



House of Commons  
Work and Pensions Committee

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**Cost of living  
support payments:  
Government Response  
to the Committee's  
First Report**

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**Second Special Report of  
Session 2023–24**

*Ordered by the House of Commons  
to be printed 24 January 2024*

## Work and Pensions Committee

The Work and Pensions Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Work and Pensions and its associated public bodies.

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### Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via [www.parliament.uk](http://www.parliament.uk).

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### Committee staff

The current staff of the Committee are Henry Ayi-Hyde (Committee Operations Officer), Sarah Dixon (Committee Specialist), Oliver Florence (Senior Media and Communications Officer), Ed Hamill (Committee Operations Manager), Alexandra Ming (Committee Specialist), Danielle Nash (Clerk), Paul Owen (Second Clerk) and Djuna Thurley (Senior Committee Specialist).

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# Report

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The Work and Pensions Committee published its First Report of Session 2023–24, [Cost of living support payments](#) (HC 143) on 14 November 2023. The Government Response was received on 12 January 2024 and is appended below.

## Appendix: Government Response

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The Government welcomes the first report of the session 2023/24 as part of the Work and Pensions Select Committee's inquiry into the Government's cost of living support payments for 2022/23 and 2023/24.

The Department for Work and Pensions (DWP) is responsible for providing effective, efficient, and innovative services to the millions of claimants who rely on us every day, including the most vulnerable in society.

Responding swiftly and decisively to cost of living pressures has been a key priority for Government. Over the last two years, the Government has demonstrated its commitment to supporting the most vulnerable by providing one of the largest support packages in Europe. Taken together, support to households to help with the high cost of living is worth £104 billion over 2022/23 to 2024/25, which includes two rounds of Cost of Living Payments over 2022/23 and 2023/24 to support those most vulnerable and on the lowest incomes.

The first round of means-tested Cost of Living Payments was made in 2022 to over 8 million households on Universal Credit, Pension Credit, and eligible legacy benefits. Additionally, around 6 million people received £150 Disability Cost of Living Payment, and over 8 million pensioner households received £300 as a top up to their Winter Fuel Payment.

On 17 November 2022, the Chancellor announced the second round of means-tested Cost of Living Payments, with a total amount of up to £900, which are being made in three payments. The first Cost of Living Payment of £301 was made between 25 April and 17 May 2023. The second Cost of Living Payment of £300 was made between 31 October and 19 November 2023. The third Payment of £299 will be paid by Spring 2024. Over 6 million people across the UK on eligible 'extra-costs' disability benefits have received a £150 Disability Cost of Living Payment, to help with the additional costs they face and more than 8 million pensioner households across the UK have received an additional £300 Cost of Living Payment as a top up to the Winter Fuel Payment. We are continuing to monitor the impacts of cost of living pressures and our policy is evolving to reflect that. The Government's priorities to halve inflation and grow the economy are the most effective way to build a more prosperous future for all.

State pension and benefit rates were increased by 10.1% in April 2023 in line with prices growth, and with the triple lock commitment to increase the new and basic State Pensions in line with the highest of earnings growth, prices growth or 2.5%. From April 2024, subject to Parliamentary approval, most benefit rates will be increased by 6.7% in line with prices growth, and relevant State Pension and Pension Credit rates will be increased by 8.5% in line with earnings growth.

An evaluation of the Cost of Living Payments is underway. This will seek to understand their effectiveness as a means of support for low-income and vulnerable households.

The Government's response to the Committee's recommendations are set out below under the report's two categories:

- (1) Access to the cost of living support payments
- (2) The impact of the cost of living support payments

## **Access to the cost of living support payments**

### ***Recommendation 1***

We welcome the automated nature of the payment system, which enabled the swift issue of cash support to many of those most in need. However, we recognise that it is limited in its ability to target payments and therefore meet the additional needs of certain groups. (Paragraph 17)

### ***Response***

The Department is committed to providing direct and timely relief to those who need it most, which was especially important during the inflationary pressures leading to the rising cost of living. The automated, one-off payment method, which we employed, got support faster to those who needed it most. More than 8 million households on means-tested benefits received Cost of Living Payments of up to £650 in 2022, and more than 8 million households will receive up to £900 in Cost of Living Payments in 2023/24. Keeping this policy simple enabled the department to minimise potential fraud and error.

