

## Research Briefing

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# Cost of Living Payments: Overview and FAQs



## Summary

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## Summary

One-off Cost of Living Payments for recipients of certain benefits were first announced in May 2022 and were paid in the second half of that year. In the November 2022 Autumn Statement a further package of Cost of Living Payments was announced, to be paid over the course of the 2023/24 financial year.

The Government has said it has [no plans to extend Cost of Living Payments beyond Spring 2024](#).

## Cost of Living Payments

Cost of Living Payments are additional cash payments from the Department for Work and Pensions (and HM Revenue and Customs and the Ministry of Defence) to recipients of certain benefits and tax credits throughout the UK. The payments made in 2022 and being repeated in 2023/24 were:

- Means-tested benefit Cost of Living Payments, paid to recipients of certain means-tested benefits including Universal Credit, most of the legacy benefits and tax credits it is replacing (except Housing Benefit), and Pension Credit.
  - £650 in 2022, payable in two instalments.
  - £900 in 2023/24, payable in three instalments.
- £150 Disability Cost of Living Payments for recipients of certain non-means-tested disability benefits, including Personal Independence Payment (PIP) and Attendance Allowance (AA).
- £300 Pensioner Cost of Living Payments, paid as an addition to the [Winter Fuel Payment](#), to households with at least one person entitled to a Winter Fuel Payment for the winters 2022/2023 and 2023/2024.

## Household Support Fund and other measures

The Household Support Fund allows local authorities in England to make discretionary payments to people most in need to help towards the rising cost of food, energy, and water bills. It has been allocated funding in tranches since October 2021. The latest allocation of £1 billion (including allocations for

devolved governments to use as they see fit) for the 2023/24 financial year was announced alongside the 2023/24 Cost of Living Payments.

There has been no announcement yet on whether funding will be provided to continue the Household Support Fund beyond March 2024. The Government [notes it is keeping existing programmes such as the Household Support Fund “under review in the usual way”](#) and that it is having regular conversations with the Treasury.

In addition to Cost of Living Payments and the Household Support Fund, other schemes to support household finances have been introduced since the beginning of 2022. More on these measures can be found on the [Commons Library’s cost of living and inflation webpage](#).

## Recipients and costs

2022 Cost of Living Payments were forecast to cost £8.8 billion, out of an estimated £15.3 billion for the total May 2022 cost of living support package. 2023/24 Cost of Living Payments are forecast to cost over £11 billion.

- Between 8.1 and 8.2 million households on means-tested benefits and tax credits were forecast to receive each instalment of the means-tested benefit Cost of living Payments, at a total cost of £5.4 billion in 2022 and just under £7.5 billion in 2023/24.
- Around 6.3 million people were forecast to receive a Disability Cost of Living Payment in 2022, at a total cost of £0.9 billion. 6.7 million people are forecast to receive a Disability Cost of Living Payment in 2023/24, at a total cost of £1.1 billion.
- Over 8 million pensioner households received a Pensioner Cost of living Payment of £300 alongside their Winter Fuel Payment in 2022/23, and a similar number will receive the payment in 2023/24, at a cost of £2.5-2.6 billion each year.

The payments are not mutually exclusive, so some households could get all three, depending on their circumstances. People who are eligible for a Cost of Living Payment should be paid automatically and do not need to make an application. Payments should be paid to all eligible people in the same way as their qualifying benefit or tax credit.

## Guidance and legislation

Further information on the rules governing the Cost of Living Payments, and on the arrangements for paying eligible households and individuals, can be found in:

- DWP, [Cost of Living Payments 2023 to 2024](#), updated 13 December 2023
- DWP, [Cost of Living Payment 2022](#), updated 3 January 2023
- HM Treasury, [Cost of living support Factsheet](#), updated 21 November 2022
- HM Treasury, [Policy Paper: Cost of living support factsheet: 26 May 2022](#), updated 15 June 2022

The Commons Library published briefings on the primary legislation for both Cost of Living Payment rounds, giving further background to the legislation, and exploring the estimated impact of the support packages:

- Commons Library briefing CBP-9565, [The Social Security \(Additional Payments\) Bill 2022-23](#)
- Commons Library briefing CBP-9722, [The Social Security \(Additional Payments\) \(No. 2\) Bill 2022-23](#)

## Further reading

The Commons Library webpage [Cost of living and inflation](#) gives links to the Library's wider publications on the rising cost of living in the UK, including the causes of inflation, the effect on households, and government support.

The Work and Pensions Committee published a report on [Cost of living support payments on 14 November 2023](#). The [Government response to the Committee's recommendations](#) was published on 25 January 2024.

# 1 Cost of Living Payments overview

Cost of Living Payments made in addition to certain benefits were first announced in May 2022 and paid in the second half of that year. In the November 2022 Autumn Statement, a further package was announced to be paid over the course of the 2023/24 financial year.

Payments have been administered by the Department for Work and Pensions (DWP), His Majesty's Revenue and Customs (HMRC), and the Ministry of Defence (MoD), and have been made across the UK.

## 1.1 2022 cost of living support

The first package of one-off cost of living support measures was announced by the then Chancellor of the Exchequer, Rishi Sunak, on 26 May 2022.<sup>1</sup> This was in addition to the £150 Council Tax rebate for households in England in Council Tax bands A-D announced in February 2022.<sup>2</sup>

There were five elements to the May 2022 package. One was an expansion of the previously announced Energy Bills Support Scheme, providing all households with a domestic electricity connection (and/or a domestic electricity meter) with £400 of support towards their energy bills.<sup>3</sup>

Three further elements of the support package provide additional cash payments from the Department for Work and Pensions (and HM Revenue and Customs and the Ministry of Defence) to recipients of certain benefits or tax credits. These "Cost of Living Payments" consisted of:

- a £650 means-tested benefit Cost of Living Payment, payable in two instalments, to households getting certain means-tested benefits including Universal Credit, most of the legacy benefits and tax credits it is replacing (except Housing Benefit), and Pension Credit.
- a £150 Disability Cost of Living Payment for recipients of certain non-means-tested disability benefits, including Personal Independence Payment (PIP) and Attendance Allowance (AA).

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<sup>1</sup> [HC Deb 26 May 2022 cc449-453](#)

<sup>2</sup> For further details of the rebate and corresponding schemes in Wales and in Scotland, see [The council tax rebate: How will it work?](#), Commons Library Insight, 15 August 2022

<sup>3</sup> For further information see Commons Library briefing, [Energy Bills Support Scheme: Government policy and FAQs](#).



- a £300 Pensioner Cost of Living Payment, paid as an addition to the Winter Fuel Payment, to households with at least one person entitled to a Winter Fuel Payment for winter 2022/2023.

The package also included additional funding to extend the Household Support Fund, which allowed local authorities in England to make discretionary payments to people most in need to help towards the rising cost of food, energy, and water bills.

The [Household Support Fund](#) was originally announced in September 2021. The cost of living support package announced in May 2022 provided an additional £421 million of funding for the Household Support Fund for the period covering October 2022 to March 2023. The devolved governments received a further £79 million through the Barnett formula,<sup>4</sup> bringing the total additional funding across the UK to £500 million (on top of the £1 billion already allocated to local authorities in England and to the devolved administrations for the period October 2021 to September 2022).<sup>5</sup>

## 1.2 2023/24 cost of living support

In his Autumn Statement on 17 November 2022, the Chancellor, Jeremy Hunt, announced that a further set of Cost of Living Payments would be awarded to recipients of the same benefits and tax credits over the course of 2023/24. The Household Support Fund was also extended for a further 12 months to the end of March 2024, at a cost of £1 billion (including Barnett consequential funding for the devolved administrations).<sup>6</sup>

HM Treasury published a [Cost of living support Factsheet](#) on 21 November 2022, outlining the 2023/24 Cost of Living Payments, as well as other measures to support households' finances. The payments are being made to recipients of the same benefits as the 2022/23 Cost of Living Payments, the key differences being that payments for means-tested benefit recipients will total £900 rather than £650, and will be made in three instalments. The Payments are:

- a £900 Cost of Living Payment, payable in three instalments, to recipients of certain means-tested benefits.
- a £150 Disability Cost of Living Payment.
- a £300 Pensioner Cost of Living Payment.

In January 2023, the Government gave a broad outline of when instalments of the 2023/24 Cost of Living Payments would be made, noting payments would be “spread across a longer period to ensure a consistent support offering

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<sup>4</sup> Approximately £41 million for Scotland, £25 million for Wales, and £14 million for Northern Ireland

<sup>5</sup> DWP, [Nearly nine million grants from first round of Household Support Fund](#), 29 July 2022

<sup>6</sup> HM Treasury, [Autumn Statement 2022](#), CP 751, 17 November 2022, para 5.7

throughout the year”.<sup>7</sup> For most eligible claimants, payments were (or will be) made on the following dates:

- £301 – First Cost of Living Payment – in April or May 2023
- £150 – Disability Payment – between 20 June 2023 and 4 July 2023
- £300 – Second Cost of Living Payment – in October or November 2023
- £300 – Pensioner Payment – from November 2023
- £299 – Third Cost of Living Payment – in February 2024

Payment and qualifying dates for specific qualifying benefits can be found on the GOV.UK page [Cost of Living Payments 2023 to 2024](#).

## 1.3 Recipients and costs

Cost of Living Payments have been projected to cost nearly £20 billion over the 2022/23 and 2023/24 financial years, with a further £2.5 billion allocated to the Household Support Fund and the devolved administrations between October 2021 and March 2024.

Further analysis, including on the forecast impact of the Payments can be found in the Library’s legislative briefings:

- Commons Library briefing CBP-9565, [The Social Security \(Additional Payments\) Bill 2022-23](#)
- Commons Library briefing CBP-9722, [The Social Security \(Additional Payments\) \(No. 2\) Bill 2022-23](#)

### 2022 cost of living support

In total, the May 2022 cost of living support package was forecast to cost £15.3 billion. Of this, £6 billion was allocated to doubling the rebates available through the Energy Bills Support Scheme, and £500 million for the Household Support Fund and linked funding for the devolved administrations.<sup>8</sup>

The remainder of the package – an estimated **£8.8 billion** – would be spent on the Cost of Living Payments. The Government estimated that in 2022/23:

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<sup>7</sup> DWP, [Millions of low-income households to get new Cost of Living Payments from Spring 2023](#), 3 January 2023

<sup>8</sup> HM Treasury, [Millions of most vulnerable households will receive £1,200 of help with cost of living](#), 26 May 2022

- Around 8.2 million households on means-tested benefits and tax credits would receive the £650 Cost of living Payment, at a total cost of £5.4 billion.
- Around 6.3 million people getting a qualifying disability benefit would receive a one-off £150 Disability Cost of Living Payment, at a total cost of £0.9 billion.
- Over 8 million pensioner households would receive a Pensioner Cost of living Payment of £300 alongside their Winter Fuel Payment in November/December 2022, at a total cost of £2.5 billion.<sup>9</sup>

The payments were not mutually exclusive, so households could get all three depending on their circumstances.

