



## **Autumn Statement 2022 factsheet – cost of living support**

We understand that people are worried about the cost of living challenges ahead. That's why the Government has announced decisive action to support households, whilst remaining fiscally responsible.

We have announced further support for next year designed to target the most vulnerable households. This cost of living support is worth £26 billion in 2023-24, in addition to benefits uprating, which is worth £11bn to working age households and people with disabilities.

This means that over 8 million households across the UK, many of whom face the biggest challenge making their incomes stretch, will be supported via additional Cost of Living Payments. We're also increasing benefits, including the State Pension, in line with September inflation by 10.1%. And we'll continue to provide support to all households through the Energy Price Guarantee, which caps the price you pay for each unit of energy. This will save the average UK household £500 in 2023-24.

### **New direct Cost of Living Payments to households on means tested benefits**

More than 8 million UK households on means tested benefits will receive an additional Cost of Living Payment of £900 in 2023-24.

This includes all households receiving the following benefits:

- Universal Credit
- Income-based Jobseekers Allowance
- Income-related Employment and Support Allowance
- Income Support
- Pension Credit
- Working Tax Credit
- Child Tax Credit

These will be made in more than one installment. DWP and HMRC will provide further detail on timing of these payments and eligibility dates in due course.

This payment will be tax-free, will not count towards the benefit cap, and will not have any impact on existing benefit awards. These payments will be made on a UK-wide basis.

### **New Cost of Living Payments for pensioners**

More than eight million pensioner households across the UK will receive an additional £300 Cost of Living Payment for pensioners in 2023-24 to help with bills. This is in addition to the means tested benefit and disability payments, if eligible.

Pensioners are disproportionately impacted by higher energy costs, many are unable to increase their income through work, and many low-income pensioner households do not claim the means tested benefits they are entitled to, so offering universal support for this group is the right thing to do.

DWP will provide further detail on timing of the payments and eligibility dates in due course.

This payment will be tax-free and will not have any impact on existing benefit awards. These payments will be made on a UK-wide basis.

### **New Disability Cost of Living Payments for people on disability benefits**

Over 6 million people across the UK on non-means-tested disability benefits will receive a further £150 Disability Cost of Living Payment in 2023-24, to help with the additional costs they face. This is in addition to the Cost of Living Payments for households on means tested benefits and pensioner households, if eligible.

This includes everyone eligible for:

- Disability Living Allowance
- Personal Independence Payment
- Attendance Allowance
- Scottish Disability Benefits
- Armed Forces Independence Payment
- Constant Attendance Allowance
- War Pension Mobility Supplement

DWP will provide further detail on timing of the payments and eligibility dates in due course.

This payment will be tax-free and will not have any impact on existing benefit awards. These payments will be made on a UK-wide basis.

### **Benefits uprating**

The Government is protecting the most vulnerable in society, many of whom face the biggest challenge making their incomes stretch, by increasing benefits in line with inflation. This means that they will rise by September Consumer Price Index (CPI) inflation – 10.1%.

Up-rating working age and disability benefits will cost £11bn next year. More than 10 million working age families will see their benefit payments rise from April 2023. The Government is also providing support this winter for people who need help now, including money off energy bills and cost of living payments announced in May 2022.

DWP benefits are fully devolved in Northern Ireland, so it is for the Northern Ireland Executive to decide up-rating in Northern Ireland.

### **Pensions up-rating**

Nearly 12 million pensioners in Great Britain will benefit from a 10.1% increase to their State Pension in April 2023 under the triple lock.

This is worth over £870 next year on average. Per week, a full basic State Pension will increase from £141.85 to £156.20, and the new State Pension will increase from £185.15 to £203.85.

The Government will also protect 1.4 million of the poorest pensioner households from inflation by increasing Pension Credit by 10.1%, September CPI inflation, in April 2023.

DWP benefits are fully devolved in Northern Ireland, so it is for the Northern Ireland Executive to decide up-rating in Northern Ireland.

### **Benefit cap rise**

In April 2023, the government will also increase the benefit cap in line with inflation by 10.1%. The benefit cap will rise from £23,000 to £25,323 for families in Greater London and from £20,000 to £22,020 for families nationally.

Lower caps for single households without children will rise from £15,410 to £16,967 in Greater London and from £13,400 to £14,753 nationally.

### **Household Support Fund extension**

To ensure that the most vulnerable households are protected, the Government is providing an extra £1 billion of funding (including Barnett impact) to enable the extension of the Household Support Fund in England for a further year from April 2023.

These payments will be made on a UK-wide basis. Additional funding will be made available to all Local Authorities. Those in need can access the fund by contacting their local Council. The money can be used to cover the cost of essentials like food, energy and water bills.

It is in addition to the £1.5 billion already provided since October 2021, bringing total funding to £2.5 billion.

## **National Living Wage rise**

The government remains committed to ending low pay. From 1 April 2023, the National Living Wage (NLW) will increase by 9.7% to £10.42 an hour for workers aged 23 and over - the largest ever cash increase for the NLW.

This represents an increase of over £1,600 to the annual earnings of a full-time worker on the NLW and is expected to benefit over 2 million low paid workers.