Cost of Living Payments enabled us to quickly target additional support in exceptional circumstances pending the statutory annual review of State pension and benefit rates which comes into effect in April each year. These rates were increased by 10.1% in April 2023 in line with prices growth, and with the triple lock commitment to increase the new and basic State Pensions in line with the highest of earnings growth, prices growth or 2.5%. From April 2024, subject to Parliamentary approval, most benefit rates will be increased by 6.7% in line with prices growth, and relevant State Pension and Pension Credit rates will be increased by 8.5% in line with earnings growth.

For over 6 million people in the UK who are in receipt of eligible 'extra-costs' disability benefits, we have provided a £150 Disability Cost of Living Payment to support with additional costs that people may face. Additionally, more than 8 million pensioner households across the UK have received an additional Cost of Living Payment of £300 as a top up to the Winter Fuel Payment.

### ***Recommendation 2***

We are concerned by the cliff edge nature of the cost of living payments which creates a fundamentally unfair income gap where a person is financially penalised for earning just over the qualifying threshold, being in receipt of a sanction or not receiving an eligible payment during the qualifying period. For example, a person earning just £5 over the

qualifying threshold would lose nearly £300 if they are ineligible for a cost of living payment and would be significantly worse off than someone just under the threshold. (Paragraph 25)

### *Response*

The Department recognises that there are instances where a person may just miss out on a Cost of Living Payment, whether that is due, for example, to their earnings, capital, or other income, or for a combination of reasons during the qualifying period. However, the Department is delivering the Cost of Living Payment in three separate payments over 2023/2024 to reduce the chance of someone missing out altogether. Those who do not qualify for one instalment of the Cost of Living Payment may qualify for another Payment.

Keeping the rules for this policy simple enabled the Department to make over **30 million** separate payments for 2022/23 and a further **23 million** separate payments, so far, for 2023/24 to support with the cost of living while maintaining core benefit delivery. This includes the clear rule that a claimant must be entitled to at least 1p of a qualifying social security benefit with respect to the qualifying period to receive a Cost of Living Payment.

Paying those with financial resources available, which would make them ineligible for means-tested benefits, is not the intention of the Cost of Living Payments which are aimed at those on the lowest incomes.

Including those who received no payment of benefit would also involve making Cost of Living Payments to customers who had the payment of their benefit suspended during the qualifying period including those with suspected fraud or where there is a safeguarding risk related to a vulnerable claimant's appointee.

Many of the most vulnerable are those entitled to other elements in UC, such as child costs. If a sanction is applied, claimants continue to receive these other elements and would remain eligible for a Cost of Living Payment. Additionally claimants may still have been found eligible for a Cost of Living Payment if their benefit was reduced to £0 and one of the following applies: money was taken off the benefit for other reasons, such as payments of rent to your landlord or for money owed by the claimant, or because the claimant had a hardship payment because they could not pay for rent, heating, food or hygiene needs.

Additionally, the Government is providing total support worth £104bn over 2022–23 and 2024–25 to help households and individuals with rising bills. This includes the additional £1 billion of funding, including Barnett impact, the Government has provided to enable the £842 million extension of the Household Support Fund this financial year until March 2024. The Household Support Fund is intentionally designed to be a flexible scheme to provide support for households most in need, including those not in receipt of benefits or Cost of Living Payments.

### *Recommendation 3*

People who receive Universal Credit and are paid on a non-monthly basis, even if their earnings follow a consistent pattern, can fail to meet the eligibility criteria in a qualifying period. We recognise that the Government has taken steps to mitigate the risk of an individual missing more than one cost of living payment if they are paid fortnightly or

weekly. This mitigation is not enough given a recipient of Universal Credit on such a pattern would still miss one of the cost of living payments and a considerable amount of support. *Anyone who misses a cost of living payment due to receiving regular earnings on a non-monthly basis should be issued the missed payment in the mop-up system.* (Paragraph 26)

### **Response**

Taken in conjunction with recommendation 4.