The amounts paid to those eligible for the means-tested benefit Cost of Living Payment, and for the Pensioner Cost of Living Payment, were per household. The Disability Cost of Living Payment was paid per eligible person. This meant that if a household included more than one person receiving a qualifying disability benefit, they would each receive a £150 payment.

The Government said its cost of living support measures would “see millions of households receive at least £1,200 this year to help cover rising costs.”<sup>10</sup> This calculation was based upon a household on means-tested benefits or tax credits receiving the £650m Cost of Living Payment, in addition to the £400 of support all households received under the Energy Bills Support Scheme, and the £150 Council Tax rebate for households in England in Council Tax bands A-D.

## 2023/24 cost of living support

The overall package of support for 2023/24, including the Household Support Fund, was expected to cost around £12.3 billion over the financial year.<sup>11</sup>

The DWP estimated that Cost of Living Payments would cost over £11 billion in 2023/24. The largest element was just under £7.5 billion forecast spending on the Cost of Living Payments for means-tested benefit recipients. Pensioner Cost of Living Payments were forecast to cost £2.6 billion, and Disability Cost of Living Payments £1.1 billion.<sup>12</sup>

As noted above, a further £1 billion was made available for the Household Support Fund for the financial year, including consequential funding for the devolved administrations.

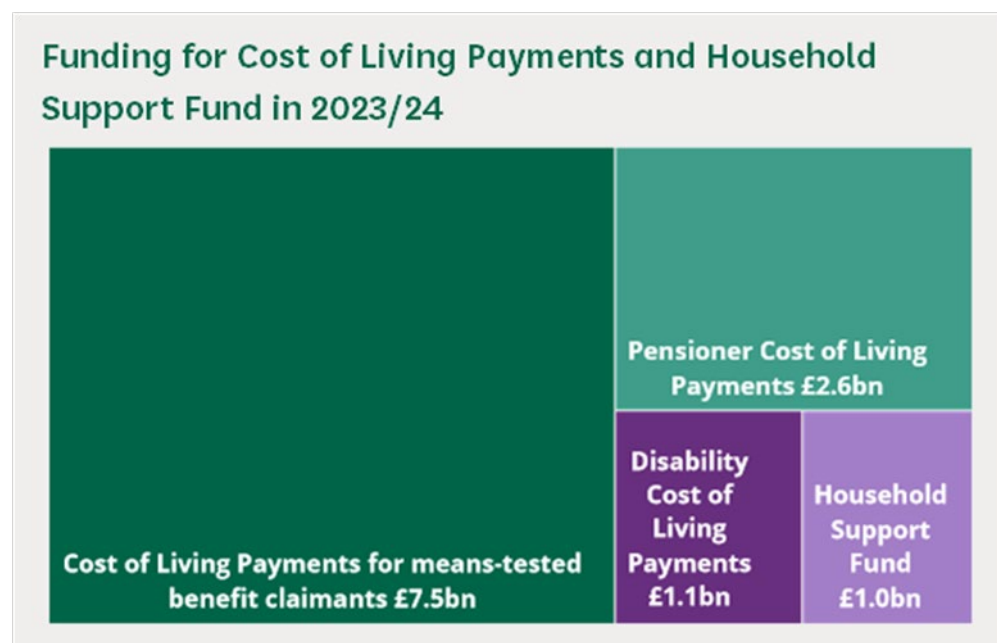
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<sup>9</sup> As above; and DWP, [7.2 million Cost of Living payments made to low-income families](#), 22 July 2022

<sup>10</sup> DWP, [6 million disabled people to get Cost of Living payment from 20 September 2022](#), 23 August 2022

<sup>11</sup> HM Treasury, [Autumn Statement 2022](#), CP 751, 17 November 2022, p58

<sup>12</sup> DWP, [Social Security \(Additional Payments\) \(No. 2\) Bill: Impact Analysis \(PDF\)](#), 7 February 2023



Source: DWP, [Social Security \(Additional Payments\) \(No. 2\) Bill: Impact Analysis \(PDF\)](#), 7 February 2023

Each instalment of the Cost of Living Payment for means-tested benefit recipients would be received by over 8 million households. 11.7 million people in 8 million households<sup>13</sup> were expected to receive a Pensioner Cost of Living Payment as an addition to the Winter Fuel Payment. An estimated 6.7 million disabled people received the Disability Cost of Living Payment.

### Estimated number of 2023/24 Cost of Living Payment recipients

Payment type	Number of recipients
First means-tested benefit Cost of Living Payment	8.1 million households
Second means-tested benefit Cost of Living Payment	8.1 million households
Third means-tested benefit Cost of Living Payment	8.2 million households
Pensioner Cost of Living Payment	11.7 million people
Disability Cost of Living Payment	6.7 million people

Source: DWP, [Social Security \(Additional Payments\) \(No. 2\) Bill: Impact Analysis \(PDF\)](#), 7 February 2023; and DWP, [Benefit expenditure and caseload tables: Spring Budget 2023](#), 25 April 2023, table 1c

Of the over 8 million households expected to qualify for each instalment of means-tested benefit Cost of Living Payment, the most common qualifying benefit is Universal Credit. This is followed by Pension Credit and the various “legacy” benefits and tax credits that Universal Credit is replacing. Because some households are moving from legacy benefits and tax credits to Universal Credit during 2023/24, the proportion of payments received by Universal Credit claimants increased with each instalment.

<sup>13</sup> [PQ149489 \[Social Security Benefits: Uprating\], 24 February 2023](#)

## Estimated number of households eligible to receive each instalment of means-tested Cost of Living Payment, by qualifying benefit (thousands)

Qualifying benefit	First instalment	Second instalment	Third instalment
Universal Credit	4,513	4,825	5,116
Pension Credit	1,384	1,344	1,329
Income-based ESA	1,128	1,059	1,013
Tax credits	891	758	618
Income Support	148	126	113
Income-based JSA	34	27	23
<b>Total</b>	<b>8,097</b>	<b>8,139</b>	<b>8,211</b>

Source: DWP, [Social Security \(Additional Payments\) \(No. 2\) Bill: Impact Analysis \(PDF\)](#), 7 February 2023, table 1

## 1.4 Impact on households

HM Treasury published distributional analyses for both the 2022 and 2023/24 Cost of Living Payments.<sup>14</sup> These forecast that Cost of Living Payments would be progressive – targeted primarily at lower income households, who would experience the greatest income gains in both cash terms and as a proportion of their incomes. Independent organisations such as the Resolution Foundation, a think tank focused on the living standards of low and middle-income households, produced similar analysis describing Cost of Living Payments as “highly progressive”.<sup>15</sup>

Policy in Practice, a social policy consultancy, modelled the impact of the 2023/24 Payments, forecasting that the proportion of households without sufficient income to meet costs, and relative poverty rates, would fall.<sup>16</sup>

Forecast impacts are discussed in greater detail in sections 3 and 4 of the Library’s briefing on [The Social Security \(Additional Payments\) \(No. 2\) Bill 2022-23](#).

<sup>14</sup> HM Treasury: [Distributional Analysis: Illustrative analysis of the impact of the May 2022 Cost of Living Support package and February 2022 Energy Support package on households](#), 26 May 2022; and HM Treasury, [Impact on households: distributional analysis to accompany Autumn Statement 2022](#), 17 November 2022, figures 1.F and 1.G

<sup>15</sup> Bell T et al, [Help today, squeeze tomorrow: Putting the 2022 Autumn Statement in context](#), Resolution Foundation, 18 November 2022; and Bell T et al, [Back on target: Analysis of the Government’s additional cost of living support](#), 27 May 2022

<sup>16</sup> Policy in Practice, [Written evidence for the work and Pensions Committee inquiry into Cost of Living Payments](#), May 2023

## Evidence of impact and use of Cost of Living Payments

After payments began to be made, some organisations also explored the impact on claimants and how the money was being used.

The Government is also conducting an evaluation of Cost of Living Payments. 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”.<sup>17</sup>

### Qualitative studies

Qualitative studies, based on interviews with claimants receiving Cost of Living Payments, have generally noted that people welcomed the payments and found the additional support helpful. However, in most cases it was reported that the money was used up quickly, and longer-term financial issues persisted.

Academics at the University of York working with the Child Poverty Action Group and the Changing Realities project, a “participatory online project documenting life on a low income, and pushing for change”, published [Keeping Warm This Winter](#), a qualitative study looking at the challenges faced by participating low-income families over the Winter of 2022/23. This found that parents and carers were “highly appreciative” of Cost of Living Payments and other one-off support measures. However, they noted, “the payments, at most, provided temporary relief. Families continue to face extreme financial pressure, tightly restrict their energy use and fear for the future.”<sup>18</sup>

The University of Bath Institute for Policy Research published a report based on interviews with 42 working Universal Credit claimants about their experiences with the 2022 Cost of Living Payments. This noted that payments made in addition to benefits had been an “efficient and effective means of getting one-off, lump sum payments swiftly into the bank accounts of people likely to be most in need of support”. The report also explored how the first instalment of means-tested benefit Cost of living Payments had been used:

- A “large majority” had used all or most of the payment in the month of receipt for immediate household needs such as groceries, bills or paying debts and arrears.
- Just under a quarter set money aside for future bills or to top-up pre-payment accounts.

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<sup>17</sup> Work and Pensions Committee, [Cost of living support payments: Government Response to the Committee’s First Report](#), 25 January 2024, p8

<sup>18</sup> Changing Realities, [Keeping Warm This Winter](#), 21 January 2023; and Child Poverty action Group and Changing Realities, [Written evidence for the work and Pensions Committee inquiry into Cost of Living Payments](#), May 2023

- Some families with children had used money for treats and days out, with the July timing of the instalment “particularly useful in this regard”.<sup>19</sup>

### Quantitative studies

Quantitative evidence from surveys, food bank usage data and analysis of spending data also found that payments have largely been used in the immediate period after they were received.

An Institute for Fiscal Studies study funded by the Joseph Rowntree Foundation analysed transaction data from the credit rating app ClearScore to understand how the first instalment of means-tested benefit Cost of Living Payments affected the spending of recipients.

