



Department  
for Work &  
Pensions



Government  
Social Research

# Cost of Living Payments Evaluation

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January 2025

A report of research carried out by the National Centre for Social Research on behalf of the Department for Work and Pensions.

DWP research report number: 1083

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First published January 2025.

ISBN 978-1-78659-796-0

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# Acknowledgements

The authors wish to thank all the participants who took part in the research for sharing their time and experiences.

We also wish to thank James Lashbrooke, Neil Sorensen, Paul Crust, and Luke Staniland for their contribution and support throughout the project.

# Executive summary

## Background

The UK and other countries experienced a sharp increase in the cost of living during 2021 and 2022. The annual rate of Consumer Price Inflation reached 11.1% in October 2022, a 41-year high, before subsequently easing ([ONS, 2024](#)). During 2023 and into 2024, the cost of living remained high.

The Cost of Living Payments (CoLPs) were lump-sum payments intended to support immediate pressures faced by the most vulnerable households impacted by the rise in the cost of living. Initially introduced in 2022, they continued until early 2024. This report presents findings from the evaluation of the 2023-24 payments.

There were three separate types of CoLP, each with different eligibility criteria, although many recipients were eligible for, and received, more than one:

- **Means-Tested Benefit Cost of Living Payment (MTBCoLP).** This was paid to those receiving means-tested benefits, including Universal Credit. It involved three payments: one of £301 paid during April/May 2023, one of £300 paid during October/November 2023, and one of £299 paid in February 2024.
- **Disability Cost of Living Payment (DCoLP).** This was paid to those receiving a disability benefit, such as Personal Independence Payment. It involved a single payment of £150, paid in April 2023.
- **Pensioner Cost of Living Payment (PCoLP).** This was paid to pensioner households who received a Winter Fuel Payment (WFP), meaning they were born before 25 September 1957. It was paid as a top-up to the WFP, rather than as a separate payment. This increased the conventional payments of £200 and £300 to £500 for a household with someone of State Pension age and £600 for a household with someone aged 80 or over.

## Methodology

The aim of this GB-wide research was to evaluate the extent to which the payments helped recipients manage the increased cost of living, and how this varied between groups. To that end, the evaluation has looked at: which expenses became most difficult for recipients to afford; the extent to which recipients were aware of the payments; how they spent their payments; and the impact they felt the payments had on their ability to pay for expenses and their financial and psychological wellbeing.

A total of five surveys were conducted:

- A survey involving MTBCoLP recipients, running from January to March 2024, asked about the October/November 2023 payment. A follow-up survey with

participants who took part in the first survey, running from May to June 2024, asked primarily about the February 2024 payment.

- A survey involving DCoLP recipients, running from January to March 2024, asked about the April 2023 payment.
- A survey involving PCoLP recipients, running from January to March 2024, asked about the top-up to the 2023 Winter Fuel Payment. A follow-up survey with pensioners who took part in the first survey explored whether there were any longer-term impacts of the 2023 top-up.

Alongside these surveys, 90 in-depth qualitative interviews were conducted with recipients between February and April 2024. A further 20 follow-up interviews were conducted in July and August 2024 with MTBCoLP recipients that were more affected by the increased cost of living than others.

## Experiences of the increased cost of living

Most CoLP recipients had experienced substantial increases in the cost of food and groceries, and energy and utility bills:

- In general, **affordability had declined more sharply for DCoLP and MTBCoLP recipients than for PCoLP recipients.** For example, among MTBCoLP recipients, 80% felt that food and groceries had become harder to afford over the last year, and 74% felt their energy and utility bills had become harder to afford.
- To deal with the increased cost of living, **most recipients cut back on their spending, and many borrowed money or got into debt.** Over half of MTBCoLP and DCoLP recipients had cut back on either essential spending or heating. 44% of MTBCoLP recipients and 32% of DCoLP recipients had borrowed money, by increasing spending on a credit card, taking out or increasing a loan, or by borrowing from family or friends. In general, PCoLP recipients were less likely to have cut back on essential spending (47%) or borrowed money (9%) than the other groups. When followed up in May and June, slightly fewer MTBCoLP recipients cut back on essential spending and heating. This may reflect reductions in energy costs, as individuals typically use less heating during the spring and summer months.
- **Some groups were more affected by the increased cost of living than others.** This largely depended on whether claimants had additional essential outgoings that others did not. Three groups were particularly affected: households with children, those with health-related expenses, and those with debt repayments. These groups were more likely to feel that their expenses had increased substantially, and to have borrowed money or accessed charitable support to cope.

# Awareness of the payments

In general, there was good awareness and understanding of the payments:

- **92% of MTBCoLP and 95% PCoLP recipients remembered receiving their most recent payment.** Awareness of payments was lower amongst DCoLP recipients, with 77% remembering receiving their payment. This may be due to the longer gap between the payment and the survey, and the smaller value of the payment.
- **Almost two-thirds of PCoLP recipients (64%) knew the payment was coming in advance.** This may be because they were already used to receiving their WFP each year. However, just 36% of these PCoLP recipients knew that the payment included a cost of living component. In qualitative interviews, PCoLP recipients had expected to receive a payment in the winter to help with energy costs, though they didn't distinguish between the WFP and CoLP. In contrast, only 47% of MTBCoLP recipients and 32% of DCoLP recipients knew they were receiving the payment.

# How the payments were spent

The evidence shows that most recipients spent the money on expenses that had become more difficult to afford: energy and utility bills, and food and groceries.

- Of those recipients who said they spent the money on something specific, **over 65% across each of the three groups said at least some of it was spent on energy and utility bills.** 45% of MTBCoLP recipients said at least some of it was spent on food and groceries, as did 34% of DCoLP recipients.
- **Many recipients said the money was spent as part of their everyday spending,** rather than on something specific. However, in qualitative interviews they tended to explain that the money was most likely spent on energy bills and food, since these were their main expenses.
- **Relatively few recipients used the payments to pay off debts** (18% of MTBCoLP, 5% of DCoLP, and 2% of PCoLP). This tended to be those who had struggled most with the cost of living over the past 12 months. But those who used the payments to pay off debts generally did not feel that their debt situation had improved substantially as a result. Other uses of the payments included paying for one-off, unanticipated, or additional health-related expenses.
- **MTBCoLP recipients' spending patterns differed slightly between the November 2023 and February 2024 payments.** Slightly fewer recipients spent at least some of their February 2024 payment on energy and utility bills, although this remained among the most common uses of the payment. These changes may reflect lower energy needs during May and June compared to January through March, or the impact of the lower energy price cap introduced in April.
- **Most payments were spent quickly, within the month they were received.** Over half of MTBCoLP recipients (62%) and DCoLP recipients (68%) spent the



payments within three weeks, compared to 29% of PCoLP recipients. Generally, those more severely affected by the increased cost of living spent their payments more quickly. This was particularly true for parents. For example, 43% of single parents spent their MTB payment within a week, compared to just 28% of single adults without children.

- **Recipients tended to prefer receiving the payments as lump-sums**, as opposed to receiving multiple smaller payments. They felt that with smaller payments there was a risk they would make more permanent adjustments to their spending, leading to a greater financial shock when the payments ended.

## The perceived impact of the payments

The payments had a direct and notable impact on recipients' perceived ability to meet the cost of living, showing that they were an effective way of helping those most in need to meet their most pressing expenses:

- **Recipients felt that the CoLPs helped most with their ability to pay for energy and utility bills**. For example, 48% of MTBCoLP recipients felt the payment “helped a lot” with energy and utility bills, while 35% said it “helped a little”, with similar proportions within the other two groups.<sup>1</sup>
- **Without the payments, a substantial proportion of recipients would have needed to take on new debts**. Almost two thirds (63%) of MTBCoLP recipients felt that the payment helped them to avoid borrowing, as did 42% of DCoLP recipients. PCoLP recipients were less likely to have taken on new debts in the absence of the payment; only 19% felt the payment helped them avoid borrowing.

The payments also had a range of other benefits, including improved financial resilience and personal wellbeing:

- Across groups, around half of recipients felt **the payments helped them to feel more in control over their finances**, and over half felt the payments helped them to feel **less stressed**. Recipients described the payments as giving them “peace of mind” or “taking the pressure off”.
- The payments were made automatically, meaning that **recipients did not need to apply for or request assistance**. This helped recipients avoid experiences they found embarrassing or shameful, such as asking for a doctor’s note or filling out an application.
- **There were positive implications for recipients’ social lives and relationships** where the payments helped people to see friends and family, pay back money owed, or “treat” children for the first time in a long time. Most PCoLP recipients felt

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<sup>1</sup> 45% of PCoLP recipients felt the payment “helped a lot” with energy and utility bills, while 42% said it “helped a little”. 36% of DCoLP recipients felt the payment “helped a lot” with energy and utility bills, while 44% said it “helped a little”.

the payments had helped them to keep warm and that this was important for their mental and physical health.

However, while the payments did have a notable impact, the impacts on recipients' ability to cover living expenses, their financial resilience, and their personal wellbeing, were generally short-lived:

- **Recipients described how the impacts tended not to extend beyond the month in which payments were received.** For those MTBCoLP recipients who used (at least some of) the payments to pay off debts (18%), this was generally not transformative. Very few (6%) said it had made their debt situation much better or had enabled them to completely pay off debts (7%). In the May-June 2024 follow-up survey, recipients were asked whether they felt their financial situation had improved or worsened since the January-March survey. Most MTBCoLP recipients (52%) felt it was about the same, but 30% felt it had worsened, compared to 18% who felt it had improved.
- The findings show that the payments met their intended aims: they reached a population the vast majority of whom were struggling significantly with the cost of living, and they were spent mostly on energy bills and groceries. But within the population of CoLP recipients, **the findings show that the payments were imperfectly targeted**, insofar as they were not sensitive to the fact that some recipients had much higher essential outgoings than others.
- **Those who were struggling most with the cost of living were those with additional expenses**, such as paying rent, repaying debts, healthcare-related expenses, and, in particular, the extra costs that come with raising children. For these recipients, the payments were almost immediately absorbed into everyday spending and were perceived as too small to lead to any substantial change in personal circumstances. Those recipients who had struggled most with the cost of living generally felt the least benefit from the payments.