### **Recommendation 4**

*The Government should change the eligibility for the final cost of living payment in 2023/24 and for any possible future payments so that Universal Credit (UC) claimants who receive a nil UC award in the qualifying period, but received a payment in the previous and subsequent assessment period, qualify for a cost of living payment. This could be incorporated into the mop-up payment system.* (Paragraph 27)

### **Response**

The Department recognises the frustration households may experience if they received a nil UC award during the qualifying period, and therefore are not in receipt of an instalment of the Cost of Living Payment. However, although the Department carefully considered any possible changes for 2023/24, any substantial changes to the policy would introduce complexity, risking delays to payments or introducing unacceptable levels of fraud or error.

UC households can receive a nil award for various reasons, as set out earlier, but the majority are due to the amount of household earnings.

As previously stated, whichever eligibility dates are selected, there will always be some individuals who are ineligible in the qualifying period. Employees who receive arrears of earnings and/or lump sum payments in one month, could have their Universal Credit award reduced to zero in the same month and lose their entitlement to a Cost of Living Payment as a result. DWP IT systems are unable to distinguish whether an increase to a claimant's earnings is temporary or permanent.

Keeping the rules for this policy simple enabled the Government to make over 30 million separate payments for 2022/23 to support with the cost of living while maintaining core benefit delivery.

85% of those who received no Universal Credit award during the qualifying period for the first 2022 Cost of Living Payment of £326, had no award solely due to earnings. Of those with no award due to earnings, most had no Universal Credit award for six assessment periods following the qualifying period solely due to earnings or left Universal Credit altogether. Paying those with financial resources available, which would make them ineligible for means-tested benefits, is not the intention of the Cost of Living Payments which are aimed at those on the lowest incomes.

The Cost of Living Payment is being delivered in three separate payments over 2023/24 to reduce the chance of someone missing out altogether due to receiving a nil UC award. As

mentioned above, the guidance for the current Household Support Fund in England asks local authorities to provide support with the cost of essentials to those most in need, and in particular, that they should consider supporting those who have missed out on other recent support made available such as the Cost of Living Payments.

### **Recommendation 5**

We are concerned that support payments do not reach all low-income households in receipt of benefits as some households only receive housing benefit. *The Government should consider adding Housing Benefit as a qualifying benefit for future cost of living support payments and set out the practicalities of doing so.* (Paragraph 31)

### **Response**

Housing Benefit is intended to assist people who need help to pay their rent but it is not an income-replacement benefit. Housing Benefit is administered by local authorities and is sometimes paid directly to a landlord. Payments to those receiving only Housing Benefit could not therefore be delivered in a quick, accurate and straightforward manner.

Many Housing Benefit claimants are eligible for the Cost of Living Payment through a separate, means-tested benefit entitlement. Independent, free and anonymous benefit calculators are available that can help individuals to see which benefits they may be entitled to [Benefits calculators - GOV.UK \(www.gov.uk\)](https://www.gov.uk/benefits-calculators)

As mentioned above, the guidance for the current Household Support Fund in England asks local authorities to provide support with the cost of essentials to those most in need. It specifically mentions households in receipt of Housing Benefit only as an example of a group they could consider prioritising due to their ineligibility for other recent support.

### **Recommendation 6**

We are concerned that some people with no recourse to public funds could be denied Household Support Fund (HSF) support from local authorities, despite potentially being eligible for such support, due to a lack of clarity in the guidance. We are also concerned that some people with no recourse to public funds will not be able to access support through the HSF because there are no specific powers or duties which can be used to enable their access to funding. *The Government should clarify in the Household Support Fund guidance the circumstances when a local authority can use the Household Support Fund to assist those with no recourse to public funds. We certainly hope this would explicitly include families with children who otherwise meet HSF's eligibility criteria.* (Paragraph 40)

### **Response**

Various pieces of legislation govern the powers and duties of a local authority in these fields, some of which are unavailable to support individuals without recourse to public funds due to immigration legislation.