This found that discretionary spending “was £33 a week (12%) higher for recipient households on average in the four weeks after the payment than in the four weeks before, and remained somewhat elevated up to 15 weeks after the initial payment.” The biggest increases in discretionary spending were on entertainment, cash withdrawals and groceries, accounting for 28%, 17% and 15% of the total increase in discretionary spending respectively. Smaller increases were observed in online spending, clothing and durables, and there was no increase in spending on transport or miscellaneous items.<sup>20</sup>

In contrast to discretionary spending, the research found little change in spending on bills amongst those who received payments compared to those who did not (although spending amongst both groups increased during the period). The data did not find any significant increase in debt repayment in the period surrounding receipt of payments.<sup>21</sup>

The IFS concluded from this evidence that there are downsides to using one-off payments compared to increases of regular benefit payments:

[...] we show that spending responded strongly to the first cost of living payment immediately after its receipt in July 2022, suggesting that many households were credit-constrained. Spending increased on a range of services, from more basic ones such as groceries to more discretionary ones such as entertainment. This suggests a range of levels of need among recipient households – perhaps not entirely surprising, given that the payments were of equal size for all households on universal credit, regardless of their other circumstances. That we see a temporary spike then fall in spending on immediately consumed goods and services such as entertainment may point to recipients having difficulties in budgeting. In either case, such an effect highlights the downsides of using one-off lump sums rather than simply raising basic benefit amounts as the UC uplift and taper rate reforms did.<sup>22</sup>

The Trussell Trust, a network of food bank centres across the UK, distributed three million emergency food parcels in 2022/23, more than in any previous

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<sup>19</sup> Griffiths R, Universal Credit, [Working Claimants and the Government’s Cost of Living Support](#), University of Bath Institute for Policy Research, November 2022

<sup>20</sup> Ray-Chaudhuri S, Waters T, Xu X, [Poverty](#), Institute for Fiscal Studies, 13 July 2023

<sup>21</sup> Ray-Chaudhuri S, Waters T, Xu X, [Poverty](#), Institute for Fiscal Studies, 13 July 2023

<sup>22</sup> Ray-Chaudhuri S, Waters T, Xu X, [Poverty](#), Institute for Fiscal Studies, 13 July 2023



financial year. Their data showed that when instalments of means-tested benefit Cost of Living Payments were paid in July and November 2022 there were short-term reductions in demand at food banks. However, “the impact was short-lived with levels of need rising again not long after the payments had been made. In fact, food banks in the Trussell Trust network recorded their busiest ever August and December months in 2022.”<sup>23</sup>

The Trussell Trust also commissioned YouGov to survey Universal Credit claimants about their experiences of means-tested benefit Cost of Living Payments. 62% of respondents said that the July 2022 payment had improved their financial situation at least a little, although only 21% said the payment had improved their current financial situation by a ‘great deal’ or a ‘fair amount’. In line with the trends in demand for Trussell Trust services, 70% of people who had received the July payment said they had already spent all of it when surveyed in August, less than a month after receiving it.<sup>24</sup>

## Work and Pensions Committee inquiries

The Work and Pensions Committee published two reports looking into the Government’s response to the rising cost of living, including Cost of Living Payments:

- [The cost of living](#), HC129, 27 July 2022
- [Cost of living support payments](#), HC 143, 14 November 2023

The first (July 2022) report welcomed the Government’s support package, including Cost of Living Payments, but called for wider action on the adequacy of benefits, the benefit cap, deductions from benefits, and Pension Credit take-up.<sup>25</sup>

The second (November 2023) report explored Cost of Living Payments in more detail. It welcomed the automated nature of Payments, which “enabled the swift issue of cash support for those in need”. It also noted the “significant impact” payments have had for low-income households. However, the Committee heard evidence the payments “are not a sufficient response to the scale of the issues at hand”, and raised concerns about the design of payments:

- The cliff-edge nature of means-tested benefit Cost of Living Payments, which cease to be available to households on Universal Credit with income at the level to result in a nil UC payment in any given month.

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<sup>23</sup> Trussell Trust, [Written evidence for the work and Pensions Committee inquiry into Cost of Living Payments](#), May 2023

<sup>24</sup> Trussell Trust, [Written evidence for the work and Pensions Committee inquiry into Cost of Living Payments](#), May 2023

<sup>25</sup> Work and Pensions Committee, [Cost of living support payments](#), HC 143, 14 November 2023



- Low-income households on Housing Benefit (and no other qualifying benefit) not being eligible for means-tested benefit Cost of Living Payments (see section 2.2 below).
- The “unsophisticated nature of the payment system”, which does not recognise the additional costs faced by families with children, and is limited in how it meets the needs of older people and those with disabilities.

The Committee made a series of recommendations for design changes in the event that Cost of Living Support of this kind is continued or repeated. These included:

- Greater flexibility in eligibility for means-tested support, through a “mop-up” system and providing payments to those who receive Universal Credit in the assessment periods before and after the relevant qualifying period.
- Considering the addition of Housing Benefit as a qualifying benefit for means-tested Cost of Living Payments.

The Committee noted that the Government is conducting an evaluation of Cost of Living Payments. It recommended that the Government bring this forward so that findings could be considered ahead of the 2024/25 financial year.

The Committee also recommended that any future payments should:

- Take account of family size.
- Be available to low-income pensioner households who “just miss out on Pension Credit”.
- Be increased for those with disabilities.

The Government response was published on 26 January 2024.<sup>26</sup> This defended the design of Cost of Living Payments, noting:

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<sup>27</sup>

The Government said it would not bring forward its evaluation of Cost of Living Payments as this would be detrimental to its robustness. It added, however, that “any early relevant findings from the fieldwork will feed into policy-making decisions.”<sup>28</sup>

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<sup>26</sup> Work and Pensions Committee, [Cost of living support payments: Government Response to the Committee's First Report](#), HC 458, 25 January 2024

<sup>27</sup> As above, p3

<sup>28</sup> As above, p8

The Committee's report also made recommendations in relation to the Household Support Fund, which are discussed in section 5 below.

## 1.5 Receiving Cost of Living Payments

DWP guidance states that people who are eligible for one of the Cost of Living Payments should be paid automatically and do not need to make an application. This includes where a person is only found to be eligible for a means-tested Cost of Living Payment or Disability Cost of Living Payment at a later date (for example, where an award of a qualifying benefit is backdated following a successful appeal).<sup>29</sup>

Where a person thinks they should have received an instalment of the Cost of Living Payment for people on means-tested benefits, but cannot see it in their bank, building society, or credit union account, they can [Report a missing Cost of Living Payment](#) online.

The guidance states that where people have received a Cost of Living Payment, and the DWP subsequently finds that they were not eligible for it, "you may have to pay it back."<sup>30</sup>

Cost of Living Payments are paid to eligible persons in the same way as their qualifying benefit or tax credit. So, if their benefit is paid into a bank account, the Cost of Living Payment should be paid into the same account.<sup>31</sup>

All Cost of Living Payments are tax-free, do not count towards the benefit cap, and will not have any impact on existing benefit awards.<sup>32</sup>

## 1.6 Legislation

Both the means-tested and Disability Cost of Living Payments required primary legislation for each round of support. Secondary legislation has been used to provide for Pensioner Cost of Living payments, and to set out qualifying dates not specified in primary legislation.

The Commons Library published briefings on the bills for both rounds, giving further background to the legislation, and looking at the estimated impact of the support packages:

- Commons Library briefing CBP-9565, [The Social Security \(Additional Payments\) Bill 2022-23](#)

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<sup>29</sup> DWP, [Cost of Living Payments 2023 to 2024](#), updated 13 December 2023

<sup>30</sup> DWP, [Cost of Living Payments 2023 to 2024](#), updated 13 December 2023

<sup>31</sup> DWP, [Cost of Living Payments 2023 to 2024](#), updated 13 December 2023

<sup>32</sup> HM Treasury, [Cost of living support factsheet: 26 May 2022](#), updated 15 June 2022

- Commons Library briefing CBP-9722, [The Social Security \(Additional Payments\) \(No. 2\) Bill 2022-23](#)

## 2022

The [Social Security \(Additional Payments\) Act 2022](#), which received Royal assent of 28 June 2022, provided the legislative basis for the £650 Cost of Living Payments for households on means-tested benefits and for the £150 Disability Cost of Living Payment.

[The Social Security Additional Payments \(Second Qualifying Day\) Regulations 2022](#)<sup>33</sup> outline qualifying dates for the second (£324) instalment of the £650 Cost of Living Payment for households on means-tested benefits.<sup>34</sup>

The £300 Pensioner Cost of Living Payment was paid as an increase to the Winter Fuel Payment, to households eligible for a Winter Fuel Payment for winter 2022/2023. The provisions were in secondary legislation – the [Social Fund Winter Fuel Payment \(Temporary Increase\) Regulations 2022](#).<sup>35</sup>

## 2023/24

The [Social Security \(Additional Payments\) Act 2023](#), which received Royal assent of 23 March 2023, provides the legislative basis for the Cost of Living Payments for households on means-tested benefits totalling £900, and for the £150 Disability Cost of Living Payment.

Qualifying days have been set by regulations:

- The first instalment of the means-tested benefit Cost of Living Payment – [The Social Security Additional Payments \(First Qualifying Day\) Regulations 2023, SI 2023/361](#)<sup>36</sup>
- The Disability Cost of Living Payment – [The Social Security \(Disability Additional Payment Day\) Regulations 2023, SI 2023/547](#)<sup>37</sup>
- The second instalment of the means-tested benefit Cost of Living Payment – [The Social Security Additional Payments \(Second Qualifying Day\) Regulations 2023, SI 2023/1017](#)<sup>38</sup>
- The third instalment of the means-tested benefit Cost of Living Payment – [The Social Security Additional Payments \(Third Qualifying Day\) Regulations 2023, SI 2023/1352](#)<sup>39</sup>

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<sup>33</sup> [SI 2022/1011](#)

<sup>34</sup> See section 2.1

<sup>35</sup> [SI 2022/813](#)

<sup>36</sup> SI 2023/361

<sup>37</sup> SI 2023/547

<sup>38</sup> SI 2023/1017

<sup>39</sup> SI 2023/1352

[The Social Fund Winter Fuel Payment \(Temporary Increase\) Regulations 2023, SI 2023/549](#)<sup>40</sup> provide for the Pensioner Cost of Living payment.

## 1.7

### Guidance and information

Further information on the rules governing the 2023/24 Cost of Living Payments, and on the arrangements for paying eligible households and individuals, can be found in:

- DWP, [Cost of Living Payments 2023 to 2024](#), updated 13 December 2023
- HM Treasury, [Cost of living support Factsheet](#), updated 21 November 2022

Equivalent guidance and information was also published for the 2022 Payments:

- DWP, [Cost of Living Payment 2022](#), updated 3 January 2023
- HM Treasury, [Cost of living support factsheet: 26 May 2022](#), updated 15 June 2022
- DWP, [Cost of Living Additional Payments 2022](#), ADM memo 17/22, August 2022

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<sup>40</sup> SI 2023/549

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## 2 Means-tested benefit Cost of Living Payment

### 2.1 Means-tested benefit Cost of Living Payment overview

Means-tested benefit Cost of Living Payment are being paid to households receiving any of the following qualifying benefits and tax credits:

- Universal Credit (UC)
- income-based Jobseeker's Allowance (JSA)
- income-related Employment and Support Allowance (ESA)
- Income Support
- Pension Credit
- Child Tax Credit
- Working Tax Credit

In 2022 the £650 was paid in two instalments, and the £900 payment in 2023/24 is being paid in three instalments.<sup>41</sup>

#### 2022 instalments

##### First instalments

To get the first payment of £326, a household must have been entitled to (or later found to have been entitled to) one of the above benefits and tax credits for the period 26 April to 25 May 2022. The precise requirements varied according to the benefit:

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<sup>41</sup> The two payments have been deliberately set at slightly different rates to minimise the risk of fraud. The DWP states: "The distinct value relates to a specific qualifying period, so it is simpler to determine if a payee received the correct payments, reducing the fraud risk of people who claim not to have had one of the specific two payments, as DWP will be able to clearly track those who have." See DWP, [Over eight million households to get new cost-of-living payment from 14 July](#), 15 June 2022

- Universal Credit claimants had to be entitled to UC for a monthly assessment period that ended in the period 26 April to 25 May 2022.
- Income-based JSA, income-related ESA, Income Support and Pension Credit claimants had to be entitled to benefit for any day in the period 26 April to 25 May 2022.
- Tax credits only claimants had, for any day in the period 26 April to 25 May 2022, to be entitled to a payment of tax credits and have an annual tax credit award of at least £26.