# Introduction

From early 2021, the UK and other countries experienced a dramatic increase in the cost of living. Food prices rose sharply, as did energy bills ([ONS, 2024](#)). In November 2023, around half of all adults in Great Britain (47%) reported that their cost of living had increased in the previous month ([ONS, 2023](#)).

The government responded to these cost of living pressures by introducing a wide-ranging package of support for struggling and vulnerable households. Support measures provided in 2022/23 included: rebates on energy bills; council tax rebates; a cut to fuel duty; the Energy Price Guarantee (EPG); the Household Support Fund (HSF); and a permanent increase to the amount someone can earn before they are liable for National Insurance Contributions ([GOV.UK, 2022](#)).

Cost of Living Payments (CoLPs) were a key part of this package. This report presents findings from the evaluation of these payments.

## About the Cost of Living Payments

CoLPs were administered by the Department for Work and Pensions (DWP), His Majesty's Revenue and Customs (HMRC), and the Ministry of Defence (MoD). They involved lump-sum payments to groups identified as most vulnerable to rising living costs. There were three separate types of CoLP:

- **Means-Tested Benefit Cost of Living Payment (MTBCoLP).** This was paid to those receiving means-tested benefits, including Universal Credit. It involved three payments: one of £301 paid during April/May 2023, one of £300 paid during October/November 2023, and one of £299 paid in February 2024.
- **Disability Cost of Living Payment (DCoLP).** This was paid to those receiving a disability benefit, such as Personal Independent Payment. It involved a single payment of £150, paid in April 2023.
- **Pensioner Cost of Living Payment (PCoLP).** This was paid to pensioner households who received a Winter Fuel Payment (WFP), meaning they were born before 25 September 1957. It was paid as a top-up to the WFP, rather than as a separate payment. It involved an extra £150 or £300, depending on people's circumstances, and was paid in November/December 2023.

Many CoLP recipients were eligible for, and received, more than one of the payments.

# Research objectives

This research aimed to understand how well the scheme has worked and what impacts it has had. There were three main research objectives:

- To determine whether the policy was effectively communicated and understood, and whether this varied for different groups.
- To examine the extent to which CoLPs counterbalanced cost of living pressures, and whether and how this varied for different groups.
- To establish whether CoLPs had any longer-term or unexpected impacts on recipients.

## Methods

The evaluation used a mixed-methods design, including quantitative surveys and qualitative interviews with recipients, informed by a high-level Theory of Change.

### Quantitative methods

#### Surveys

A total of five GB-wide surveys were conducted online and by telephone:

- A survey involving 2,608 means-tested payment recipients, running from January to March 2024, asked about the October/November 2023 payment. A follow-up survey with 912 participants who took part in the first survey, running from May to June 2024, then asked primarily about the February 2024 payment.
- A survey involving 881 disability payment recipients, running from January to March 2024, asked about the April 2023 payment.
- A survey involving 1,022 pensioner payment recipients, running from January to March 2024, asked about the top-up to the 2023 Winter Fuel Payment. A follow-up survey with 536 pensioners who took part in the first survey then explored whether there were any longer-term impacts of the 2023 Winter Fuel Payment top-up.

In the January-March surveys, each group was asked about their circumstances prior to receiving the payment, their awareness and understanding of the payment, how they spent the payment, the extent to which the payment helped them, and a series of demographic questions. The May/June follow-up surveys explored how participants had spent any money left over from the payment, circumstances since the first survey, and long-term impacts. The follow-up survey for MTBCoLP recipients also addressed awareness, spending, and helpfulness of the final MTBCoLP payment in February 2024.

Participants were offered a £5 voucher for the January-March survey and a £10 voucher for the follow-up survey to thank them for taking part.

## Sampling

For the January-March surveys, for each of the three CoLP groups, a random sample was drawn by DWP, stratified according to three criteria: the benefits the recipient claimed, the region of the UK they were in, and their age. Those who took part and consented for further research were invited to take part in the follow-up surveys.

The sample for each of the three groups was representative of its respective target population, but the combined sample from the surveys was not representative of the population of CoLP recipients as a whole. This is because the combined sample overrepresented those who received multiple payments, who had a higher chance of selection into one of the three samples. As a result, we report percentages for each group separately, and avoid reporting percentages for CoLP recipients as a whole.

## Fieldwork response

For the January-March surveys, 2,608 MTBCoLP recipients took part (a response rate of 26%), as did 881 DCoLP recipients (26%) and 1,022 PCoLP recipients (18%).<sup>2</sup> For the follow-up surveys, 912 MTBCoLP recipients took part (a response rate of 43%) and 536 PCoLP recipients took part (a response rate of 72%).<sup>3</sup> The final data were weighted to account for differential non-response.<sup>4</sup>

## Appointees

All surveys included appointees<sup>5</sup>, and the DCoLP survey also covered parents receiving child Disability Living Allowance (DLA) on behalf of a disabled child.

## Qualitative Methods

In addition to the surveys, qualitative interviews were conducted with CoLP recipients in two phases:

- An initial sample of 90 participants were interviewed between February and April 2024, with quotas based on gender, income, region, housing tenure, and the combination of payments people received.
- Follow-up interviews were conducted between July and August 2024 with 20 MTBCoLP recipients who took part in an initial interview. Sampling quotas were set on gender, age, whether they had dependants, employment status, whether they reported experience with debt in their first interview, and the combination of payments people received.

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<sup>2</sup> During fieldwork, the response rate for the PCoLP sample was lower than anticipated, and an additional batch of sample was issued.

<sup>3</sup> Fieldwork for the follow-up survey was cut short by the announcement of the 2024 General Election. The follow-up survey for PCoLP recipients started first, hence the response rate is higher.

<sup>4</sup> Differential non-response occurs when certain groups of people are less likely to respond to a survey than others. This can lead to biased results if the non-responding groups would have given systematically different answers to the survey questions than the responding groups.

<sup>5</sup> If a claimant cannot manage their own affairs because they are mentally incapable or severely disabled, an appointee can manage their benefits on their behalf.

Participants were offered £40 vouchers to thank them for their time taking part in a qualitative interview. Interviews could take place online, by telephone, or in-person, but no participants requested an in-person interview despite being offered. The interviews explored themes similar to the survey but in greater depth, with the follow-up interviews focusing on long-term impacts. All interviews were transcribed and analysed thematically.

Throughout the report, case studies drawn from qualitative interviews with recipients are included. To protect participants' privacy and ensure anonymity, key identifying details such as names and gender have been changed.

# Recipients' circumstances prior to the payments

This chapter describes the profile of Cost of Living Payment recipients and gives an overview of recipients' circumstances prior to receiving the payments, including their experiences of the increased cost of living and how they dealt with it.

## Key findings

- Eligibility criteria for the three CoLPs differed. As a result, the three recipient groups had different profiles. Most CoLP recipients were women, and most were disabled. Many had children, particularly MTBCoLP recipients. Additionally, MTBCoLP recipients were more likely to be younger, in employment, and living in absolute poverty than DCoLP and PCoLP recipients.
- Recipients felt that all aspects of the cost of living had increased over the last year, but the cost of energy and utility bills, and food and groceries, had increased the most. Recipients also noticed significant increases in other costs, such as broadband, phone bills, transport, council tax and rent.
- Over half of recipients cut back on their essential spending, non-essential spending, and heating. Many borrowed money from family and friends or sought out support from charities and food banks.
- Recipients who experienced the most severe impacts from the increased cost of living were those with unavoidable additional expenses that others did not face. For example, parents with childcare-related costs, people with additional health-related expenses, and people with existing debts struggled the most. Conversely, recipients who owned their homes outright or had savings to fall back on tended to struggle less with the increased cost of living.
- The cost of living had a variety of impacts on participants' psychological, social, and physical wellbeing. Recipients described making difficult compromises that affected their health, such as reducing heating usage, which led to increased illness. MTBCoLP recipients experienced heightened stress and panic about their financial situation. Many participants found themselves feeling increasingly isolated and lonely, due to the inability to afford going out and socialising.
- Other factors, besides the increased cost of living, had impacted on recipients' finances, including the COVID-19 pandemic and higher taxes (for example council and vehicle tax). In many cases, recipients' financial circumstances had been precarious for some time, and recent increases in the cost of living were experienced as a worsening of an ongoing trend, rather than a marked change in their circumstances.

# Profile of CoLP recipients

Table 1 provides an overview of the demographic profile of CoLP recipients who took part in the survey, in terms of gender, age, income, poverty levels, presence of children in the household, disability and employment.