Young people and apprentices on the National Minimum Wage (NMW) rates will also see a boost to their wages. Rates will be increased for people aged 21-22 by 10.9% to £10.18 an hour, for those aged 18-20 by 9.7% to £7.49 an hour, for 16-17 year olds by 9.7% to £5.28 an hour, and for Apprentices by 9.7% to £5.28 an hour.

## **Ongoing Energy Price Guarantee**

The Energy Price Guarantee was introduced to shield people from unprecedented rises in energy prices.

It fixed the cost of energy so that a typical household pays the equivalent of £2,500 on their energy bills a year, saving the typical household £900 this winter.

From next April, this will change so that the typical household will now pay on average £3,000 a year.

This will save around £14 billion next year while still saving the typical household £500 a year off their energy bills, compared to the price of the energy price cap.

This change allows us to provide additional support to the most vulnerable through the new Cost of Living Payments.

The government will also double to £200 the level of support for households that use alternative fuels, such as heating oil, LPG, coal or biomass, to heat their homes. This will apply to all households in Northern Ireland in recognition of the prevalence of alternative fuel usage in Northern Ireland.

## **Energy Efficiency**

The most effective way to support households to tackle the long-term higher cost of energy is to support the improvement of the energy efficiency of their homes.

A new Energy Efficiency Taskforce will aim to reduce the UK's final energy consumption from buildings and industry by 15% by 2030 against 2021 levels. Government has already provided £6.6bn to improve energy efficiency for households, businesses, and the public sector this Parliament, and is investing an additional £6bn from 2025 to 2028 to support the new ambition.

Low-income and vulnerable households can currently contact either their local authorities or energy suppliers for the opportunity to receive free energy efficiency improvements, significantly reducing their energy bills.

From April, all homes with council tax bands A-D in England. A-C in Scotland, A-E in Wales in poorly insulated homes will be eligible for government funded energy efficiency measures via the Energy Company Obligation. By contacting energy suppliers, hundreds of thousands of households could save an average of £320.

## **Existing support**

The government has provided £37 billion of cost of living support this year, including:

- Help for workers to keep more of what they earn through changes to the personal tax system. The increase to the National Insurance contributions Primary Threshold and Lower Profits Limit is a tax cut for typical employees worth £330 in the first year.
- Every household with a domestic energy supply will receive a £400 discount on their energy bill this autumn and winter. This is being paid in six monthly instalments, paid from October, and is automatically taken off bills. 3 million low-income households will also receive an additional £150 through the Warm Homes Discount.
- This year, households on means tested benefits are receiving a £650 one off payment, pensioners a further £300 payment and people who receive disability benefits an extra £150. These are landing in people's bank accounts right now.
- Households in council tax bands A-D in England have received a £150 discount on their Council Tax to help with the cost of living.

## **Case studies**

As prices rise across the world, no government can completely shield everyone from the impact of the rising cost of living. The Government has taken the decision to target available support towards the most vulnerable.

This note presents some illustrative case-studies, showing the impact of cost of living policies in the Autumn Statement 2022 (AS22) on household finances in the next financial year, including the Energy Price Guarantee (EPG), Cost of Living Payments, the reversal of the Health and Social Care Levy (HSCL), uprating of benefits including Universal Credit (UC) and the state pension, and the National Living Wage (NLW) rise.

They do not include the impact of existing policies such as the National Insurance Contributions threshold rise, Winter Fuel Payments and support with childcare. These case-studies show hypothetical individual households rather than actual households.

- A single adult working full-time on the NLW (gross income £17,500) and not receiving any means-tested benefits is eligible for additional government support

totalling £580 next fiscal year, plus over £1,000 from the NLW rise. This includes £80 in 23-24 from the reversal of the HSCL, and a £500 saving on energy bills from the EPG. Additionally, the rise in the NLW will be worth over £1,600 (or £1,000 post-tax) to this household.

- A low-income couple with two children (one working full-time and one working part-time, both on the NLW, with gross income of £25,300), receiving means-tested benefits, that has high energy usage (double that of the typical household, for example due to a large and/or poorly-insulated property) is eligible for additional government support totalling £2,840 next fiscal year, plus over £750 from the NLW. This includes £900 from COLPs announced at Autumn Statement 2022, £40 from the reversal of the HSCL, £1,400 in UC uprating and a £500 energy bill saving from the EPG. Additionally, the rise in the NLW will be worth around £2,500 (or £750 post-tax and benefits) to this household.
- A low-income single pensioner whose sole income is from Pension Credit and Housing Benefit is eligible for additional government support of £3,100 next fiscal year, including £1,200 from COLPs, £1,400 from benefit uprating and a £500 energy bill saving from the EPG.
- A middle-income couple (one working full time on £35,000 annual gross income, other working part time on the NLW, with total gross income of £43,000) is eligible for additional government support totalling £780 next fiscal year, plus over £500 from the NLW. This includes £280 from the reversal of the HSCL and a £500 energy bill saving from the EPG. Additionally, the rise in the NLW will be worth around £800 (or £500 post-tax) to this household.
- A lone parent working full-time on the NLW (gross income £17,500) and receiving means-tested benefits, with one child is eligible for additional government support of £2,540 in 23-24, including £900 from COLPs, £40 from the HSCL reversal, £1,100 in UC uprating, and a £500 energy bill saving from the EPG. Additionally, the rise in the NLW will be worth over £1,600 (or £500 post-tax and benefits) to this household.