Households entitled to both Child Tax Credit and Working Tax Credit during the relevant period received only one payment of £326 in the first instalment. Tax credits claimants who also received a low-income DWP benefit received the Cost of Living Payment from the DWP, rather than HMRC.

Most households claiming Universal Credit or one of the other DWP qualifying benefits will have received the £326 payment between 14 and 31 July 2022.<sup>42</sup> The DWP said that in “a small minority of complex circumstances”, claimants would be paid automatically after the end of July 2022. This could include people with a backdated entitlement to a qualifying benefit following a successful appeal.<sup>43</sup>

Eligible tax credits-only claimants would receive the £326 payment later than those on DWP benefits — between 2 and 7 September 2022, for most.<sup>44</sup>

## Second instalments

Regulations setting qualifying dates for the second (£324) Cost of Living Payment were laid on 3 October 2022.<sup>45</sup>

To qualify for the second (£324) Cost of Living Payment, claimants of qualifying means-tested benefits and tax credits had to be entitled to a payment (or later found to have been entitled to a payment) for the period 26 August 2022 to 25 September 2022. As with the first payment, this varied slightly by qualifying benefit:

- Universal Credit claimants had to be entitled to UC for a monthly assessment period that ended in the period 26 August to 25 September 2022.
- Income-based JSA, income-related ESA, Income Support and Pension Credit claimants had to be entitled to benefit for any day in the period 26 August to 25 September 2022.

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<sup>42</sup> 7.2 million payments were made in the first week – see DWP, [7.2 million Cost of Living payments made to low-income families](#), 22 July 2022

<sup>43</sup> DWP, [7.2 million Cost of Living payments made to low-income families](#), 22 July 2022

<sup>44</sup> HMRC, [1.1 million families claiming tax credits to receive first Cost of Living Payment from 2 September](#), 25 August 2022

<sup>45</sup> [The Social Security Additional Payments \(Second Qualifying Day\) Regulations 2022](#), SI 2022/1011

- Tax credits only claimants had, for any day in the period 26 August to 25 September 2022, to be entitled to a payment of tax credits and have an annual tax credit award of at least £26.

Qualifying claimants of DWP benefits received the second payment between 8 and 23 November 2022, with payments made to tax credit claimants between 23 and 30 November 2022 “for most people”.<sup>46</sup>

## 2023/24 instalments

The three instalments of the 2023/24 means-tested Cost of Living Payments are spread across the financial year:

- £301 during April or May 2023
- £300 during October or November 2023
- £299 during February 2024

### First instalment

Regulations setting the qualifying date for the first (£301) payment were laid on 27 March 2023.<sup>47</sup> To qualify for the £301 Cost of Living Payment, claimants of qualifying means-tested benefits and tax credits had to be entitled to a payment (or later found to have been entitled to a payment) for the period 26 January to 25 February 2023.

The payments dates for most claimants were:

- Between 25 April and 17 May 2023 for most people on DWP benefits
- Between 2 and 9 May 2023 for most people on tax credits and no other qualifying benefits<sup>48</sup>

### Second instalment

Regulations setting the qualifying date for the second (£300) payment were laid on 18 September 2023.<sup>49</sup> To qualify for the £300 Cost of Living Payment, claimants of qualifying means-tested benefits and tax credits had to be entitled to a payment (or later found to have been entitled to a payment) for the period 18 August 2023 to 17 September 2023.

The payment dates for most claimants were:

- Between 31 October and 19 November 2023 for most people on DWP benefits

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<sup>46</sup> DWP, [Cost of Living Payment 2022](#), updated 3 January 2023

<sup>47</sup> [The Social Security Additional Payments \(First Qualifying Day\) Regulations 2023](#), SI 2023/361

<sup>48</sup> DWP, [Cost of Living Payments 2023 to 2024](#), updated 13 December 2023

<sup>49</sup> [The Social Security Additional Payments \(Second Qualifying Day\) Regulations 2023](#), SI 2023/1017

- Between 10 and 19 November 2023 for most people on tax credits and no other qualifying benefits<sup>50</sup>

### Third instalment

Regulations setting the qualifying date for the third (£299) payment were laid on 13 December 2023.<sup>51</sup> To qualify for the £299 Cost of Living Payment, claimants of qualifying means-tested benefits and tax credits had to be entitled to a payment (or later found to have been entitled to a payment) for the period 13 November 2023 to 12 December 2023.

The payment dates for most claimants will be:

- Between 6 and 22 February 2024 for most people on DWP benefits
- Between 16 and 22 February 2024 for most people on tax credits and no other qualifying benefits<sup>52</sup>

## 2.2

## Means-tested benefit Cost of Living Payment FAQs

### Why have Cost of Living Payments been paid in instalments?

The DWP's Delegated Powers Memorandum for the Social Security (Additional Payments) Bill, which legislated for the 2022 Payments, explains:

The means-tested additional [Cost of Living] payments are split into two payments and there will be the two different eligibility windows. This is to ensure that people who become means-tested benefit claimants by the autumn will also receive an additional payment despite not having been entitled for the first payment. The aim is to cast the net wide and to support as many people who receive a means-tested benefit during this period of high inflation as possible.<sup>53</sup>

The same explanation was given for paying the 2023/24 Payments in three instalments.<sup>54</sup>

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<sup>50</sup> DWP, [Cost of Living Payments 2023 to 2024](#), updated 13 December 2023

<sup>51</sup> [The Social Security \(Additional Payments\) \(Second Qualifying Day\) Regulations 2023](#), SI 2023/1017

<sup>52</sup> DWP, [Cost of Living Payments 2023 to 2024](#), updated 13 December 2023

<sup>53</sup> [Social Security \(Additional Payments\) Bill: Memorandum from the Department for Work and Pensions to the Delegated Powers and Regulatory Reform Committee \(PDF\)](#), para 11

<sup>54</sup> [Social Security \(Additional Payments\) \(No. 2\) Bill: Memorandum from the Department for Work and Pensions to the Delegated Powers and Regulatory Reform Committee \(PDF\)](#), para 17



## Why aren't contributory ESA and JSA qualifying benefits?

Contributory benefits – such as [New Style Employment and Support Allowance](#) and [New Style Jobseeker's Allowance](#) – were not qualifying benefits for the means-tested benefit Cost of Living Payment. This means those who were unemployed or assessed as having a disability or health condition that affects how much they can work and got New Style ESA or JSA did not qualify for Cost of Living Payments, unless they also got means-tested benefits like UC, or non-means-tested extra-costs benefits like PIP.

The Government justified this on the grounds that the £650/£900 Cost of Living Payments were targeted specifically at those with limited resources of their own who qualified for means-tested support. By contrast, contributory benefits are not means-tested and claimants of these benefits may have access to other resources.<sup>55</sup>

Asked in the House of Lords why contributory benefits were not qualifying benefits for the £650 Cost of Living Payment, the then DWP Minister Baroness Stedman-Scott said in June 2022:

Contributory and new-style benefits were not included because people claiming these benefits may have other financial resources available to them. They may also benefit from other parts of the package of support, including the £400 per household domestic energy help. Claimants who require further financial assistance may be eligible for universal credit; if their claim is successful, they may then qualify for the second cost of living payment in the autumn.<sup>56</sup>

Where a person received contributory ESA and their household income is low, they might have been able to claim means-tested benefits on top of their ESA and qualify for subsequent instalments.

Where a person is getting contributory ESA (now called New Style ESA), they will usually have to claim Universal Credit if they are seeking additional means-tested assistance.

However, some people getting contributory ESA will still be receiving Old Style contributory ESA if, when they first claimed ESA, Universal Credit had not yet been introduced where they were living.<sup>57</sup> A person getting Old Style contributory ESA wishing to claim means-tested assistance may have been able to get a top-up of income-related ESA, and qualify for further means-tested benefit Cost of Living Payment instalments via that route.

People who only get contributory ESA or contributory JSA may want to seek specialist welfare rights advice about their possible entitlement to means-

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<sup>55</sup> See [PQ 162246 \[Cost of Living Payments\], 16 March 2023](#)

<sup>56</sup> [HL Deb 27 June 2022 c485](#)

<sup>57</sup> See Osborne S, “‘Old-style’ ESA: who can get it?”, CPAG Welfare Rights Bulletin, August 2021

tested assistance. For further information see the following Commons Library constituency casework pages:

- [What benefits might people claim?](#)
- [Universal Credit: a checklist before claiming](#)

Local advice providers can be located using the [AdviceLocal postcode finder](#).

## Why isn't Housing Benefit a qualifying benefit?

Housing Benefit is a means-tested benefit, paid according to rules set nationally by the Department for Work and Pensions, but administered by local authorities.

While most Housing Benefit claimants will also have been receiving a qualifying benefit for the means-tested benefit Cost of Living Payments, Housing Benefit itself is not a qualifying benefit. The Government said in respect of the 2022 Payments that because the benefit is administered directly from local authorities, and often paid directly to a landlord, Cost of Living Payments to those receiving only Housing Benefit “could not [...] be delivered in a quick, accurate and straightforward manner.”<sup>58</sup> Similar arguments were made in respect of the 2023/24 Payments.<sup>59</sup>

Approximately 100,000 working-age and 370,000 State Pension age Housing Benefit claimants did not receive a qualifying benefit for the £650 Cost of Living Payment in 2022.<sup>60</sup>

Announcing the cost of living support package on 26 May 2022, the then Chancellor, Rishi Sunak, acknowledged that, as with any policy, there could be “small numbers of people who fall between the cracks.” This included Housing Benefit-only claimants, for whom it was “not possible right now for the DWP or HMRC to identify.” Mr Sunak said the additional funding announced for the Household Support Fund was intended to allow local authorities to support this group and others.<sup>61</sup> Mr Sunak said it ought to be a “particular priority” for local authorities to help people not eligible for a Cost of Living Payment because they receive only Housing Benefit, but added:

Ultimately, though, we leave the discretion to local authorities, with guidance provided by my colleagues at the Departments for Work and Pensions and for Levelling Up, Housing and Communities.

Mr Sunak reiterated that the Household Support Fund guidance would set out which groups should have priority for support – including Housing Benefit only

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<sup>58</sup> PQ 26108 [[on Cost of Living Payment: Housing Benefit](#)], 5 July 2022

<sup>59</sup> PQ 183735 [[Housing Benefit: Cost of Living Payments](#)], 3 May 2023; See also Work and Pensions Committee, [Cost of living support payments: Government Response to the Committee's First Report](#), HC 458, 25 January 2024, p5

<sup>60</sup> [PQ 47623 \[on Cost of Living Payments: Housing Benefit\], 27 September 2022](#)

<sup>61</sup> [HC Deb 26 May 2022 c452](#)

claimants – when giving oral evidence to the Treasury Committee on 6 June 2022.<sup>62</sup>

Household Support Fund guidance published in on 24 October 2022 noted that the DWP was “introducing a further data share for those in receipt of HB only”, which would allow local authorities to identify those affected more easily, and prioritise the group.<sup>63</sup>

Further information on the Household Support Fund is given in section 5 of this briefing.