Table 1: Demographic profile of CoLP recipients

Payment received	Means-tested	Disability	Pensioner
<b>Gender:</b> most CoLP recipients were women	62% women	62% women	51% women
<b>Age:</b> MTBCoLP recipients were younger than other recipients	Most aged between 18 and 54	Most aged between 50-65+	All age 65+
<b>Low incomes and poverty:</b> MTBCoLP recipients had the lowest incomes, and PCoLP recipients the highest	73% were in absolute poverty <sup>6</sup>	55% were in absolute poverty	32% were in absolute poverty
<b>Children:</b> Many MTBCoLP recipients had children in the household	38% had children in the household	25% had children in the household	1% had children in the household
<b>Disability:</b> most recipients were disabled	63% had a disability	93% had a disability <sup>7</sup>	41% had a disability
<b>Employment:</b> relatively few recipients were employed	26% in employment	11% in employment	7% in employment

The increased cost of living was driven, in large part, by increases in the cost of energy.<sup>8</sup> MTBCoLP recipients were most exposed to the increased cost of energy: they were the least likely group to be owner-occupiers, and the most likely to pay for energy using a pre-payment meter.

<sup>6</sup> A dual adult household without children was in absolute poverty in 2023/24 if their total weekly pre-tax income was below £368. This threshold is varied depending on the exact make-up of the household.

<sup>7</sup> Note that not all DCoLP recipients had a disability according to the measure used in the survey. This will be for a variety of reasons. Firstly, the questions in the survey were based on the Equality Act definition of disability: a person is disabled if they have a health condition or impairment lasting, or expected to last, 12 months or more, which impacts on their ability to carry out day-to-day activities. This definition does not necessarily correspond to the criteria used by DWP to determine eligibility for the DCoLP. Secondly, the DCoLP recipient group also included parents who received child DLA on behalf of disabled people. These parents may or may not have been disabled themselves.

<sup>8</sup> House of Commons Library (2024). Rising cost of living in the UK. <https://researchbriefings.files.parliament.uk/documents/CBP-9428/CBP-9428.pdf>



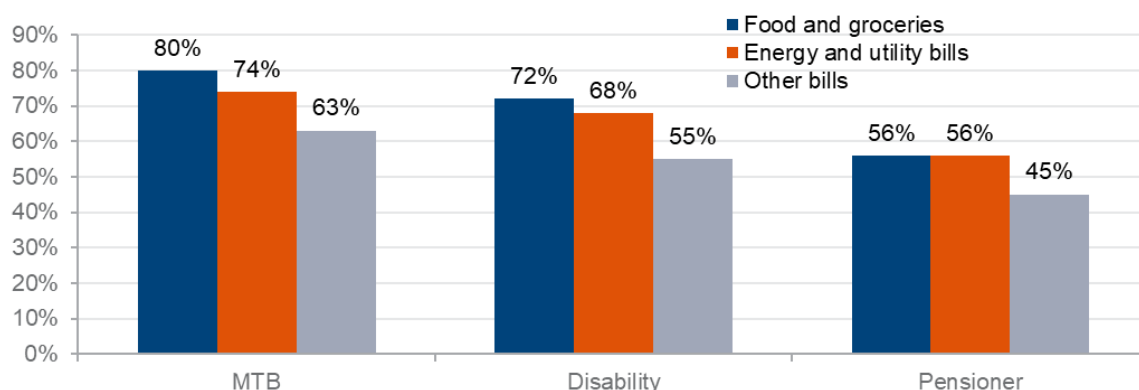
- Almost half of MTBCoLP recipients rented their home from a housing association or local council (49%) and a quarter rented privately (25%). Relatively few owned their home outright (11%) or through a mortgage (6%). Over a half lived in a house or bungalow (58%) and a third lived in a flat (33%). Over two-thirds paid their energy bills by direct debit (68%) and a third paid using a pre-payment meter (32%).
- DCoLP recipients tended to either own their home outright (30%), own their home with help of a mortgage (10%), or rent from a housing association or local council (36%). Relatively few rented privately (15%). Most lived in a house or bungalow (75%), and only 21% lived in a flat. Most paid their energy bills by direct debit (79%), but 21% paid using a pre-payment meter.
- Most PCoLP recipients owned their home either outright (78%) or through a mortgage (4%), and few rented from a housing association, local council, or privately (16%). Almost all lived in a house or bungalow (86%) and relatively few lived in a flat (12%). Again, almost all paid their energy bills by direct debit (96%) and very few paid using a pre-payment meter (4%).

## Experiences of and responses to the increased cost of living

### Finding outgoings harder to afford

In the January-March survey, CoLP recipients were asked whether a range of things had become more or less difficult to afford over the last year. All categories of expenses had become more difficult to afford. In particular, food and groceries, energy and utility bills, and other bills, had all become more difficult to afford (Figure 1). In general, affordability had declined more sharply for DCoLP and MTBCoLP recipients than for PCoLP recipients.

*Figure 1: Proportion of recipients, asked between January and March 2024, who felt that certain expenses had become more difficult to afford over the last year (NB. other expenses were asked about but are not shown here)*



*Base: All CoLP recipients (2,603 for MTBCoLP, 878 for DCoLP, 1,018 for PCoLP)*

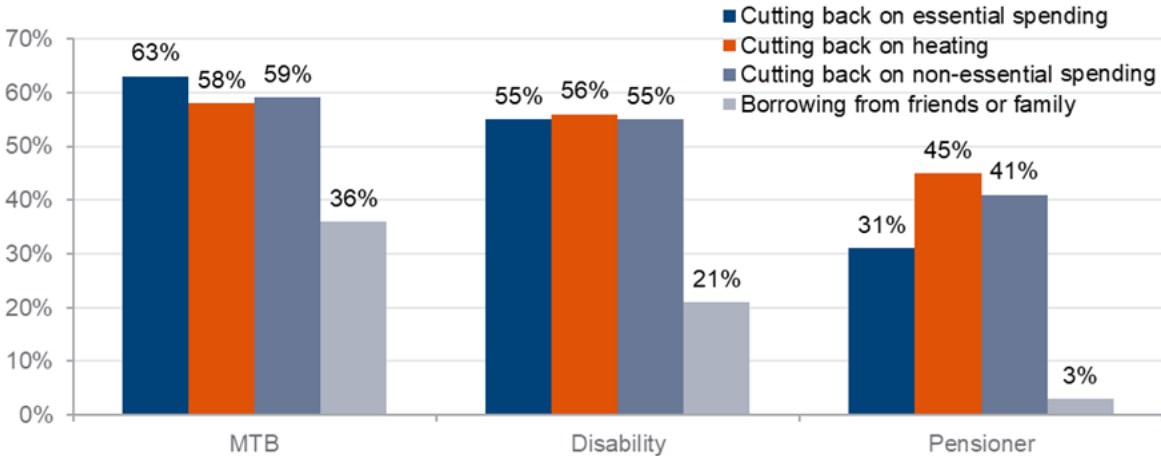
In the May-June follow-up survey, recipients were asked whether a range of expenses had become more or less difficult to afford since the last survey. Most categories of expenses continued to become more difficult to afford. Energy and utility bills continued to become more difficult: 57% of MTBCoLP recipients and 31% of PCoLP recipients found them more difficult to afford. 70% of MTBCoLP recipients food and groceries had become even more difficult to afford compared to the previous survey in January-March.

In the follow up qualitative interviews conducted in July and August, participants reported little change in their main outgoings. While some noted a slight reduction in their heating and electricity costs, those who had been in debt to their energy company earlier in the year remained so. Others noticed an increase in the cost of some essentials, such as food and groceries, but they characterised these rises as less severe than previous price increases they had experienced.

### Cutting back on spending and borrowing

In the January-March survey, recipients were asked whether they had done anything to increase their ability to pay for things over the last 12 months, such as increase their income or cut back on spending. Over half of MTBCoLP and DCoLP recipients had cut back on spending, whether by cutting back on essential spending like food and toiletries, non-essential spending like going out, or heating. Over a third of MTBCoLP recipients (36%) had borrowed money from family and friends, as had a fifth (21%) of DCoLP recipients. In general, PCoLP recipients were less likely to have needed to cut back on spending or borrow money (Figure 2). Very few recipients had taken up more work to increase their income: 3% had taken up a job, 1% had taken up a second job, and 7% worked more hours at their current job.

Figure 2: Approaches taken to increasing income or reducing spending (surveyed between January to March 2024)



Base: All CoLP recipients (2,601 for MTBCoLP recipients, 880 for DCoLP recipients, 1,020 PCoLP recipients)

In qualitative interviews, participants described cutting back on necessities including electricity, utility bills and food by doing the following:

- Turning the heating on less often and keeping warm using extra layers and electric blankets instead;
- Restricting the heating to specific rooms;
- Buying lower-quality food and non-branded items;
- Travelling further to buy groceries at cheaper supermarkets and looking for deals or reduced items; and,
- More closely monitoring the food that they buy, including through shopping lists.

In the follow-up survey, recipients were asked whether they had done anything to increase their income or their ability to pay for things since the previous survey. Slightly fewer MTBCoLP recipients cut back on essential spending and heating during the follow-up survey than in the first survey, which may reflect seasonal changes, with reduced heating and lower energy costs potentially freeing up money that could be spent elsewhere.

In the follow-up qualitative interviews, participants reported that their financial management strategies had remained largely unchanged. Many had developed well-established budgeting approaches over several years of financial struggle, predating the most recent cost of living increases. As one participant noted:

*“Like I say you obviously don’t spend as much and you have to manage your money more carefully, which is just the norm basically’. Male DCoLP and MTBCoLP recipient, aged 55-65, with no dependants*

## **Understanding why some groups struggled more with the increased cost of living than others**

As shown in the preceding sections, some recipients had struggled significantly with the increased cost of living. They found a wide range of essential expenses more difficult to afford, leading them to cut back on essential spending and borrow money. However, these were not universal experiences within the recipient population. Some recipients struggled much more than others.