Authorities can provide a basic safety net to support an individual, regardless of their immigration status, if there is a genuine care need that does not arise solely from destitution. Factors leading to this care need could include the presence of community

care needs, serious health problems, or risk to the wellbeing of a child. As an example, there are circumstances where local authorities could support no recourse to public funds families with children under the Children Act 1989, and funding for this support could come via the Household Support Fund or another appropriate route.

All cases must be judged on an individual basis, and the variety of potential factors influencing a local authority's decision as to whether they provide support cannot reasonably be captured in central guidance. For that reason, it would not be appropriate to provide a definitive list of powers that a local authority might use and the exact circumstances under which they should or should not use any such powers.

### **Recommendation 7**

The Household Support Fund has enabled the provision of support to vulnerable households who are not eligible for the cost of living support payments or for whom the payments are not sufficient. However, we are concerned by the uneven nature of support offered by the Household Support Fund which can be a postcode lottery dependent on the local authority in which a person lives. A lack of awareness of the fund seems to have resulted in those eligible, and in need, not applying for support. As a result of this we reiterate our concern, raised in our cost of living report in 2022, that a question remains as to whether or not the fund is supporting the most vulnerable households effectively. (Paragraph 41)

### **Response**

The Household Support Fund has provided millions of awards to households in need to support them with the cost of essentials, backed by over £2 billion of funding, since October 2021. There were more than 10 million awards provided between October 2022 and March 2023, with more than 26 million provided across the first three schemes.

We know from the local authority management information (MI) return that local authorities have been providing these awards to a range of different households in need.

The Household Support Fund is an intentionally flexible scheme designed to enable local authorities in England to respond to local need within the overall framework set by DWP through the grant determination and guidance. Local authorities have the ties and local knowledge to best determine how this support should be provided to their local communities.

Local authorities also have a wide range of data and sources of information at their disposal to identify and provide support to a broad cross-section of vulnerable households, whilst paying due regard to equality considerations. Since October 2022, authorities have been asked to operate at least part of their scheme on an application basis, giving people the opportunity to come forward to ask for help should they need it.

As mentioned, the Department requires that local authorities provide MI returns on how they have spent the Household Support Fund. This enables the Department to understand how the funding has been used and helps us ensure that support for the broad cross-section of potentially vulnerable households, that we encourage authorities to consider, is available across England.



We also produce a collection of Household Support Fund posters and leaflets that are distributed to local authorities, alongside guidance which makes it clear that authorities must publish their support plans online and clearly mark these plans as part of the Household Support Fund. This helps ensure that information about the Fund is consistent and accessible across England, regardless of eligibility differences based upon local need.

In October 2023, we held the first ever Household Support Fund Awareness Week to raise public awareness of the scheme, celebrate the work local authorities have done in delivering it, and promote its existence to households struggling with essential costs. We have also run a number of knowledge share events with local authorities which have covered various topics, including best practice for promoting the Fund to hard-to-reach households.

### **Recommendation 8**

*If the Government continues to issue cost of living support payments in the next financial year, it should maintain the Household Support Fund as it is an important safety net for those ineligible for these payments and other means tested benefits. In doing so, ahead of the next financial year, the Government should better communicate and advertise the fund to make sure that people are aware of its existence. The accessibility of the application process should be improved to enable people who may be disabled, do not speak English, do not have access to the internet, or may struggle to access support during working hours, to apply.* (Paragraph 42)

### **Response**

The current Household Support Fund is in place until the end of March 2024. The Government continues to keep all of its existing programmes under review in the usual way.

Since the third iteration of the Household Support Fund, local authorities have been required to provide an application-based scheme as part of their Household Support Fund offer. This is to ensure individuals can approach their local authority or a partner organisation for support if they need to.

As part of their duties under the Equality Act, all public authorities must comply with the Public Sector Equality Duty. Local authorities are expected to consider inclusive and accessible ways in which they might advertise the availability of the Fund to their residents, for example by doing so in local family or community hubs and GP surgeries. We have set out our expectations for authorities to advertise the scheme, in particular the application-based element of their provision, through various channels and not just online.