## Why did tax credit-only claimants have to wait longer to get paid in 2022?

For both instalments of 2022 means-tested benefit Cost of Living Payments, claimants of DWP benefits were paid earlier than those only getting HMRC administered tax credits. The gap was significantly greater for the first instalment – over a month – but the second instalment was paid to most tax credit recipients in a period immediately following payment to DWP benefit recipients. Information on when payments were made to recipients of particular benefits can be found in the guidance on GOV.UK.<sup>64</sup>

The reason for this was to avoid duplication, as people getting tax credits may also have been claiming a qualifying DWP benefit.<sup>65</sup>

For the first and second instalments of the 2023/24 Payments, people on tax credits received the payment at roughly the same time as people on DWP benefits.<sup>66</sup>

## Do households with a nil award of Universal Credit receive a payment?

Universal Credit is calculated and paid on a monthly basis. UC claimants can sometimes find that their award for a particular month is nil. This could happen, for example, to self-employed claimants whose earnings fluctuate over the year, or to employees paid other than on a calendar month basis who from time to time receive an extra payment of wages in a monthly assessment period.<sup>67</sup>

To be eligible for any instalment of the Cost of Living Payment for those on means-tested benefits, Universal Credit claimants must have been entitled to

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<sup>62</sup> Treasury Committee, [Oral evidence: The cost of living](#), 6 June 2022, HC 343 2022-23, Q137

<sup>63</sup> DWP, [Household Support Fund \(1 October 2022 to 31 March 2023\): final guidance for county councils and unitary authorities in England](#), updated 24 October 2022

<sup>64</sup> DWP, [Cost of Living Payment 2022](#), 3 January 2023

<sup>65</sup> [HC Deb 28 June 2022 c157](#)

<sup>66</sup> DWP, [Cost of Living Payments 2023 to 2024](#), updated 13 December 2023

<sup>67</sup> See DWP, [Universal Credit: different earning patterns and your payments](#), updated 17 January 2024

a payment of UC of at least 1p for the monthly assessment period that ended in the relevant qualifying period.<sup>68</sup>

Those with a nil award of UC for a qualifying assessment period did **not** therefore qualify for the associated instalment in either 2022 or 2023/24.

The DWP estimates that 500,000 households did not qualify for the first instalment of the £650 Cost of Living Payment in 2022, due to having a nil UC award. The main reason for this was household earnings in the relevant monthly assessment period reducing awards to nil.

## Nil awards for the first 2022/23 Cost of Living Payment

### UC households with an assessment period ending between 26 April 2022 and 25 May 2022

	Number of cases (thousands)	Percentage of nil awards
Due to household's earnings	423	85%
Due to sanctions	7	1%
Due to one of capital, other income or other benefits	9	2%
Due to a combination of reasons	61	12%

Source: DWP, [Social Security \(Additional Payments\) \(No. 2\) Bill: Impact Analysis \(PDF\)](#), 7 February 2023. Table 13

In a report published in December 2022, the Treasury Committee recommended that, to reduce this and other cliff-edge effects in 2023/24, the DWP consider paying the £900 of support for families on means-tested benefits as a series of payments across the colder winter months, mirroring the Energy Bill Support Scheme.<sup>69</sup> The Government response highlighted the decision to pay 2023/24 payments in three instalments spread across the year, as well as constraints of the payment system:

Cost of Living Payments are made using DWP's 'Ad Hoc Payment System'. This sits outside the normal benefit delivery system and as a result, is limited in its nature – for example it can only make one payment 'type' at a time, and it requires specialist teams to make the payments.

Further 'mop-up' payments for some of the qualifying benefits are also expected to be made, if an entitlement that would qualify for a payment is later established to have existed. It is not possible within the constraints of this

<sup>68</sup> [Section 2\(1\)\(a\) of the Social Security \(Additional Payments\) Act 2022](#); and [section 2\(1\)\(a\) of the Social Security \(Additional Payments\) Act 2023](#). Qualifying dates can be found in the guidance on GOV.UK: DWP, [Cost of Living Payment 2022](#), 3 January 2023; and DWP, [Cost of Living Payments 2023 to 2024](#), updated 13 December 2023

<sup>69</sup> Treasury Committee, [Autumn Statement 2022 – Cost of Living Payments](#), 14 December 2022, HC 740

system to make a payment each month for six months without compromising delivery of DWP's core benefits.<sup>70</sup>

Giving evidence to the Work and Pensions Committee on 11 January 2023, DWP Change Director General and Senior Responsible Owner for Universal Credit, Neil Couling, explained how the system used to make Cost of Living Payments requires a payment of UC to have been made:

It is a rather unsophisticated system. To do it quickly, essentially what my team do is take the fact that you have had a payment in a qualifying month, and then that triggers the payment on the system.<sup>71</sup>

The Government also made the case against finding a method of paying those with nil awards beyond purely practical concerns. It says it could not distinguish between those who had a nil award because of a permanent increase in their earnings, and those who had a nil award due to a temporary fluctuation in earnings.<sup>72</sup> The DWP Minister Mims Davies also argued that making payment to those with nil awards, as well as increasing complexity, would result in payments going to those who earned enough to no longer qualify for UC, to those who had other means, and to those whose benefit was suspended on suspicion of fraud.<sup>73</sup>

In its January 2024 response to the Work and Pensions report on Cost of living support payments, the Government reiterated many points it had made previously, and acknowledged the frustration households may experience if they received a nil award. It added, however that:

[...] 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.<sup>74</sup>

## Do larger families get extra help?

Cost of Living Payment for people on means-tested benefits were set at the same level same for all eligible households. So, for example, a single person without children and getting means-tested benefits was entitled to the same amount – £650/£900 – as a couple with three children.

In England, larger families on means-tested benefits might be able to get additional help – over and above the means-tested benefit Cost of Living Payment – from the Household Support Fund (see section 5).

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<sup>70</sup> Treasury Committee, [Autumn Statement 2022 – Cost of living payments: Government response to the Committee's Eighth Report](#), 27 February 2023, HC 740

<sup>71</sup> Work and Pensions Committee, [Oral evidence: DWP's Annual Report and Accounts](#), 11 January 2023, HC 971, Q18

<sup>72</sup> [HL Deb 27 June 2022 cc484-485](#)

<sup>73</sup> [PQ166240 \[Cost of Living Payments\], 221 March 2023](#)

<sup>74</sup> Work and Pensions Committee, [Cost of living support payments: Government Response to the Committee's First Report](#), HC 458, 25 January 2024, p4

The fact that the Payments did not differentiate the level of support by family size and composition was noted by a number of organisations when they were first announced.<sup>75</sup> The issue was also raised by Members in the debates on the first Social Security (Additional Payments) Bill, both in the Commons<sup>76</sup> and in the Lords.<sup>77</sup>

Replying for the Government in the Commons Second Reading debate, the then DWP Minister, David Rutley, said:

The challenge is trying to get these payments out as fast as possible. To do that, we need to get the payments out to “single benefit units,” as they are described, and households. The important thing to highlight is that most low-income families will be able to receive the £150 council tax support and the energy bill support, on top of the work allowance taper and the increase in the national living wage.<sup>78</sup>

Speaking at a July 2023 Work and Pensions Committee evidence session, the DWP Change Director General and Senior Responsible Owner for Universal Credit, Neil Couling, explained how this, again, was a feature of the “unsophisticated” system used to identify recipients. The mechanism used could only determine whether a benefit payment had been made, not wider household details. He explained the system does hold information about children in claimant households:

[...] but what we do is take the fact that “Neil Couling”, for example, has had a payment in the qualifying period. We don’t know the size of that payment; we don’t know what it is for. We take that bit of data and drop it into the ad hoc payment system and issue the £301—the payment in spring in the last example. That is how we do it. We do not have a way of interrogating that data and saying, “Oh, some of that payment was made up of money for children”. It is a very unsophisticated system in that way, but that is what allows us to do it quickly.

He went on to say that a similar payment mechanism could be used for recipients of Child Benefit, but “That would mean money going to people up the income scale.”<sup>79</sup>

The Child Poverty Action Group and Changing Realities called it “the biggest flaw in the design” of Payments, making them “less impactful for households with children, who spend 30 per cent more on energy than households without children”.<sup>80</sup> Save the Children described it as “the key issue” with Cost

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<sup>75</sup> See Commons Library briefing CBP-9565, [Social Security \(Additional Payments\) Bill 2022-23](#), pp29-31; Work and Pensions Committee, [The Cost of Living](#), HC 129 2022-23, 27 July, para 6

<sup>76</sup> [HC Deb 22 June 2022 cc889: 900: 908](#)

<sup>77</sup> [HL Deb 27 June 2022 cc473-476](#)

<sup>78</sup> [HC Deb 22 June 2022 c910](#)

<sup>79</sup> Work and Pensions Committee, Oral evidence: [Cost of living support payments](#), HC 1277, 5 July 2023

<sup>80</sup> Child Poverty action Group and Changing Realities, [Written evidence for the work and Pensions Committee inquiry into Cost of Living Payments](#), May 2023

of Living Payments, and noted that “Children in larger families are already at greater risk of being in poverty”.<sup>81</sup>

Similar points were made by academics leading the [Benefit changes and larger families project](#), which investigates the impact of policies that limit benefit entitlement for larger families. They argued:

A key issue with the cost of living support payments was that they were paid at a flat rate and were not adjusted to household size. Therefore, they were not sufficient to meet the needs of larger families who inevitably have been one of the societal groups hardest hit by the cost of living crisis, due to their greater needs.<sup>82</sup>

This Institute for Fiscal Studies, in their analysis of how the first instalment of the 2022 means-tested benefit Cost of Living Payment impacted spending (see section 1.4), suggested that making equal payments to recipients of qualifying benefits irrespective of family size may be one explanation for some of the additional money being spent on discretionary categories such as entertainment:

Spending increased on items like groceries (£20 higher in the month after payment) and items like entertainment (including eating out, TV and streaming services, and other leisure activities; £35 higher), suggesting that levels of need varied significantly among households receiving the payment. This is not surprising given that the same payment was made to all 7 million households receiving means-tested benefits, regardless of their other circumstances, and therefore was not targeted at those in the greatest need.<sup>83</sup>

The November 2023 Work and Pensions Committee report on Cost of living support payments noted that although the UK’s cost of living support was relatively generous, other countries had provided support specifically for families and children. The report recommended that “future cost of living support payments should take account of family size”.<sup>84</sup> The Government response recognised that support was not proportional to family size and retreated that the design was “kept simple to deliver millions of payments quickly and accurately”. It noted that an evaluation of Cost of Living Payments is underway, and stressed the role of the Household Support Fund in supporting groups such as households with children.<sup>85</sup>

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<sup>81</sup> Save the Children, [Written evidence for the work and Pensions Committee inquiry into Cost of Living Payments](#), May 2023

<sup>82</sup> Dr Andersen K, Dr Patrick R. Professor Reeves, and DR Stewart K, [Written evidence for the work and Pensions Committee inquiry into Cost of Living Payments](#), May 2023

<sup>83</sup> Ray-Chaudhuri S, Waters T, Xu X, [Lump-sum cost of living payments poorly designed to alleviate deprivation](#), Institute for Fiscal Studies, 13 July 2023; and Ray-Chaudhuri S, Waters T, Xu X, [Poverty](#), Institute for Fiscal Studies, 13 July 2023

<sup>84</sup> Work and Pensions Committee, [Cost of living support payments](#), HC 143, 14 November 2023, para 62

<sup>85</sup> Work and Pensions Committee, [Cost of living support payments: Government Response to the Committee’s First Report](#), HC 458, 25 January 2024, p10



## How do people know if they have received a payment?

Cost of Living Payments were generally paid automatically – without the need for the person to make an application – into the same bank, building society or credit union account into which the claimant receives their DWP benefit or tax credit.