To better understand how recipients’ experiences of the increased cost of living varied, a segmentation analysis of the MTBCoLP recipient population was carried out (see Appendix A for more detail). The aim of the segmentation was to identify distinct groups of recipients based on how they experienced the increased of living. By identifying these groups, the aim was to understand the underlying factors associated with different experiences, and whether these groups used the payments differently, or found them more/less useful.

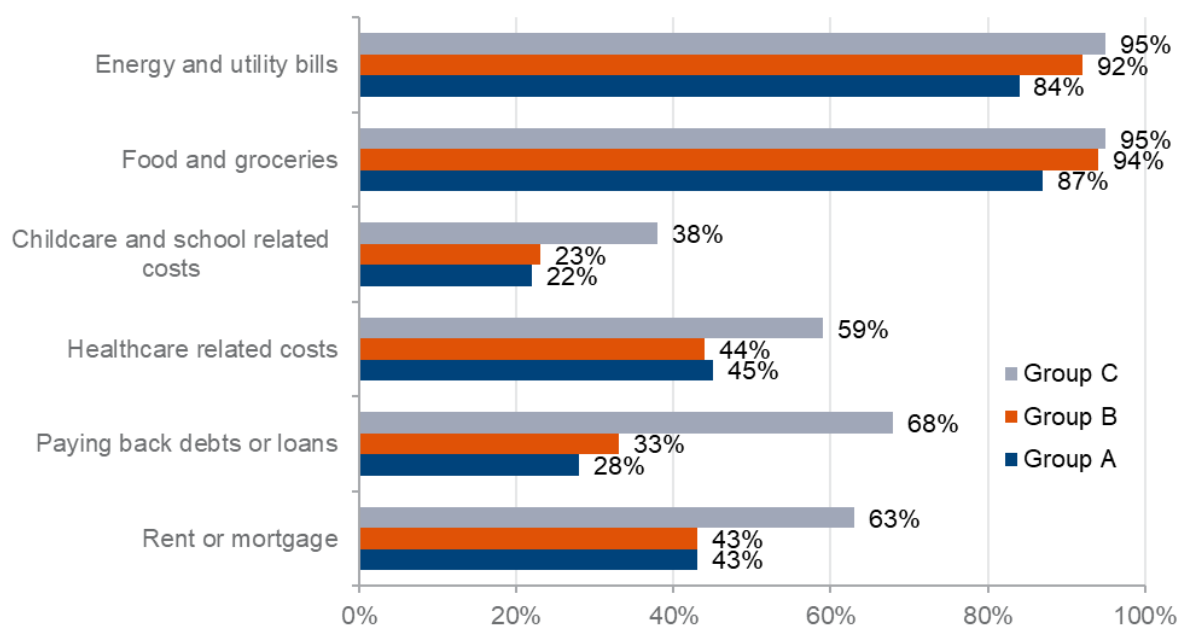
The MTBCoLP group was selected for this analysis because it was the largest of the three, received the largest payments, and tended to have struggled the most with rising costs. The segmentation was based on two sets of questions: those that asked participants which expenses had become more difficult to afford over the past 12

months; and those that asked participants what actions they had taken to reduce outgoings or increase their income. This produced three groups with different experiences:

- **Group A** included recipients who did not find their everyday expenses had become much more difficult to afford, and who did nothing to increase their income or reduce their outgoings. This group included 22% of MTBCoLP recipients.
- **Group B** included recipients who found their everyday expenses did become more difficult to afford, and who cut back on their spending and heating as a result. This group included 28% of MTBCoLP recipients.
- **Group C** included recipients who found their everyday expenses became *much* more difficult to afford, who cut back on their spending and heating as a result, but who *also* needed to borrow money or access charitable support to make ends meet. This group, the largest of the three, included 46% of MTBCoLP recipients.

Recipients in Group C experienced the increased cost of living more profoundly than others (Group A). This is not explained by differences in income between the three groups. Instead, the most important underlying factor was that Group C were much more likely to have *other* additional essential expenses beyond the core costs shared by all groups, such as energy bills, food and groceries, etc. These extra expenses for Group C included: rent or mortgages; healthcare-related costs; debt repayments; and childcare or school-related costs (Figure 3). Related to this, Group C were younger than the other two groups, on average, and more likely to be employed, much more likely to be parents, slightly more likely to be women and slightly more likely to be renting privately. The following sections look more closely at the experiences of three groups: parents, those with health-related expenses, and those with debts.

Figure 3: Proportion of MTB recipients from the different segmentation groups that had to pay for certain outgoings (surveyed between January to March 2024)



Base: All MTBCoLP recipients (2,601)

## **Households with children**

Recipients with children were more vulnerable to the impacts of the rising living costs. In the January-March survey, these recipients were much more likely than others to be in employment: among MTBCoLP recipients, 49% of parents were in work, compared to 12% of those without children.

Recipients with children were more likely to feel that things had become more difficult to afford across almost all categories of expenditure in the last year compared to those without children. This was particularly true of single parents. For example, amongst MTBCoLP recipients, 60% of single parents felt their energy and utility bills had become a lot more difficult to afford, compared to 45% of single adults without children. It is worth noting that the vast majority (94%) of single parents were women. Similarly, amongst households with two or more adults, 54% of those with one or more children felt these bills had become a lot more difficult to afford, compared to 44% without children. In the May-June follow-up survey, single parents felt their expenses had continued to become more difficult to afford, compared to other recipients.

In qualitative interviews, participants explained that this was due to having child-related expenses such as increased clothing and food, and school transport. It was also important for parents that they could enable their children to fully participate in school. They therefore prioritised spending on school materials, activities and trips. Participants in this group reported more unexpected or unavoidable costs that could not be easily budgeted for, including replacements for broken items. They therefore had less capacity to control or limit spending and their income had further to stretch. This was exacerbated where children had additional needs. Parents who received child DLA on behalf of a disabled child frequently had higher outgoing expenses. This included special toys and services for children with learning disabilities.

## **Recipients with health-related expenses**

As discussed in the section above about the profile of CoLP recipients, a majority of recipients had a disability. Most of these disabled recipients had additional health-related expenses (60% of disabled MTBCoLP recipients, 68% of disabled DCoLP recipients, and 58% of disabled PCoLP recipients), the most common of which were additional transport costs, medical costs, and assistive devices like wheelchairs or mobility aids.

10% of DCoLP recipients were parents who received child DLA on behalf of a disabled child. 69% of these recipients reported having additional expenses relating to their child's health.

Disabled recipients who had health-related expenses had increasingly struggled to meet those expenses. In the January-March survey, of those disabled recipients who had additional health-related expenses, 43% of MTBCoLP recipients, 31% of DCoLP recipients, and 20% of PCoLP recipients felt these had become a lot harder to afford over the last year. When followed up in May-June, a large proportion of recipients continued to find health-related expenses difficult to afford.

Recipients of the MTBCoLP who had additional health-related expenses were more likely to feel that energy bills, food, and other bills had become more difficult to afford over the last year, compared to those without additional health-related expenses. Qualitative interviews revealed that health needs could also lead to higher costs. For example, recipients noticed a significant increase in energy and utility bills driven by using more electricity for medical equipment like mobility scooters and oxygen containers. Participants also needed to keep the heating on for longer to manage conditions like arthritis, as colder temperatures would aggravate the pain. This was also true for older participants who kept their heating on to support their mobility.

*“Whenever she [older individual with health-condition] is cold, it causes her pain to flare up, so we have to have the heating on quite a lot, which increases our bills.” Female DCoLP recipient, aged 18-34, with no dependants*

The follow-up qualitative interviews also revealed that participants experienced a deterioration in their physical health over the course of the study. This decline was attributed to either worsening pre-existing health conditions or diagnoses of new conditions. Participants noted that their declining health led to additional expenses, such as the cost of taxis to attend frequent hospital appointments.

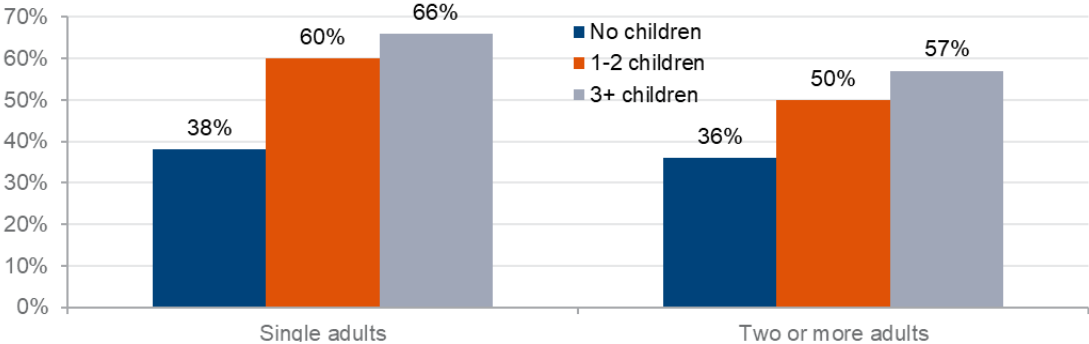
### **Case Study**

Mark has been out of work for some time due to a range of health conditions which make it hard for him to move or get around. At the beginning of the study, he and his family were managing, despite increasing food and energy costs. However, Mark was subsequently diagnosed with cancer, which has entailed several new health-related costs. These included travel costs and overnight stays to attend hospital appointments far from his home. These costs put a greater strain on his finances.

