

APPENDIX A

Summary of Government response to the Cost of Living Crisis

During the winter of 2021/22 and the spring and early summer of 2022, the Government effectively delegated responsibility for getting extra income support to vulnerable households affected by the cost of living crisis to local authorities.

By September 2022, the Council had disbursed almost £25m in extra income support to Southwark households in the calendar year to date. Those payments were made mostly to lower income households including those reliant on means-tested benefit in the absence of direct income support from the Government.

The first support paid directly to households by the Government took the form of the first instalment of the **Cost of Living Payment** (£325 / £650) announced in May. It was paid to low income households (claiming means-tested benefits) between July and September.

Most Government support (subsidies and income support) will be provided this autumn and winter. This support means that the great majority of households will be able to maintain their energy usage this winter at the same level as last winter.

- **The Energy Price Guarantee.** All households that pay for energy will have their energy costs capped at an average of £2,500 per year for two years from the start of October 2022. **The Energy Price Guarantee** is by far the largest Government intervention to support households and will cost an estimated £100 billion over two years. We estimate that this subsidy will benefit more than 140,000 Southwark households living in a home where they pay for energy this winter.

The Energy Price Guarantee means that an average household will be paying half as much for their energy this winter as they would without this Government intervention, but will still have to pay twice as much for their energy this winter as last winter.

However, the Government is providing additional subsidies and income support for all households that pay for energy and additional targeted support for vulnerable households this winter.

- **The Energy Bill Support Scheme.** All households that pay for electricity for their home will receive a further rebate on their energy bills of £400 this winter (paid in six monthly instalments of £66 between October 2022 and March 2023). We estimate that more than 140,000 Southwark households living in a home where they pay for energy will benefit from this subsidy. The Energy Bill Support Scheme is funded by Government but will be delivered by the energy suppliers. It will significantly reduce the gap between what households pay for energy this winter compared with what they paid for energy last winter.
- **Cost of Living Payment.** Low income households of all ages reliant on means tested benefits for all or part of their income will receive extra support

worth £325 this winter in the form of the second instalment of the Government's Cost of Living Payment. This will be paid to the recipient's bank account in the autumn. We estimate that more than 40,000 LBS households will receive a Cost of Living payment. This payment will significantly reduce the gap between what this very low income cohort of households pay for energy this winter compared with what they paid last winter.

- **Pensioner Cost of Living Payment.** Pension age households will receive an extra £300 this winter. The extra £300 will top up the Winter Fuel Payment from the £200 or £300 per eligible household paid every year to £500 or £600 this year. About 12,000 LBS pension-age households will receive a Pensioner Cost of Living Payment this winter, payable in November or December. This payment will close the gap between the cost of energy bills this winter and last winter for most pension-age households with about average energy consumption.
- **Disability Cost of Living Payment.** Households receiving non-means tested disability benefits will receive an extra £150 in the form of a Disability Cost of Living Payment payable in September or October 2022.

These forms of support are not mutually exclusive. We estimate that all households that pay for energy and that have average energy consumption will receive support worth £1,000 this autumn and winter.

A low income pension household receiving means tested benefits and where someone in the household also receives a disability benefit will receive energy support this winter worth £1,775.