For people getting qualifying DWP benefits, 2022 instalments should have arrived in bank accounts with the following codes:

- First instalment: DWP Cost of Living (although some banks may have shortened this).
- Second instalment: the claimant’s National Insurance number followed by “DWP Cost of Living”.<sup>86</sup>

The 2023/24 instalments have a reference of the claimant’s National Insurance number followed by “DWP COL”.<sup>87</sup>

The first 2022 instalment had a different reference for tax credit claimants – “CL”, followed by the National Insurance number, and “0001AX”.<sup>88</sup> Claimants should have seen their National Insurance number followed by “HRMC COLS” for the second 2022 instalment and subsequent instalments.<sup>89</sup>

For couples only claiming tax credits, where one partner received Working Tax Credit and the other received Child Tax Credit, payments were made into the same account as the Child Tax Credit.<sup>90</sup>

There were concerns about how the generic identifier for the first instalment of DWP Cost of Living Payments allowed the claimant the payment was intended for to be identified, where payments for more than one person were made into the same account. This could be the case with, for example, [corporate appointees](#) who can at the same time be responsible for the benefits claims of several persons who cannot manage their own affairs because they are mentally incapable or severely disabled.<sup>91</sup>

The DWP put in place a workaround for credit unions, corporate appointees and NHS secure units facing this issue, so that they could contact the Department to find out who individual payments were intended for. Third parties can contact the DWP for further details of the process.

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<sup>86</sup> DWP, [Universal Credit guidance: Cost of Living Payment](#) (PDF, v.3.0), updated April 2023

<sup>87</sup> DWP & HMRC, [Over 8 million families to receive £301 Cost of Living Payment from today](#), 25 April 2023; and DWP, [Second 2023 to 2024 Cost of Living Payment dates announced](#), 20 September 2023

<sup>88</sup> HMRC, [1.1 million families claiming tax credits to receive first Cost of Living Payment from 2 September](#), 25 August 2022

<sup>89</sup> HMRC, [More than one million families claiming tax credits to receive second Cost of Living Payment from 23 November](#), 20 October 2022; and HMRC & DWP, [Over 7 million households receive £301 Cost of Living Payment from DWP in just 8 days](#), 3 May 2023

<sup>90</sup> As above

<sup>91</sup> See [Rightsnet discussion thread 18519](#)



## Can a backdated payment of a qualifying benefit entitle someone to an instalment?

DWP guidance states that people who were entitled to a payment, or were “later found to be entitled to a payment”, of any of the qualifying benefits during the qualifying dates, will be entitled to a Cost of Living Payment.<sup>92</sup>

Pension Credit rules allow claimants to backdate their claims by up to three months if they are eligible, which may provide enough time for people who are entitled to this benefit, but who have not yet claimed it, to make a claim and become eligible for a Cost of Living Payment if they successfully backdate it to the relevant qualifying period.

The DWP emphasised this possibility as part of its Pension Credit awareness campaigns in 2022.<sup>93</sup>

On 5 September 2022, Anne McLaughlin MP presented a petition calling on the Government to “extend the eligibility period for recipients of Pension Credit to receive the Cost of Living Payment to the end of the fiscal year” – beyond the existing three month backdating period. The petitioners said, in view of the low uptake of Pension Credit, that this would encourage people to apply for this benefit and receive the Cost of Living Payment. The then Secretary of State for Work and Pensions, Thérèse Coffey, rejected the idea, instead pointing to existing Pension Credit take-up campaigns and backdating provisions.<sup>94</sup>

This issue was also the subject of a [Westminster Hall debate on 26 October 2022](#), led by Anne McLaughlin, along with a wider discussion about Pension Credit take-up. The responding DWP Minister, Alex Burghart, said the Government was “looking into a range of measures to encourage people to take it up before the final deadline”, but would not be changing the qualifying dates.<sup>95</sup>

As noted elsewhere in this briefing, claimants of other qualifying benefits who receive payments backdated to a qualifying period following a successful appeal will also be eligible for a Cost of Living Payment.

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<sup>92</sup> DWP, [Cost of Living Payments 2023 to 2024](#), updated 13 December 2023

<sup>93</sup> [PQ 45028, 7 September 2022](#)

<sup>94</sup> [HC Deb 5 September 2022 c9-10P](#). An Early Day Motion was subsequently tabled on 21 September 2022 by Anne McLaughlin and other Members, again calling for the Government to extend the eligibility period for the Cost of Living Payment “as a unique opportunity to promote Pension Credit”: [EDM 395, 21 September 2022](#)

<sup>95</sup> [HC Deb 26 October 2022, c198WH](#)

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## 3 £150 Disability Cost of Living Payment

### 3.1 £150 Disability Cost of Living Payment overview

The £150 Disability Cost of Living Payments in 2022 and summer 2023 were paid to people across the UK who receive the following qualifying non-means-tested disability benefits:

- Disability Living Allowance (DLA)
- Personal Independence Payment (PIP)
- Attendance Allowance (AA)
- Adult Disability Payment (which is replacing PIP in Scotland)
- Child Disability Payment (which is replacing DLA for children in Scotland)
- Armed Forces Independence Payment
- War Pension Mobility Supplement

Claimants must have been entitled to (or later found to have been entitled to) one of these benefits as of 25 May 2022 to get the 2022 payment. The equivalent date for summer 2023 payments was 1 April 2023.

The £150 payment could be paid alongside the means-tested benefit Cost of Living Payment and the £300 Pensioner Cost of Living Payment.

As with the means-tested benefit Cost of Living Payment, eligible individuals should have received the Disability Cost of Living Payment automatically, without having to apply for it. The payment should have been made into the same account into which their qualifying disability benefit was paid.

Payments of the 2022 Disability Cost of Living Payment started from 20 September 2022, with the “vast majority” receiving the payment by the beginning of October 2022 (for some – those awaiting confirmation of their eligibility for a qualifying disability benefit on 25 May, and those waiting to be assessed for eligibility to receive disability benefits – the process took longer, but payments were still made automatically).<sup>96</sup>

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<sup>96</sup> DWP, [6 million disabled people to get Cost of Living payment from 20 September 2022](#), 23 August 2022

According to media reports,<sup>97</sup> “operational issues” led to initial delays in making payments, but on 30 September 2022 the DWP said that, as of that date, it had processed almost six million Disability Cost of Living Payments and that the vast majority of eligible persons would be paid by “early October”. It added:

There will be some cases – such as those who gained entitlement to this payment at a later date or where payments were rejected due to invalid account details – who will not be paid by the beginning of October. These will be paid automatically as soon as possible.<sup>98</sup>

Most eligible claimants will have received the 2023/24 Disability Cost of Living Payment between 20 June 2023 and 4 July.<sup>99</sup>

Statistics on the number of Disability Cost of living Payments made are available on GOV.UK.<sup>100</sup> These are updated periodically.

People who think they are eligible for a Disability Cost of Living Payment but cannot see it in their account can [report a missing cost of living payment](#) online.

## 3.2

## £150 Disability Cost of Living Payment FAQs

### Why was the payment made to people getting these particular benefits?

The qualifying benefits for the Disability Cost of Living Payment were all non-means-tested benefits, designed to help people with the higher disability-related costs they face, such as care and mobility needs. The DWP stated:

We know people with disabilities may face a wide range of additional costs, such as specialist equipment, specialist food, and increased transport costs, and [the Disability Cost of Living Payment] will help with these costs as they are likely to have increased.<sup>101</sup>

### Could people claiming UK disability benefits who live abroad get the payment?

Yes. Some of the qualifying disability benefits for the £150 Disability Cost of Living Payment – including the Disability Living Allowance care component,

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<sup>97</sup> See for example “[£150 cost of living disability payment hit by delays, Department for Work and Pensions admits - though most to be paid by early October](#)”, Money Saving Expert News [online], updated 7 November 2022 (accessed on 25 November 2022)

<sup>98</sup> DWP, [Almost 6 million £150 Cost of Living Payments processed for disabled people](#), 30 September 2022

<sup>99</sup> DWP, [Cost of Living Payments 2023 to 2024](#), updated 20 September 2023

<sup>100</sup> DWP, [Cost of Living Payment management information](#), last updated 26 June 2023

<sup>101</sup> HM Treasury, [Policy Paper: Cost of living support factsheet: 26 May 2022](#), updated 15 June 2022

the Personal Independence Payment daily living component, and Attendance Allowance – may be claimed by UK pensioners and others living in [European Economic Area \(EEA\)](#) countries.<sup>102</sup> People living abroad claiming one of these benefits received the £150 Disability Cost of Living Payments in the same way as recipients of qualifying disability benefits living in the UK.

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<sup>102</sup> See GOV.UK, [Claiming benefits if you live, move or travel abroad > Benefits for carers and people with disabilities](#)

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## 4 £300 Pensioner Cost of Living Payment

### 4.1 £300 Pensioner Cost of Living Payment overview

Pensioner Cost of Living Payments was paid as an increase to, and at the same time as, the [Winter Fuel Payment](#) for winter 2022/2023 and winter 2023/2024.<sup>103</sup>

To qualify for the Winter Fuel Payment, a person must have reached State Pension age by the end of the September qualifying week. For the 2022/2023 payment this was the week beginning 19 September 2022, and for the 2023/2024 payment it was the week beginning 18 September 2023.

To have been eligible for the combined Winter Fuel Payment/Pensioner Cost of Living Payment in 2023/24, a person must therefore have been born on or before 25 September 1957.

The amounts for the combined Winter Fuel Payment/Pensioner Cost of Living Payment for eligible persons are set out in [Winter Fuel Payment > How much you'll get](#) on GOV.UK.

Although the Winter Fuel Payment is based on an individual's entitlement, shared payment rates apply in some circumstances depending on household composition and benefits received.

The rates for the combined payments have been set so that the total additional amount most eligible households will receive this winter – over and above their usual Winter Fuel Payment – is £300. The usual Winter Fuel Payment standard rates are £200 per eligible household where the oldest person is under 80, and £300 for households containing a person aged 80.