## **Borrowing and debt**

The groups who had experienced the greatest increase in their cost of living (those with children or with health-related expenses) were not necessarily more likely than others to have cut back on spending. Qualitative interviews revealed that these groups typically had little opportunity to cut back further than they already had. Instead, they were more likely than others to have borrowed money, either from friends and family, by taking out a loan or increasing an existing loan, or by spending on a credit card. **Error! Reference source not found.** shows that between January and March, parents, and single parents in particular, were more likely to have borrowed from one of these sources in the last year. This pattern remained unchanged in the follow-up survey.

Figure 4: Proportion of MTBCoLP recipients who borrowed money in the last year to increase their ability to pay for things, by parental status and household size (surveyed between January to March 2024)



Base: All MTBCoLP recipients (2,601)

**Case Study**

Sandra is a single mother with two daughters in primary school. She has struggled to get back into work due to various health issues. Over the last couple of years, she has been “struggling day to day” to meet the increasing costs of gas and electricity, while continuing to pay for clothes and other items that her daughters needed as they grew. To manage, she has had to cut down on buying clothes for herself or treats for the family, such as going to the cinema. These financial pressures have led to her accruing significant credit card debt. She has had to rely on support from food banks as well as Crisis Grants to get by.

In some cases, recipients with health needs were less able to cut back on their expenditure. For example, participants with specific health conditions required specialised diets or certain dietary supplements. They were unable to reduce certain foods, and therefore struggled to meet rising food prices.

**Other sources of income and support**

Some participants started relying on other sources of income to deal with the increased cost of living. PCoLP recipients, in particular, used investments, savings, and ISAs to accommodate the cost increases and saw these as their “safety net”. Within this group were some who had used up all their savings and had none left.

15% of MTBCoLP recipients sought additional support from their local councils: as had 12% of DCoLP recipients and 3% of PCoLP recipients. Other recipients wanted to apply for support but did not know how to and were unsure about the eligibility criteria.

In the May-June follow-up survey, recipients were asked additional questions about the types of support they may have accessed. Nearly half of MTBCoLP recipients (47%) accessed another form of support, compared to just 5% of PCoLP recipients. Of these MTBCoLP recipients, 74% received financial support from friends or family,

40% from foodbanks, and 29% from the council.<sup>9</sup> Recipients in the more vulnerable groups identified above were more likely to access these types of support.

## Impacts of the increased cost of living

The impacts of the increased cost of living on recipients themselves fell into three main categories: physical wellbeing, psychological wellbeing, and social wellbeing and relationships.

### Physical wellbeing

The increased cost of living impacted on participants' physical wellbeing in the following ways:

- Having to eat fewer meals and less nutritious food to cut costs. Participants described eating less or not eating at all towards the end of the month because they ran out of money or wanted to save what food they had for their children. Throughout each month, participants reported eating less healthy food options, including less fruit and vegetables and more frozen food, because it was cheaper.
- Having to turn the heating on less due to energy price increases. Participants described getting ill and catching colds as a result. They also noticed that the lack of heating had exacerbated issues with damp and mould.
- Not having enough money for personal toiletries, self-care, and skincare items. One participant described going without shower gel so that their children could still use some:  
*“Like I know it's a horrible thing to even say, but like even the likes of showering when we've not had enough shower gel or anything left.” Female DCoLP and MTBCoLP recipient, aged 18-34, with dependants*
- Some recipients with disabilities had to go without certain expensive assistive equipment, such as cushioned wheelchairs. This contributed to discomfort and, in some cases, additional pain.

### Psychological wellbeing

The increased cost of living impacted on recipients' psychological wellbeing and mental health. In particular, MTBCoLP recipients experienced increased stress about their financial situation. They worried often that they would run out of money before the end of the month, causing them intense feelings of panic:

*“It's a lot of stress, because I tend to sit there and panic about things, and I really shouldn't but I do, and I sit there and I constantly think. There's been times where I've woke up and I've thought, I've got to pay this bill, I've got to*

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<sup>9</sup> The figures on additional support from local councils cannot be directly compared between the January-March and May-June 2024 surveys due to differences in how the questions were asked.



*pay this bill, I've got to pay this bill..." Male MTBCoLP recipient, aged 45-54, with no dependants*

There were psychological impacts from not being able to afford treats from time to time or going on holiday. Participants explained that they occasionally needed a treat as something to look forward to and could not cope otherwise.

Psychological impacts were also experienced by recipients' children. Parents of children with additional health or behavioural needs described having to cut back on items that previously helped them. For example, revoking TV subscriptions that helped their children sleep resulted in outbursts and significant discomfort:

*"They've been so used to their routine and then it changed. It's taken a long time to get them used to that. So there were quite a lot of outbursts from my... son with the ADHD... [he] broke quite a lot of equipment for the first couple of months" Female DCoLP recipient, aged 35-44, parent of a child receiving DLA*

During the follow-up qualitative interviews, participants felt that their own mental health worsened when they were caring for family members whose health deteriorated over the course of the study. This was attributed to the compounding pressure of additional caring duties and the need to work more hours to meet rising costs.

## **Social wellbeing and relationships**

The increased cost of living impacted on participants' social wellbeing and relationships in the following ways:

- Reduced spending on leisure and entertainment: Participants discussed spending most of the time at home to save money. This could lead to boredom, with free time described, for example, as "staring at the wall".
- Increased reliance on free options to entertain children: Some parents relied on free amenities (such as access to a swimming pool) provided by the local council to keep their children entertained over the summer holidays.
- Family relationships: Participants had to work more hours to compensate for the shortfall between income and increased costs, and consequently spent less time with their children and partners.
- Increased feelings of loneliness and social isolation: All recipients experienced increased social isolation due to the inability to afford going out or socialising. Furthermore, recipients with a disability and additional health problems reduced their weekly journeys and visits to friends or family due to the high cost of taxis and petrol.

# Awareness and understanding of the payments

This chapter explores the extent to which recipients were aware of the payments and their understanding of the scheme. It looks at how recipients became aware of the scheme, and the reasons some recipients were less aware than others.

## Key findings

- In general, awareness and understanding of the CoLPs was good. Most recipients had heard of the “Cost of Living Payments”, and the majority remembered receiving theirs.
- Most recipients knew in advance that they were going to receive their payment, and most had some idea of how much they would receive.
- Most DCoLP and MTBCoLP recipients understood that they had received the payments due to claiming certain benefits. In comparison, most PCoLP recipients did not understand that their regular Winter Fuel Payment had contained an additional component to help with the cost of living.
- Awareness and uptake of support from Local Authorities was relatively low. For example, among MTBCoLP recipients, 35% were aware of additional support. Of those, 43% had accessed it.
- Only a minority of DCoLP and MTBCoLP recipients had heard about the payments from an official source. Of those most had heard about them from either the media (including social media), or from family and friends.
- Recipients would have liked more information about the payments, especially eligibility, but did not tend to actively seek out information or contact anyone with questions. Most PCoLP recipients heard about the payment via a letter about their Winter Fuel Payment.
- Those unaware of the payments often had memory issues, struggled with online banking, or had actively disengaged from their finances due to stress or worry.

## Awareness of support

In the January-March survey most recipients had:

- heard of the “Cost of Living Payments”: 81% of DCoLP recipients, 90% of MTBCoLP recipients, and 77% of PCoLP recipients.

- remembered receiving their payments: 77% of DCoLP recipients, 93% of MTBCoLP recipients, and 95% of PCoLP recipients.

The lower recall amongst the DCoLP recipients is to be expected, given that more time had elapsed between the payment and the survey, and given that the payment was smaller than the others. The proportion of recipients who felt confidently that they had not received the October/November 2023 payment was very small: less than 1%.

Slightly fewer MTBCoLP recipients remembered receiving the February 2024 payment (86%) compared with the November 2023 payment (93%). This slight fall, again, could be explained by more time elapsing between the payment and the survey, as the final MTBCoLP was paid in February.

Local Authorities have discretion on what support to provide local residents under the Household Support Fund, and how to determine eligibility and access. For example, only around a third (35%) of MTBCoLP recipients were aware of their local council providing support to help with the cost of living. This was consistent across the three recipient groups. Of those MTBCoLP recipients who had heard of support being offered by their local councils, 43% reported receiving it. Overall, 15% of MTBCoLP recipients had received support from their council, as had 12% of DCoLP recipients and 3% of PCoLP recipients. In total around one in ten recipients (12%) had received support from their local council.

## Understanding of the payments

In qualitative interviews, recipients generally had good understanding of the reasons for the scheme and thought it was to help meet increasing energy costs, to help with cost of living pressures and the shortfall between low incomes and price increases, and to provide extra money for shopping, food, and essentials.

Most DCoLP and MTBCoLP recipients who remembered receiving the payment also understood the reason they had received it: namely, that they received a disability or income-related benefit. Of those who remembered receiving the payment, 66% of DCoLP recipients, and 77% of MTBCoLP recipients, understood the reason for why they received it.

However, of those who remembered receiving the payment, just 36% of PCoLP recipients did not know that their Winter Fuel Payment had included an additional Cost of Living Payment component. In interviews, there was some confusion about this: participants recognised the payment was larger than in previous years but did not understand why. But because pensioners had been receiving the Winter Fuel Payment for several years, PCoLP recipients were the most likely to have known in advance that they would be receiving the payment: of those who remembered receiving the payment, 64% knew for sure in advance that they would receive it, compared to 32% of DCoLP recipients and 47% of MTBCoLP recipients.

Among those recipients who knew in advance that the payment was coming, there was a mixed understanding of precisely how much money would be received. For

both DCoLP and MTBCoLP recipients, nearly half (45% and 46% respectively) knew precisely how much they would receive, around a third had a rough idea (30% and 33% respectively), and around a fifth did not know (20% and 18% respectively).