An authority's Household Support Fund allocation includes reasonable administration costs to enable authorities to deliver the Fund. This can include costs towards ensuring the scheme remains accessible.

We know that local authorities have adopted a range of methods to ensure their schemes remain accessible. This includes establishing call centres to support with applications, developing community outreach teams and working with third party organisations with existing relationships with hard-to-reach groups.

## The impact of the cost of living support payments

### Recommendation 9

The cost of living payments have had an important impact and boosted the finances of low-income households. However, one-off payments were not a sufficient response to the scale of the issue, and many people in receipt of the payments still could not meet essential costs or only had a temporary reprieve. The Government has stated it will conduct an evaluation of the cost of living payments next year. *The Government should bring forward its evaluation of the cost of living support payments so that preliminary analysis can be fed into decisions on possible future payments ahead of the next financial year. The evaluation should be published before the start of financial year 2024/25.* (Paragraph 61)

### Response

One-off payments were only a part of the Government's total support package, which totals £104 billion over 2022/23 to 2024/25. State pension and benefit rates were increased by 10.1% in April 2023 in line with prices growth, and with the triple lock commitment to increase the new and basic State Pensions in line with the highest of earnings growth, prices growth or 2.5%. From April 2024, subject to Parliamentary approval, most benefit rates will be increased by 6.7% in line with prices growth, and relevant State Pension and Pension Credit rates will be increased by 8.5% in line with earnings growth.

Impact assessments were conducted for both the 2022/2023 and 2023/2024 Cost of Living Payments for means-tested and disability benefit recipients.

The Department has published MI on the number of payments made and the amount spent for each type of Payment as they have been made. More detailed breakdowns on Cost of Living Payments are planned as the subject of an upcoming statistical release. This covers all 2022/23 Cost of Living Payments as well as the first wave of 2023/24 Payments for means-tested benefit recipients.

An evaluation of the Cost of Living Payments is underway. This will seek to understand their effectiveness as a means of support for low-income and vulnerable households. Fieldwork is due to commence in early 2024 with full findings available later in the year. Accelerating the evaluation to be published ahead of 2024/25 would be detrimental to the robustness of the evaluation, but any early relevant findings from the fieldwork will feed into policy-making decisions.

### Recommendation 10

While the UK support has been relatively generous compared to other countries, other countries have issued specific support for families and children, which the UK Government has not. *Given the flat rate nature of the cost of living payments, the Government should conduct an analysis of the value of the support received by low income families with children compared to the support received by single people and couples. Further, future cost of living support payments should take account of family size.* (Paragraph 62)

## Response

The Government recognises that Cost of Living Payments were not made proportionally to family size. Some Cost of Living Payments have been based on eligibility to means-tested benefits but delivered as consistent amounts to those found eligible. The Payments were kept simple to deliver millions of payments quickly and accurately. Cost of Living Payments enabled us to quickly target additional support in exceptional circumstances pending the statutory annual review of State pension and benefit rates which comes into effect in April each year.

An evaluation of the Cost of Living Payments is underway. This will seek to understand their effectiveness as a means of support for low-income and vulnerable households.

As previously mentioned, since October 2021, the UK Government has also provided over £2 billion to local authorities in England through the Household Support Fund. This includes the current year-long Household Support Fund extension providing £842 million from 1 April 2023 to 31 March 2024.

Previous iterations of the Household Support Fund included grant conditions around supporting particular groups, including households with children and pensioner households. These conditions were introduced to ensure there was support available for these particularly vulnerable groups through periods of heightened pressure.

For the most recent iterations of the Household Support Fund, these conditions have been removed in order to provide local authorities with maximum flexibility to support those most in need in their area. Despite the removal of these ringfences, local authorities have continued to support households with children via the Household Support Fund. Support for households with children represented:

- 80% of [HSF1](#) spend (6 October 2021 – 31 March 2022)
- 55% of [HSF2](#) spend (1 April 2022 – 30 September 2022)
- 63% of [HSF3](#) spend (1 October 2022 – 31 March 2023)

MI was published for HSF1 to 3 following the completion of each scheme. We will similarly look to publish MI for HSF4 following the completion of the scheme and subject to the usual quality assurance processes. An evaluation of HSF4 is also currently underway, which will seek to understand the delivery and impacts of scheme funding.