Most people do not need to make a claim for the Winter Fuel Payment and should receive the combined payment automatically. For information on situations where a person may need to make a claim see [Winter Fuel Payment > How to claim](#) on GOV.UK.

Most combined payments were made automatically in November or December. Eligible persons should have received a letter telling them how

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<sup>103</sup> [Social Fund Winter Fuel Payment \(Temporary Increase\) Regulations 2022, SI 2022/814; Social Fund Winter Fuel Payment \(Temporary Increase\) Regulations 2023, SI 2023/549](#)

much they will get. If a person did not get a letter, or the money was not paid into their account by mid-January, they can [contact the Department for Work and Pensions Winter Fuel Payment Centre](#).

The Pensioner Cost of Living Payments could be paid alongside the means-tested benefit Cost of Living Payments and the £150 Disability Cost of Living Payments for individuals receiving qualifying disability benefits.

## 4.2

## £300 Pensioner Cost of Living Payments FAQs

### Would a person have got a payment if they reached State Pension age by winter, but only after the Winter Fuel Payment qualifying week?

No, they must have reached State Pension age on or before 25 September 2023 to qualify for the combined Winter Fuel Payment/Pensioner Cost of Living Payment for winter 2023/2034

The September qualifying week has applied ever since the Winter Fuel Payment was first introduced in 1999. The reason for having the qualifying week in September is to give the DWP sufficient time to make the required checks on entitlement, calculate the payment an individual is entitled to, issue the notifications and start to make the payments. It has always been the aim to make Winter Fuel Payments before Christmas. The Government has said it has no plans to change the criteria for Winter Fuel Payments, including the September qualifying week.<sup>104</sup>

### Did UK pensioners living in Europe get the payment?

Yes, but only if they qualified for a Winter Fuel Payment.

The Winter Fuel Payment may be paid to people living in certain [European Economic Area \(EEA\)](#) countries, or in Switzerland, provided the person can demonstrate a “genuine and sufficient link” to the UK<sup>105</sup>, and is covered by the UK-EU Withdrawal Agreement.<sup>106</sup>

The Winter Fuel Payment is not, however, payable to people living in all EEA countries. Following a decision by the Coalition Government to introduce a “temperature link”, from 2015-16 the Winter Fuel Payment ceased to be payable in countries where the average winter temperature is warmer than the warmest region of the UK (South-West England). The temperature link

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<sup>104</sup> [PQ 19649 \[on Winter Fuel Payment\], 22 June 2022](#)

<sup>105</sup> For how the DWP determines whether someone has a “genuine and sufficient link” to the UK, see [paras 071786-071789 of the DWP Decision Maker’s Guide \(PDF\)](#).

<sup>106</sup> To come under the Withdrawal Agreement, people must have moved to an eligible country before 1 January 2021. See [Winter Fuel Payment > If you live abroad](#) on GOV.UK for further detail.

affects people in seven territories: Cyprus, France,<sup>107</sup> Gibraltar, Greece, Malta, Portugal and Spain. Section 5.1 of Commons Library briefing SN01069, [Winter Fuel Payments update](#), gives further information.

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<sup>107</sup> The Winter Fuel Payment is not payable in France because the calculation of the average winter temperature takes into account the country's départements d'outre mer (DOMs), including French Guiana, Guadeloupe, La Réunion and Martinique.

## 5 The Household Support Fund

The Household Support Fund was first announced on 30 September 2021 to enable local authorities in England to help vulnerable households “with essentials over the coming months as the country continues its recovery from the pandemic.”<sup>108</sup> By 2022/23, county councils and unitary authorities had received three tranches of funding – each totalling £421 million for six-month periods – with the devolved administrations on each occasion receiving a total of £79 million distributed through the Barnett formula<sup>109</sup>, to use as they saw fit.

In the November 2022 Autumn Statement, the Government announced a further £1 billion for the Household Support Fund and for the devolved administrations for 2023/24, continuing the existing level of pro-rata funding.

The latest published DWP management information is for the third six-month tranche of the Household Support Fund – between 1 October 2022 to 31 March 2023. This shows that over 10.1 million awards were made during this period, with a total spend by English local authorities of £420.5 million out of the £421 million allocated.<sup>110</sup>

### 5.1 Guidance and usage

Over successive tranches of funding, guidance has prescribed slightly different focuses for how the allocations should be used.

The guidance for the first six months of the scheme stated that at least 50% of the funding should be used to help vulnerable households with children, with the remainder being used to help vulnerable households without children (including individuals).<sup>111</sup>

The guidance for the second tranche covering April to September 2022 stated that at least one third of the funding was for vulnerable households with children, and at least one third of the funding is for pensioners, with the

<sup>108</sup> DWP, [Government launches £500m support for vulnerable households over winter](#), 30 September 2021

<sup>109</sup> £41 million for Scotland, £25 million for Wales, and £14 million for Northern Ireland

<sup>110</sup> DWP, [Household Support Fund 3 management information: 1 October 2022 to 31 March 2023](#), last updated 5 September 2023

<sup>111</sup> DWP, [Household Support Fund: final guidance for County Councils and Unitary Authorities in England](#), 11 November 2021 [archived December 2021]



remainder for other vulnerable households (without children or pensioners including individuals) “or for additional spend on the named groups.”<sup>112</sup>

As described in section 2 of this briefing, when announcing the Government’s cost of living support package on 26 May 2022, the then Chancellor Rishi Sunak said the additional £500 million of funding for local authorities in England and the devolved administrations for October 2022 to March 2023 was to enable them to support groups “who fall between the cracks” and were not eligible for Cost of Living Payments.

This included, amongst others, Housing Benefit-only claimants, who were not eligible for the £650 Cost of Living Payment.<sup>113</sup> Mr Sunak reiterated that the Household Support Fund guidance would set out which groups should be given priority for support, when giving oral evidence to the Treasury Committee on 6 June 2022.<sup>114</sup>

In debates in Parliament on the Social Security (Additional Payments) Bill 2022-23, some members questioned whether the additional £500 million for October 2022 to March 2023 would be sufficient to help all those needing assistance. In the Lords Second Reading debate, Baroness Lister of Burtersett (Labour) said that she feared it was “the loaves and fishes approach to policy-making”, adding:

While the fund has provided much needed help to some, it is discretionary and cash-limited and, as such, is no substitute for weekly payments as of right. What will be done to direct excluded groups in need to the fund, what monitoring of the fund’s use is taking place and what happens if a local authority runs out of money, as we know they do?<sup>115</sup>

Labour’s Shadow Work and Pensions Spokesperson, Baroness Sherlock, probed the Government further about what the guidance would say about the groups it expected local authorities to give priority support to. Noting that many local authorities had already allocated funds for the period April to September 2022, Lady Sherlock asked:

For April to September, is more money coming in, will the guidance change and, if not, will anyone get any help then, even they miss out on these payments altogether in the first tranche in July? For the extra money in the period from October, will the government guidance say that the kind of people we have described who miss out on the payment because of rough justice should be able to get the full £650 from the household support fund? If so, will there be enough, and what will happen to all the other things it is supposed to be spent on as well?<sup>116</sup>

For the Government, the DWP Minister Baroness Stedman-Scott said local authorities in England had “ties and local knowledge to best determine how

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<sup>112</sup> DWP, [Household Support Fund \(1 April 2022 to 30 September 2022\): final guidance for county councils and unitary authorities in England](#), updated 4 July 2022 [archived 29 September 2022]

<sup>113</sup> [HC Deb 26 May 2022 c452](#)

<sup>114</sup> Treasury Committee, [Oral evidence: The cost of living](#), 6 June 2022, HC 343 2022-23, Q137

<sup>115</sup> [HL Deb 27 June 2022 c476](#)

<sup>116</sup> [HL Deb 27 June 2022 c482](#)

this support should be provided to their local communities” and would have the discretion to design their own local schemes, within the parameters of the grant determination and guidance. She added:

We are going to publish new guidance for local authorities for this latest extension of the household support fund ahead of the fund going live at the start of October.<sup>117</sup>

In October 2022, the DWP published guidance on the use of the £421 million made available to county councils and unitary authorities in England for the Household Support Fund for the period 1 October 2022 to 31 March 2023.<sup>118</sup>

## Guidance for the Fund for 2023/24

Guidance on the £842 million being made available to English local authorities between 1 April 2023 and 31 March 2024 was published on 21 February 2023. This set out an expectation that the Fund be used “to provide crisis support to vulnerable households in most need of support to help with significantly rising living costs. It also noted that support should be provided to “those who may not be eligible for the other support government has recently made available but who are nevertheless in need and who require crisis support”.<sup>119</sup> It only included minor changes from guidance for October 2022 to March 2023.

The guidance stated that, when administering The Fund, local authorities were “encouraged to adopt the following principles”:

- use discretion on how to identify and support those most in need, taking into account a wide range of information
- use the funding from 1 April 2023 to 31 March 2024 to meet immediate needs and help those who are struggling to afford energy and water bills, food, and other related essentials. Authorities can also use the funding to support households who are struggling to afford wider essentials including housing costs where existing housing support does not meet this need.

[...]

- work together with District Councils and third parties including, where necessary and appropriate, other local services. This may include social workers, housing and family support services and local charities. This may also incorporate intelligence and data from wider children’s social care systems to help identify and support individuals, families and households within the scope of The Fund. It may also include receiving referrals for support and applications made on behalf of an individual from professionals working with vulnerable individuals such as social

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<sup>117</sup> [HL Deb 27 June 2022 c486](#)

<sup>118</sup> DWP, [Household Support Fund \(1 October 2022 to 31 March 2023\): final guidance for county councils and unitary authorities in England](#), updated 24 October 2022

<sup>119</sup> DWP, [Guidance on the Household Support Fund guidance for county councils and unitary authorities in England for the period 1 April 2023 to 31 March 2024](#), updated 13 September 2023, para 3

workers, keyworkers delivering early help and family support, health visitors and housing support officers.<sup>120</sup>

The guidance stated that authorities had the flexibility within The Fund “to identify which vulnerable households are in most need of support and apply their own discretion when identifying eligibility.” Rather than focusing on one specific vulnerable group, the Government expected authorities to use a wide range of data and information sources to identify and provide support to a broad cross section of vulnerable households. Authorities were expected to consider the needs of various households “including families with children of all ages, pensioners, unpaid carers, care leavers and disabled people.” Authorities had to have “a clear rationale or documented policy/framework outlining their approach, including how they are defining eligibility and how households access The Fund.”<sup>121</sup>

The guidance emphasised that authorities should “particularly consider” how to support those vulnerable households ineligible for other government support with the cost of living, including the £900 in Cost of Living Payments for those on means-tested benefits, the £150 Disability Cost of Living Payment, and the £300 Pensioner Cost of Living Payment. It noted that these schemes did not cover everyone and that authorities should consider prioritising those households who, for example:

- are eligible for but not claiming qualifying benefits
- become eligible for benefits after the relevant qualifying dates
- are in receipt of Housing Benefit only
- are ordinarily eligible for benefits but who had a nil award in the qualifying period due to, for example, a fluctuation in income<sup>122</sup>