## Sources of information

DCoLP and MTBCoLP recipients who were aware of the payments had either heard about them through the news or media (47% and 40% respectively), an official government website (26% and 33% respectively), or from family and friends (23% for both groups). In contrast, the majority of PCoLP recipients (76%) had heard about the payment when they received a letter about their Winter Fuel Payment.

In qualitative interviews, participants described hearing about the scheme on social media platforms, such as Facebook and TikTok, or through word of mouth from discussing with friends, family, and neighbours. Those who only understood the scheme from the media and word of mouth would have liked more information about the payments. The media was not always clear about who was receiving what payments, and how and when they would be received. Some participants were unsure whether they would be eligible. Recipients rarely took any action to find out more about the scheme and instead waited to see whether they received the payments. For example, just 6% of MTBCoLP recipients contacted anyone with questions, but those that did tended to contact Jobcentre Plus. DCoLP and PCoLP recipients tended to contact DWP centrally.

Other recipients learned about the scheme directly from DWP through various methods such as letters and text messages. MTBCoLP recipients remembered receiving text messages or messages in their Universal Credit (UC) journals. Participants who were notified directly said they did not prefer a certain method over others as long as they were informed beforehand.

## Reasons for variation in awareness

Qualitative interviews revealed several important factors that determined participants' level of awareness and understanding of the payments. One reason recipients were unaware of the payments was having memory difficulties, either from forgetfulness or memory problems (such as Alzheimer's Disease or Long Covid).

Another reason was not checking bank accounts regularly. Reasons for this included not understanding how to navigate online bank accounts (particularly amongst PCoLP recipients) or avoiding checking as a way of coping and not getting stressed about money.

Recipients who were partially aware of the payments were typically uncertain about eligibility. Some DCoLP and MTBCoLP recipients thought the CoLPs were only for people receiving Universal Credit, or for pensioners and those receiving Pension Credit. As a result, they had no expectations about receiving the payments.

*“Everybody's getting some money put into their bank for cost of living,' but I didn't think it was going to happen to me, to be quite honest.” Female DCoLP and MTBCoLP recipient, aged 18- 34, with dependants.*

Participants who had the highest awareness tended to be those who received the three MTB payments. This was due to receiving multiple payments and the recent payment in February 2024. In addition to this, the MTB group had regular contact with DWP unlike the other groups.

# Spending the payments

This chapter describes in detail how recipients spent their Cost of Living Payments. It looks at the extent to which recipients planned in advance what they would spend them on, whether the payments were spent on specific expenses or used as part of everyday spending, and how quickly the payments were spent.

**Note that only those recipients who remembered receiving the payments were asked detailed questions about how they spent them. All the findings in this chapter relate only to those recipients who remembered receiving the payments, unless otherwise indicated.**

## Key findings

- Most recipients did not plan in advance what they were going to spend their payments on. However, the evidence suggests that MTBCoLP recipients, who received multiple payments of £300 at intervals of 4-6 months, were more able to plan ahead with each subsequent payment.
- The findings show that the payments were mostly used as intended: to mitigate the effects of cost of living pressures. Around half of recipients used (at least some of) the payment they received to meet specific expenses, whereas the other half used the payment as part of their everyday spending. For those who spent the payment on specific expenses, these tended to be the same expenses that had become most difficult to afford: food, groceries, and energy and utility bills.
- Other common uses of the payments included paying for one-off or unanticipated expenses, paying for additional health-related expenses, and paying off debts. Around one in six (18%) MTBCoLP recipients used at least some of the November 2023 payment to pay off debts, particularly those who had struggled most with the cost of living, and this increased to 23% for the February 2024 payment.
- However, the findings also suggest that the payments were unlikely to have had lasting positive effects. In general, the payments were spent quickly, within two to three weeks. Recipients who were struggling the most used the payments more quickly. For example, recipients living in households with children were more likely to use the payments almost immediately, within a week, compared to households without children. Those who used the money to pay off debts did not generally feel that this had substantially improved their debt position.
- Even though payments were typically spent quickly on essentials or everyday spending, recipients preferred receiving the payments as lump sums, as opposed to multiple smaller payments.

# Planning for the payments

Most recipients did not plan in advance how they were going to spend the payments. Of those who remembered receiving the payments, 29% of DCoLP recipients planned how they would spend their June 2023 payment in advance, and 44% of MTBCoLP recipients planned how they would spend their November 2023 payment in advance. The lower level of planning amongst DCoLP recipients may have been due to:

- the payment being smaller, and
- MTBCoLP recipients having received multiple prior payments already so were more used to receiving them.

For MTBCoLP recipients, there was no change in how they planned to spend their October/November 2023 payment nor their February 2024 payment.

Only those PCoLP recipients who knew that their November/December 2023 Winter Fuel Payment had included an additional Cost of Living Payment were asked whether they had planned in advance what they would spend it on. Of these recipients, 40% did so. However, many PCoLP recipients did not distinguish between the Winter Fuel Payment and the Cost of Living Payment. It is possible that their spending intentions for both payments were similar, regardless of whether they were aware of the separate Cost of Living Payment component. In the qualitative interviews, most PCoLP recipients understood that the intended purpose of the payments was to help with heating bills and, as such, had expected to put it towards these costs.

## Factors that influenced planning

The qualitative interviews highlighted a number of factors which influenced whether recipients planned in advance how they would spend the payments. These factors included:

- their awareness of the payment;
- the extent to which payments were immediately absorbed by urgent outgoings;
- their general capacity to manage their finances; and
- the type of payment received.

Those who had little or no awareness before receiving the payments were unable to make decisions about spending ahead of time. The reasons that some recipients were unaware of the payments are discussed above. However, amongst those who had limited awareness in advance, views were mixed on whether they would have spent the payment differently had they known about it beforehand. Some participants suggested that, either way, the payments would have been used for meeting immediate everyday bills such as food and energy.

Households with low incomes, particularly those with children, described being unable to plan as any money going into their account would be immediately “swallowed up” by either bills or an overdraft. Those with higher household incomes (typically, pensioners not in receipt of means-tested benefits) were better able to budget for specific outgoings, as the payments were not immediately absorbed into day-to-day spending.

Either due to frailty, a health condition or difficult life events, some recipients had a reduced capacity to manage their finances. Often those with reduced capacity had also been unaware of the payments ahead of time. These participants described being unsure of what was going in or coming out of their accounts, meaning they could not effectively plan ahead.

Those in receipt of the MTB payments improved at planning ahead with each instalment. For the second and third instalments, participants were better prepared and able to anticipate the payments so that the money was not absorbed in normal spending. For example, a participant described the first payment being spent immediately on energy costs, whereas they had been able to set the next payment aside for necessary home improvements. The amounts paid (approximately £300 for each instalment up to £900 in total) were also considered sufficiently substantial to be noticeable in bank statements or account balances. In contrast, the DCoLP group felt they had often spent the money before they realised they had received it.

## How the payments were spent

It can often be challenging for research participants to recall or explain exactly how the payments were spent. People do not necessarily use money received from different sources in different ways: sources of income are combined in a single place, and money is spent to meet needs as they arise. Even if money is spent on particular expenses, this can be hard to recall, especially for those who are under financial strain. For these reasons, the findings in this section should be read as providing an overview of the main ways in which the CoLPs were spent, rather than providing precise estimates of the specific expenses they were spent on.

### **Everyday spending vs. specific expenses**

The majority of recipients had spent all of their payment by the time they completed the first survey: 93% of DCoLP recipients, 87% of MTBCoLP recipients, and 72% of PCoLP recipients. Almost all recipients had spent at least some of the money. This did not change substantially in the follow-up survey.

Those who had spent at least some of the money were asked whether they had spent the money on something specific, or as part of their everyday spending, or a mixture of the two. There was a reasonably even mix, as shown in Table 2.



Table 2: Whether recipients spent payments as part of their everyday spending, or on specific expenses (surveyed between January to March 2024)

	Means-tested	Disability	Pensioner
Specific expenses	30%	30%	31%
Mixture of specific expenses and everyday spending	24%	17%	10%
Everyday spending	46%	53%	59%
<i>Unweighted base</i>	2,373	651	828

## Meeting the increased cost of living

Those who had spent at least some of the payments on specific expenses were asked how they had spent it (Table 3). Across the three groups, most recipients had spent at least some of the money on energy and utility bills. (Only a small minority had spent the *whole* of their payment on energy and utility bills: 15% of DCoLP recipients, 11% of MTBCoLP recipients, and 16% of PCoLP recipients.) The other main uses of the payment were food and groceries, and other bills such as council tax, telephone, internet and TV bills. These are also the categories of expense that recipients were most likely to feel had become more difficult to afford over the last year. Overall, the findings indicate that the payments were used as intended: to help recipients meet the increased cost of living.