## Recommendation 11

We commend the Government's efforts to promote Pension Credit to those entitled to it, though there is still more to do to increase take-up as we remarked on in our July 2022 Cost of Living report. We remain concerned that there are low-income pensioner households who may just miss out on Pension Credit and as a result are significantly worse off compared to those who receive it and its passported benefits, including cost of living payments. *The Government should devise and implement a policy to address this unfairness.* (Paragraph 67)

## Response

Pension Credit provides additional support with daily living costs for people who are over State Pension age and on the lowest incomes. Pensioners with a severe disability, carers and those who are responsible for a child or young person who lives with them can have a higher level of income and still qualify.

The Government wants all those eligible to claim. Since April last year the Department has run a substantial and sustained nationwide campaign promoting Pension Credit in a variety of ways – including press advertising, on the radio and social media, via internet search engines and on screens in Post Offices and GP surgeries. It has also used sponsored advertising on targeted websites that pensioners, their family and friends are likely to visit. Over 11 million pensioners will receive information about Pension Credit with the notification of increases to their State pensions from April 2024. A leaflet accompanying the notification will include a prominent ‘call to action’ using the Pension Credit campaign messaging in order to encourage eligible pensioners to make a claim.

The Department's latest initiative is the “Invitation to Claim” trial which involves sending letters to approximately 2,500 pensioner households identified via Housing Benefit data as being most likely to be entitled to Pension Credit and encouraging them to contact DWP and make a claim. The trial will test whether this is a reliable way of identifying households entitled but not claiming Pension Credit and whether targeting them directly is effective.

In terms of those who may just miss out on Pension Credit, the introduction of the new State Pension in April 2016 was intended, in part, to reduce the role of means-testing in the State Pension system. The full rate of the new State Pension was therefore set above the level of the Standard Minimum Guarantee for a single person in Pension Credit. However, since the State Pension is not targeted on those on low incomes, eligibility for the means-tested Cost of Living Payments was linked instead to Pension Credit. All pensioners, regardless of income, receive the £300 Pensioner Cost of Living Payment.

The Department notes the Committee's broader interest in the question of whether Government or other bodies should link access to certain types of help or support to receipt of Pension Credit or should find alternative ways to identify pensioner households on low incomes. The Department's immediate focus, however, remains on encouraging those who would be entitled to Pension Credit to claim it.

## Recommendation 12

The Cost of Living Payments do not provide a suitable level of support for vulnerable groups who are impacted to a greater extent by the cost of living crisis, such as those with disabilities, and do not cover the additional costs these people face. This is especially true if those who receive the £150 cost of living payment are not entitled to any of the other cost of living payments. We have not seen an adequate explanation for how £150 was determined as a suitable bridging payment for those with disabilities. *The Government should set out a detailed reasoning as to why a payment of this size was considered correct.* (Paragraph 74)

## Response

Taken in conjunction with recommendation 13.

## Recommendation 13

*Should there be future cost of living payments, or similar ad hoc support, the Government should increase the financial support for those with disabilities in proportion to the additional costs that they incur. (Paragraph 75)*

## Response

The Department outlined above the broad range of support the Government has provided to support people with cost of living pressures.

In addition, the Government will be spending around £78 billion this financial year on benefits to support disabled people and people with health conditions.

In terms of Cost of Living Payments in 2022, the Department provided six million disabled people in receipt of a qualifying extra-costs disability benefit with a Disability Cost of Living Payment of £150 at a cost of £900 million. This year (2023/24) it has provided 6.4 million disabled people with a further £150 Disability Cost of Living Payment at a cost of £1 billion. The Department estimates that over 2023/24 nearly 60% of individuals that receive a qualifying disability benefit will receive additional support through a means-tested benefit payment, and over 85% will receive either or both of the means-tested and Pensioner Cost of Living Payment.

In setting the level of the Cost of Living Payments, the Government believes that it is right that the highest amount goes to those on means-tested benefits as those on the lowest incomes will be most vulnerable to rises in the cost of living.

