments (as of 12<sup>th</sup> December 2022), 6 million £150 disability benefit Cost of Living Payments (as of 30<sup>th</sup> September 2022) and 11.6 million pensioner Cost of Living Payments (as of 20<sup>th</sup> December 2022). We were able to make tens of millions of Cost of Living Payments successfully, by ensuring the rules for these payments were as simple as possible.

The means-tested and disability Cost of Living Payments are delivered outside our normal benefit processing systems. The process involved is simple and involves compiling a payment file using data extracts from our existing systems and payment data from the qualifying period. Keeping the policy and legislation simple is necessary in order for this process of rapid delivery to be workable and so that we avoid putting pressure on core benefit delivery. This does create some hard edges but introducing complexity would have created a system which was undeliverable within the required timescales.

We are considering whether any policy changes are deliverable for 2023/24 payments, however the limitations of the Cost of Living Payments delivery process remain. Any changes should not risk delays to payments or introduce unacceptable levels of error. Eligibility criteria for the 2023/24 payments will be announced in due course and we will be bringing forward legislation for the means-tested and disability Cost of Living Payments early this year.

Regardless of the qualification period chosen, there will always be some people who will not qualify for a payment because they are ineligible during the qualifying period.

Unfortunately, it is not feasible to distinguish between a change to levels of earnings (e.g. seasonal earnings or a new job) and those with temporary fluctuations due to non-monthly earnings. The 2023/24 Cost of Living Payments for means-tested benefit claimants will be delivered in three payments over the financial year, to reduce the chance of someone missing out completely.

Cost of Living Payments are only one part of the government's comprehensive package of support, which includes:

- State pensions and benefits will be up-rated from April 2023 by 10.1%, in line with the increase in the Consumer Prices Index in the year to September 2022;
- Increasing the benefit cap levels in line with inflation, by 10.1%;
- From 1 April 2023, the National Living Wage (NLW) will increase by 9.7% to £10.42 an hour for workers aged 23 and over - the largest ever cash increase for the NLW, and;
- Support to all households through the Energy Price Guarantee, which caps the price paid for each unit of energy. From April, the typical household will now pay on average £3,000 a year, saving the average UK household £500 in 2023/24.

For those who require extra support, the Government is providing an additional £1 billion of funding, including Barnett impact, to enable the extension of the Household Support Fund in England in the next financial year. This is on top of what we have already provided since October 2021, bringing total funding for support of this kind to £2.5 billion. In England this will be delivered through an extension to the Household Support Fund backed by £842 million, running from 1 April 2023 to 31 March 2024, which local authorities use to help households with the cost of essentials. It will be for the devolved administrations to decide how to allocate their additional Barnett funding.

In your letter you raised that '*some people will miss out... for other reasons such as a sanction*'. For the 2022 Cost of Living Payments, claimants who were sanctioned but still had an entitlement to a Universal Credit (UC) payment of at least 1p for an assessment period ending during the qualifying period were eligible to receive Cost of Living Payments. Sanctions are calculated with reference to the standard UC allowance only. Many of the most vulnerable are those entitled to other elements in UC, such as housing or child costs. If a sanction is applied, claimants continue to receive these other elements and would have remained eligible for a 2022 Cost of Living Payment.

I hope that this is helpful.

With best wishes,



**Rt Hon Mel Stride MP**  
**Secretary of State for Work and Pensions**



# Work and Pensions Committee

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Rt Hon Mel Stride MP  
Secretary of State for Work and Pensions  
Department for Work and Pensions

From the Chair

30 November 2022

Dear Mel

I am writing on behalf of the Committee on the additional £900 Cost of Living payment for households on means-tested benefits announced in the Autumn Statement earlier this month. [The Department has said](#) that the £900 will be delivered in more than one payment, similarly to the £650 that was delivered in two payments across July and November.

For those on Universal Credit, to have been eligible for the cost of living payments this year, you needed to be entitled to a Universal Credit payment for an assessment period around two to three months ahead of the payment date. If you had a 'nil award' for one of those periods, which could be caused by getting more than one payment of earnings within the assessment period, fluctuating earnings or being subject to a sanction, then you would not receive the corresponding cost of living payment.

The Committee is concerned that some people will miss out on the forthcoming cost of living payments if they have two payday's within the same 30 day qualifying period if they are paid every four weeks or for other reasons such as a sanction when in general they are entitled to UC payments. We understand people were able to appeal to the Department for this decision but remain concerned that potentially [551,000 Universal Credit](#) claimants may have missed out on a payment.

We want to ask you to consider a way in which this can be rectified ahead of the delivery of the £900 cost of living payments that so many households desperately need. We would appreciate a response by Friday 6 January.

Yours sincerely,

**Rt Hon Sir Stephen Timms MP**  
Chair