It added that this list was “not exhaustive and there may additionally be households that are vulnerable to rising costs despite being in receipt of this government support with the cost of living.” It stressed that the Fund was “intended to cover a wide range of low income households in need including families with children of all ages, pensioners, unpaid carers, care leavers and disabled people.” With regard to disabled people, the guidance stated:

Disabled people in particular may be facing acute challenges due to the disproportionate impact that rising costs bring for the additional services they need in order to manage their conditions, remain independent and avoid becoming socially isolated. For example, some disabled people may have increased utility bills due to the usage of equipment, aids or adaptations associated with their disability. They may also have additional heating, water or transport costs. Authorities are therefore strongly encouraged to explore ways in which this group may be supported and must record the total value of

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<sup>120</sup> As above, para 20

<sup>121</sup> As above, paras 33-34

<sup>122</sup> As above, para 37

awards granted to disabled people in their Management Information (MI) returns for this grant.<sup>123</sup>

Local authorities had to operate at least part of their scheme on an application basis – in other words, people should have the opportunity to come forward to ask for support. This support – which could be delivered directly by the local authority or by a third-party organisation on its behalf – must have been clearly advertised. Authorities could also “proactively identify households who may benefit from support”.<sup>124</sup>

Authorities could deliver the scheme through various routes, including providing vouchers, making direct provision of goods, or issuing grants to third parties. The guidance emphasised:

Energy bills may be of particular concern to low income households during the period of The Fund and Authorities should prioritise supporting households with the cost of energy. Support which can make a quick but sustainable impact on energy costs is particularly encouraged; for example, the insulation of hot water tanks, fitting draft excluders to a door, or replacing inefficient lightbulbs or white goods. The Fund can also be used to support households with the cost of food and water bills, essential costs related to energy, food and water, and with wider essential costs. The Fund can additionally be used to support housing costs where existing housing support schemes do not meet this need.<sup>125</sup>

## How HSF money has been spent

DWP management information for the first tranche of the HSF does not include a breakdown of what form of support local authorities provided with the funding, except to show that 80% of the total amount spent between October 2021 and March 2022 was on families with children, with 4% spent on administration costs.<sup>126</sup>

Management information for the second (April to September 2022) tranche contains more detail. 55% was spent on families with children, and 36% was spent on families with pensioners. Again, administrative costs accounted for 4% of expenditure. 58% of expenditure supported households with food costs, and 36% was spent on or linked to energy and water costs. The remaining amount was spent on wider essentials and housing costs.<sup>127</sup>

In October 2022, the Resolution Foundation published results of a survey of 50 sample local authority websites during the first two tranches of funding, covering October 2021 to September 2022. This showed that one in four of those local authorities sampled were not offering any discretionary based

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<sup>123</sup> As above, para 5

<sup>124</sup> As above, paras 38-39

<sup>125</sup> As above, para 4

<sup>126</sup> DWP, [Household Support Fund management information for 6 October 2021 to 31 March 2022](#), 28 July 2022

<sup>127</sup> DWP, [Household Support Fund 2 management information for 1 April to 30 September 2022](#), 20 April 2023

support, with more local authorities (four fifths) using at least some of the HSF funding to provide additional direct payments or direct food or energy vouchers to specific households based on their entitlement to other benefits.<sup>128</sup>

Management information for the third tranche between October 2022 and March 2023 was published on 31 August 2023. This reported that 63% of funding was spent on families with children, 11% on families with pensioners, and 10% on families with a disabled person. 5% was spent on administrative costs during this period. 22% was spend on food, 37% on free school meals support in the holidays, 28% on energy and water, 5% on essentials linked to energy and water, 7% on wider essentials, and 2% on housing costs.<sup>129</sup>

## 5.2

### Work and Pensions Committee findings on the Household Support Fund

The Work and Pensions Committee considered the Household Support Fund as part of its inquiry into Cost of Living Payments in 2023. In its report, published on 14 November 2023, it expressed some concern that people with no recourse to public funds could be denied support from the Fund, due to a lack of clarity in the DWP’s guidance about their eligibility, and recommended the Government clarify this. It also expressed concern about the uneven nature of support offered by the Fund, which it said could be “a postcode lottery, dependent on the local authority in which a person lives”. It noted that people eligible and in need of support might not be applying through lack of awareness.

The Committee called on the Government to continue to provide funding for the Household Support Fund, if it decided to continue Cost of Living Payments into the 2024/25 financial year, “as it is an important safety net for those ineligible for these payments and other means tested benefits”. It further recommended the Government better communicate and advertise the Fund to make people aware of its existence, and improve the accessibility of the application process to enable applications from people who are disabled, do not speak English, do not have access to the internet, or may struggle to access support during working hours.<sup>130</sup>

The Government’s response was published on 25 January 2024.<sup>131</sup> It said it would not be appropriate to clarify its central guidance in respect of people

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<sup>128</sup> Resolution Foundation, [Sticking plasters: An assessment of discretionary welfare support](#), 28 October 2022, pp21-22

<sup>129</sup> DWP, [Household Support Fund 3 management information: 1 October 2022 to 31 March 2023](#), last updated 5 September 2023

<sup>130</sup> Work and Pensions Committee, [Cost of living support payments](#), HC 143, 14 November 2023, paras 32-42

<sup>131</sup> Work and Pensions Committee, [Cost of living support payments: Government Response to the Committee’s First Report](#), cm 5804, 25 January 2024

with no recourse to public funds, noting that all cases where local authority support is being applied for should be judged on an individual basis, based on a variety of potential factors.

In response to the Committee's concern about the uneven nature of support provided by the Fund, the Government observed that its management information data indicated that local authorities had been providing awards to a range of different households in need. It said the Fund was an intentionally flexible scheme, designed to enable local authorities to respond to local need, within an overall framework set by the DWP. The Department had also produced posters and other advertising materials, and held a Household Support Fund Awareness Week in October 2023, to raise public awareness. It noted further that local authorities had adopted a range of methods to ensure local schemes were accessible, such as establishing call centres to support applications, developing community outreach teams, and working with third-party organisations.<sup>132</sup>

The Local Government Association responded to the Work and Pensions Committee's report on 14 November 2023 noting that the Fund was used by local authorities to provide "a vital local safety net for many vulnerable and low-income residents". It called on the Government to maintain the Fund in the 2024/25 financial year alongside any continuation of Cost of Living Payments.<sup>133</sup>

## 5.3

### Will the Household Support Fund continue in 2024/25?

There have been various calls to continue the Household Support Fund into 2024/25, including from the Local Government Association (LGA).<sup>134</sup> A letter from the Chair of the LGA's Economy and Resources Board to the Chief Secretary to the Treasury, called for the Fund to be extended for at least another year beyond March 2024:

HSF continues to provide a vital safety net and is often accessed by residents as a last resort. [3.8 million people experienced destitution in 2022](#). Councils and our partners report that demand for local welfare support remains at record levels with the cost of energy, housing and other essentials remaining exceptionally high relative to household income and continuing to rise. We are therefore deeply concerned that ending HSF in March will create a cliff-edge in provision that councils will not be able to fill.

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<sup>132</sup> Work and Pensions Committee, [Cost of living support payments: Government Response to the Committee's First Report](#), 25 January 2024, pages 5-8

<sup>133</sup> Local Government Association press release, [LGA responds to Work and Pensions Committee report on cost of living payments](#), 14 November 2023

<sup>134</sup> For example, Local Government Association, [LGA responds to Joseph Rowntree Foundation UK Poverty report](#), 23 January 2024

Given the unsustainable cost and demand pressures local government is facing, ending HSF in March could also coincide with many councils having to take the tough decision to scale down their own discretionary welfare provision, resulting in a double blow for struggling households. A significantly reduced local welfare support offer risks more households falling through the gaps into financial crisis, destitution and homelessness and increasing pressure on already overstretched public services, including the NHS, social care and homelessness services.<sup>135</sup>

There has been no announcement yet on whether funding will be provided to continue the Household Support Fund beyond March 2024. There was no announcement of further funding to extend the Fund in the [Autumn Statement 2023](#). In the debate following the Chancellor's Autumn Statement speech on 22 November 2023, there was some confusion about the Chancellor's answer to a question from Sir Stephen Timms asking if there would be an HSF "next year".<sup>136</sup> The Chancellor said there would be, although a response to a follow-up written parliamentary question from Sir Stephen Timms asking what the value of this would be in 2024-25 indicated that the Chancellor had been referring to the next calendar year, and that the current HSF would end in March 2024, although no further decisions on it had been taken.<sup>137</sup>

On 18 December 2023, the Secretary of State for Work and Pensions said he had had conversations with the Chancellor about the Household Support Fund, and that announcements would be made in due course. Asked by Liz Twist when local authorities and voluntary community organisations would get a definitive answer on whether the Household Support Fund would be extended beyond March, the Secretary of State said:

As the hon. Lady will know, these are matters for the Treasury, and specifically for the Chancellor of the Exchequer. He and I have conversations on these matters and others. Announcements will be made in due course, but of course the household support fund will be in place until the end of March.<sup>138</sup>

Treasury ministers said the following day that no decision had been made about the Household Support Fund. In response to a plea to "think again about scrapping the household support fund", the Chief Secretary to the Treasury, Laura Trott, said:

[...] no decision has been made about the household support fund. More broadly, however, we have pulled in an average of £3,700 per household this year to help people with exactly what we are talking about. This Government are on the side of people during what is a very difficult time.<sup>139</sup>

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<sup>135</sup> Local Government Association, [Letter to the Chief Secretary to the Treasury: The future of the Household Support Fund](#), undated

<sup>136</sup> [HC Deb 22 November 2023 c348](#)

<sup>137</sup> [PQ 3414 \[Household Support Fund\], 28 November 2023](#). For more on this episode, see Nadine Batchelor-Hunt, [Jeremy Hunt Accused Of Being "Untruthful" About Cost Of Living Support](#), Politics Home, 23 November 2023

<sup>138</sup> [HC Deb 18 December 2023 c1120](#)

<sup>139</sup> [HC Deb 19 December 2023 c1225](#)

The latest statement from the Government on the future of the Fund came in a PQ response on 19 January 2024, which notes it is keeping its existing programmes “under review in the usual way” and that the DWP is having regular conversations with the Treasury.<sup>140</sup>

## 5.4 Devolved administrations

Support from the Household Support Fund is available from local authorities in England only. DWP guidance on Cost of Living Payments states that people living in Wales, Scotland or Northern Ireland may be able to get other kinds of support through schemes, including:<sup>141</sup>

- the [Discretionary Assistance Fund \(DAF\)](#) in Wales
- a [Crisis Grant or Community Care Grant](#) from the Scottish Welfare Fund
- [Discretionary Support or a Short-term Benefit Advance](#) in Northern Ireland

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<sup>140</sup> [PQ 8975 \[Household Support Fund\], 19 January 2024](#)

<sup>141</sup> DWP, [Guidance: Cost of Living Payment](#), updated 3 January 2023



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