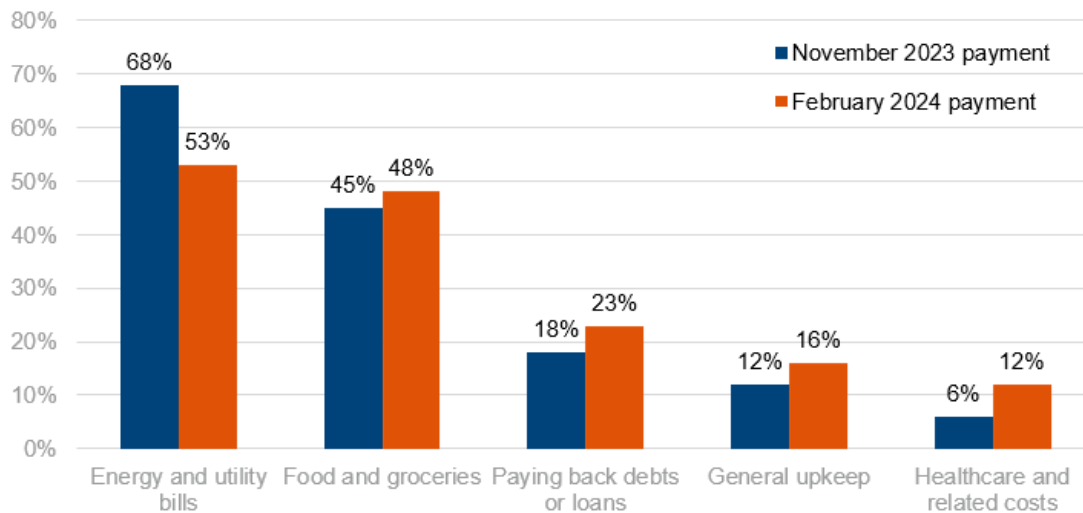
Table 3: Specific expenses that the November 2023 Cost of Living Payments were spent on (surveyed between January to March 2024)

	Means-tested	Disability	Pensioner
Energy and utility bills	68%	67%	83%
Food and groceries	45%	34%	13%
Other bills (e.g. Council Tax, internet)	28%	14%	10%
Transport costs	17%	17%	8%
Essential clothes and shoes	18%	14%	3%
Toiletries	17%	13%	3%
Paying back debts or loans	18%	5%	2%
Mortgage or rent	9%	2%	2%
General home upkeep (e.g. essential repairs)	11%	10%	8%
Healthcare and related costs	6%	11%	5%
Childcare and related costs	7%	4%	1%
Socialising, hobbies or going out	4%	5%	3%
Other	1%	3%	5%
<i>Base</i>	1,283	313	340

Slightly fewer MTBCoLP recipients spent at least some of their February 2024 payment on energy and utility bills compared to the November 2023 payment, although this remained the most common use of the payments (Figure 5). Instead, a slightly higher proportion of recipients spent at least some of their February 2024 payment on paying back debts and loans, general home upkeep, and health-care

related costs. These changes may reflect seasonal variations in energy needs and evolving financial priorities, as recipients perhaps redirected funds from reduced heating costs to address other pressing financial concerns.

*Figure 5: How MTBCoLP recipients who spent some, or all, of the payment on something specific, spent the different payments*



*Base: MTBCoLP recipients who spent some, or all, of the payment on something specific (1,280 for the November 2023 payment and 479 for the February 2024 payment).*

The qualitative interviews provide further insight into the ways in which the payments were used. This insight supports the survey finding: that the payments were used to help mitigate the increased cost of living. Participants generally described having spent the payments on essentials that had become more difficult to pay for over the last couple of years (energy and utility bills, food, petrol/diesel, TV license, Council Tax, water bill, etc). Even when the payment had gone into a general ‘pot’ with other income, participants explained that it had likely gone towards the cost of these ongoing expenses:

*“It’s the only account we’ve got. So ultimately, it went towards anything and everything. Some of it would have gone towards electricity, some would have gone towards the food, and some would have gone towards the oil heating.”*  
*Male MTBCoLP recipient, aged 45-54, with no dependants*

Less commonly, recipients described using the payments to help with special occasions. In particular, the October/November 2023 MTBCoLP arrived in time to help some recipients with Christmas spending. This could be a substantial expense for participants, and payments had helped buy presents or food. Recipients of the MTBCoLP payments described spending each instalment differently depending on the time of year when it was paid and their level of planning beforehand. Payments were also used towards birthdays and covering costs of clothing or entertainment for children's school holidays.

## Paying off debts

Around one in six (18%) MTBCoLP recipients used (at least some of) the October/November 2023 payment to pay off debts or loans. DCoLP and PCoLP recipients were much less likely to have used the payments in this way (5% and 2% respectively). This may be due both to the financial circumstances of the different groups, but also the relative sizes of the different payments. Slightly more MTBCoLP recipients used at least some of the February 2024 payment to pay back debts or loans (23%) compared with the November 2023 payment (18%).

In qualitative interviews, recipients highlighted that payments had helped them to temporarily clear their overdraft (or avoid using it in a particular month), pay back loans from family and friends, or clear small debts with energy companies.

### Case Study

John worked in hospitality and lived in a social rented property with his partner and children. His partner was unable to work as they couldn't afford childcare, and he had taken out loans and credit cards to help cover the increasing living costs. He described how he spent part of the MTBCoLP payments on these debts, but that the extra money made little difference to his overall debt situation:

*"[I]t literally just went towards paying some of the debt down and our credit cards...it helps a little bit, but then you're back to square one."*

## Health-related expenses

As discussed above, a majority of CoLP recipients were disabled, and one in ten (10%) DCoLP recipients were parents receiving child DLA on behalf of a disabled child. Many of these recipients had additional health-related expenses, and some had found it increasingly difficult to afford these over the last year. Amongst DCoLP and MTBCoLP recipients who had additional health-related expenses, almost half spent at least some of the payment on these expenses (47% and 46% respectively).

In qualitative interviews, recipients described spending the payments on adapted equipment for their home, mobility aids, travel to and from medical appointments, and alternative or additional therapies or pain relief (such as counselling, or a TENS machine for relieving pain).

However, recipients also explained that most of their health needs were covered by the NHS or existing disability benefits. Disabled recipients were no less likely than other recipients to have spent their payments on energy and utility bills, food and groceries, nor other essentials. In some cases, disabled recipients had a reason to spend *more* on these essentials than others: for example, to spend more on heating to help manage pain or mobility issues or to buy either better quality or particular food to help with their health.

It should also be noted that when recipients spoke about spending payments on health-related expenses, they primarily did so in relation to the MTBCoLP or PCoLP, rather than the DCoLP.

## Expenses with longer-term benefits

In the qualitative interviews, among those who had set the payment aside for something specific were those who described using it for one-off and unexpected expenses. These purchases usually produced some longer-term benefit, in that they continued to be used to improve recipients' quality of life to some extent, after the payment itself had been spent. As well as the health-related equipment described above, these included repairs to household appliances, new furniture, a new carpet and clothing (such as new winter coat or a new school uniform). There were examples of recipients using the payments to stock up on frozen or non-perishable foods, leading to greater financial resilience for a longer period of time as their regular income could stretch further. However, using the payment in these ways was relatively uncommon.

## How quickly the payments were spent

In general, the payments were spent quickly by the DCoLP and MTBCoLP recipients. Within both groups, over half of recipients had spent the payments within three weeks, and many spent the payments within a week: 29% of MTBCoLP recipients, and 35% of DCoLP recipients (Table 4). At the time of the first survey, PCoLP recipients had received their payment relatively recently. In general, they tended not to spend the payments as quickly as the other groups.

*Table 4: How quickly each of the Cost of Living Payments was spent (surveyed between January to March 2024)*

	<b>Means-tested</b>	<b>Disability</b>	<b>Pensioner</b>
Less than a week	29%	35%	11%
1-2 weeks	19%	21%	10%
2-3 weeks	14%	12%	8%
3-4 weeks	12%	12%	13%
More than a month	13%	12%	28%
Not spent it all by time of survey	13%	8%	30%
<i>Unweighted bases</i>	<i>2364</i>	<i>639</i>	<i>850</i>

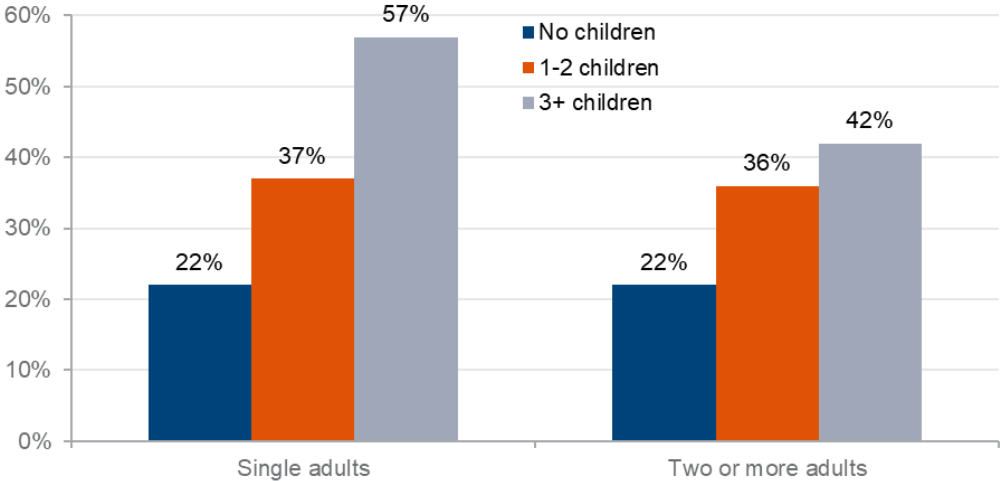
As discussed above, a segmentation analysis was used to group MTBCoLP recipients based on the extent to which they had struggled with the increased cost of living, from Group A who struggled the least, to Group C who struggled the most. MTBCoLP recipients in Group C used their October/November 2023 payments much more quickly than those in Groups A and B: 46% of those in Group C spent the October/November 2023 payment in less than a week, compared to 22% of Group B and 17% of Group A.

MTBCoLP recipients spent the February 2024 payment slightly quicker than the October/November 2023 payment, with 56% using the payment within two weeks compared to 44%.