## Recommendation 14

It is clear that an uplift of regular working age benefits received would be more beneficial than ad-hoc cost of living support payments as it would better enable households to budget and reduce the chance of a recipient losing out on a major one-off payment. The Government has explained it is not possible to quickly uprate legacy benefits, however it can quickly uprate Universal Credit. We also note this problem will disappear once the transition to Universal Credit is complete. *The Government should clarify the legal position as to whether it can uprate Universal Credit and only maintain the one-off payment system for those on legacy benefits. If this can be done, and should further cost of living payments be required next year or in the future, the Government should uprate Universal Credit and only maintain the one-off payment system for those on legacy benefits. (Paragraph 83)*

## Response

Cost of Living Payments enabled us to quickly target additional support in exceptional circumstances pending the statutory annual review of State pension and benefit rates

which comes into effect in April each year. Furthermore, Cost of Living Payments do not count towards the Benefit Cap, and do not have any impact on existing benefit awards. This approach allows households to retain the full value of the payments they receive.

With respect to uprating, the Secretary of State has a statutory annual duty under the Social Security Administration Act 1992 to review State Pension and benefit rates. The Act provides for one review each tax year, and there are no plans to seek to amend it. With respect to Universal Credit and the DWP benefits it replaces, the Act provides that these are increased at the discretion of the Secretary of State once he has assessed the increase in prices over the preceding year and has had regard to the national economic situation and any other matters which he considers relevant. Since 2011 the index used for this purpose has been the increase in the Consumer Prices Index in the year to September. These rates were increased by 10.1% in April 2023 in line with prices growth, and from April 2024, subject to Parliamentary approval, they will be increased by 6.7%, also in line with prices growth.

While Universal Credit can be uplifted in-year as it was during the Covid-19 pandemic, this was to provide a cushion for those newly entering the working-age benefit system as a result of the exceptional effects of the pandemic. This approach would not have been acceptable in response to cost of living pressures, because those apply to households already in the benefit system as well. Differentiating between UC and the DWP benefits it replaces, by uplifting one and providing a one-off payment for the other, would breach equal treatment requirements since the rates of both are proportional to family size. One-off payments, by contrast, are single amounts designed to ensure money is paid quickly when it is needed pending the longer-term smoothing effects of annual uprating.

### **Recommendation 15**

We recognise that the Government is concerned that publishing exact payment windows could encourage fraud and disincentivise people from taking work opportunities. However, the irregular nature of these payments, along with the uncertainty of when they will be received, continues to make household budgeting a challenge. *If the Government decides to issue further cost of living payments in the next financial year, it should announce the payment dates (but not the qualifying period) in advance. This would improve the ability of households to budget whilst still mitigating the risk of fraud and risks to work incentives.* (Paragraph 87)

### **Response**

As the Committee has recognised, the Government is seeking to avoid encouraging fraud and disincentivising people from taking work opportunities by setting out qualifying and payment dates once they have passed. Payment dates and qualifying dates are intrinsically linked and publicising one would indicate the likely date of the other.

Qualifying dates for the Cost of Living Payments are set out in secondary legislation and payment dates are announced on the dedicated page on Gov.UK once the relevant regulations have been made. DWP have an extensive communications plan in place, including a media and digital campaign, which sets out everything customers need to know about Cost of Living Payments.

The wider benefit system acts as a safety net for people who find themselves in need of financial support with living and housing costs for a variety of reasons. Additionally, DWP is committed to engaging with customers to signpost them to the financial support they require. The Department continues to work closely with the Money and Pensions Service to ensure customers can get the expert financial help they need.

As previously set out, for households requiring additional support, the Household Support Fund in England will continue until March 2024. This year-long extension allows local authorities to continue to provide discretionary support to those most in need with the cost of essentials. The Devolved Administrations receive Barnett Formula funding as a result of the Household Support Fund in England so spend at their discretion.

Local authorities have the discretion to design their own local support schemes within the parameters of the guidance and grant determination that DWP has set out for the fund. Guidance can be found [here](#).