In qualitative interviews, recipients reported that payments generally lasted no longer than the month in which they were received. For those who had set the payment aside for something specific, the payments lasted longer, depending on the intended use. Participants described the payment as a “safety net” that they could save or put aside for unexpected expenses (such as appliances breaking). But even those who intended to save the money for future use often spent it within a few weeks. These participants explained that unanticipated costs arose, which meant they had to spend the money more quickly than planned.

As discussed above, recipients living in households with children had generally experienced worse effects from the increase in the cost of living over the past year and were much more likely to have borrowed money to keep up with their outgoings. Consistent with this, recipients with children generally spent the payments much more quickly than those without. For example, just under half (43%) of single parents spent their November 2023 MTBCoLP within a week, compared to just over a quarter (28%) of single adults without children who received a MTBCoLP (Figure 6). Similarly, 43% of parents who received child DLA on behalf of a disabled child, and who therefore received a DCoLP, used that payment within a week.

*Figure 6: Proportion of MTBCoLP recipients who spent the November 2023 payment within a week, by parental status and household size (surveyed between January to March 2024)*



*Base: All MTBCoLP recipients who had spent all of their CoLP (2059)*

Although parents generally described having additional expenses, most did not spend the payments on childcare nor other costs such as school equipment. Instead, they spent the payments in broadly the same way as other recipients. The findings show that parents spent the payments on energy and utility bills, and other essentials, but were generally in a worse financial position, and the payments were therefore used more quickly.

## Lump sum payments vs. smaller payments

The DCoLP and PCoLP were single payments, whereas the MTBCoLP was split into three separate payments across 2023/24. Recipients were asked whether they preferred receiving the payments as lump sums in this way, or whether they would have preferred receiving multiple smaller payments. Most recipients preferred receiving their payment as a single lump sum. For example, among MTBCoLP recipients, 71% preferred receiving their payment as a single lump sum, and very few (5%) would have preferred receiving several smaller payments, while 24% had no preference. Participants were not asked whether they would have preferred an equivalent increase in regular benefit payments.

In qualitative interviews, recipients explained that a small amount extra each month risked more permanent adjustments in spending, based on a misunderstanding that their benefits had increased. This would have led to a greater financial shock when the payments ended. Participants were also more likely to notice a lump sum going into their account and therefore set it aside or spend it on something specific. Other participants would have preferred an even larger one-off payment (for example, receiving all three MTBCoLP payments together). They felt a larger payment would have been more impactful in helping them avoid getting into debt.

# Perceived impact of the payments

This chapter explores the perceived impacts that recipients experienced as a result of the payments. It first considers whether the payments helped recipients to meet increased living costs or to avoid taking on debt. It then addresses wider perceived impacts on their financial circumstances and physical, psychological and social wellbeing. It then discusses the impacts of the final February 2024 payment for MTBCoLP recipients.

## Key findings

- The payments had a direct impact on recipients' ability to meet the cost of living and were an effective way of helping those most in need to meet their most pressing expenses. Over 80% of recipients felt the payments helped them afford their energy and utility bills, and over 60% felt the payment helped them afford food and groceries. Almost two thirds (63%) of MTBCoLP recipients felt that the payment helped them to avoid borrowing money, as did 42% of DCoLP recipients. As a result of the payments, over half of recipients felt less stressed and more in control of their finances. Recipients described other positive impacts on their physical and social wellbeing. These included being able to better meet the costs of health-related expenses, put the heating on for longer, or spending more time with friends and family.
- Despite providing some relief for vulnerable groups, the payments were imperfectly targeted because they were not sensitive to the fact that some recipients had much higher essential outgoings than others. The payments were most helpful for those who were struggling with the cost of living, but who were not in serious financial difficulties. For those who were in serious financial difficulties, the payments were used up almost immediately and were perceived as too small to lead to any substantial change in personal circumstances. This group tended to include households with children, those with additional health-related costs and those in the private-rented sector.
- While the payments helped most MTBCoLP recipients to avoid taking on additional debt and had a notable short-term impact, these positive financial effects were typically temporary. By the end of the next month, recipients were facing the same financial challenges again.
- MTBCoLP recipients reported a less positive impact from the final payment in February 2024, compared to the October/November 2023 payment. This appears to be related to a worsening in recipients' financial circumstances over that period, and increased worry about the future after the payments had come to an end.

# Impact on ability to meet the cost of living

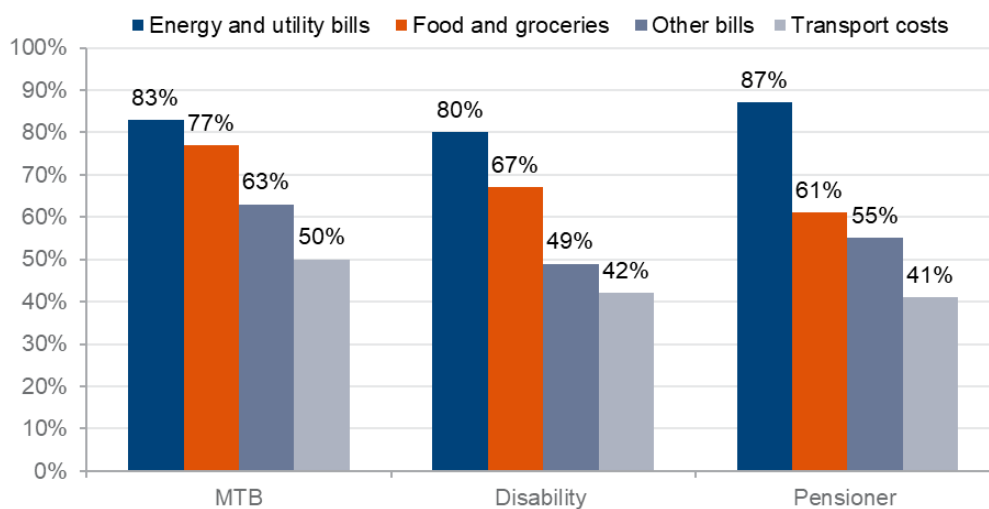
Both the survey and qualitative interview findings indicated that the payments had a direct impact on recipients' ability to meet the cost of living.

## Meeting daily expenses and avoiding new debts

CoLP recipients were asked to what extent the payments had helped with a range of regular expenses. Across all groups, between January and March, recipients felt that the CoLPs helped most with their ability to pay for energy and utility bills, followed by food and groceries (Figure 7).

A greater proportion of PCoLP recipients found the payments helpful with energy and utility bills than the other groups. MTBCoLP recipients, however, found the payments more helpful with food and groceries, other bills and transport costs than the other recipients.

Figure 7: Proportion of MTBCoLP, DCoLP and PCoLP recipients saying the payments had helped at least a little with energy and utility bills, food and groceries, other bills or transport costs (surveyed between January to March 2024)



Base: All CoLP recipients who remembered receiving the CoLP (2,428 of MTBCoLP recipients, 686 of DCoLP recipients, 949 of PCoLP recipients)

Despite the survey findings, in qualitative interviews, those who had received only the disability payment described its impact as minimal. They felt that £150 was not enough to make a difference to the cost of living pressures they were facing:

*"It didn't really scratch the surface of what we have to pay. It just kind of disappeared in the bank account, really." Female DCoLP recipient, aged 18-34, with no dependants*

PCoLP recipients were much more likely to find the payments helpful for energy and utilities than for food and groceries (Figure 7). Qualitative interviews found that this is likely due to the perceived purpose of the payments. PCoLP recipients understood



that the payment was intended to help with heating bills, and so used it for this purpose.

In the absence of the payments, a substantial proportion of recipients reported needing to take on new debts. Almost two thirds (63%) of MTBCoLP recipients felt that the payment helped them to avoid borrowing, as did 42% of DCoLP recipients. PCoLP recipients were less likely to have taken on new debts in the absence of the payment; only 19% felt the payment helped them avoid borrowing.

MTBCoLP recipients who had struggled the most with the increased cost of living were the most likely to feel the payments helped them avoid borrowing money. Recipients in Group C, the group identified in the segmentation analysis as having struggled the most with the cost of living, were more likely to feel the payments helped them avoid borrowing money (75%) compared to 46% of recipients in Group A, the group identified as struggling the least with the cost of living.

However, among MTBCoLP recipients, those groups most vulnerable to the increased cost of living were generally the least likely to report that the payments helped “a lot” with their expenses. For example, looking at energy and utility bills, 42% of single parents felt the payments helped a lot, compared to 57% of single adults without children. MTBCoLPs, paid at the household rather than individual level, did not go as far for these families. In practice, the payments were absorbed by debts or only covered a small proportion of their regular outgoings.

### **Case Study**

Steve worked as a taxi driver, and lived in the North East with his wife and children. He regularly worked 12 hours per day, 7 days a week and said he and his family managed because he worked hard. Between food and clothing for his children, and fuel, insurance and maintenance costs for his vehicle, his outgoings were very high. Because of this, he felt the MTBCoLPs made little difference to his household:

*“It’s not too much money. It’s like a drop in the bucket. I have a lot of spending every month...when I see other people living a single life and living on their own, it has a good effect on them I think...but it didn’t really affect my life”.*

### **Duration of the impact on ability to meeting daily expenses**

In qualitative interviews, participants described the payments as “taking the pressure off”. However, they generally described the impact as short-lived and tending not to extend beyond the month in which the payment was received.

Regular outgoings quickly exceeded the value of the payments, meaning recipients were unable to save or invest the money in items or activities that would prolong their effect. Exceptions to this were where participants who had used the money to buy items that provided an ongoing financial benefit, such as buying frozen foods and other household goods in bulk, which reduced grocery bills for an extended period. In the follow-up survey MTBCoLP recipients were asked about their financial situation at the end of a typical month, and 47% were spending all their available funds each

month with nothing left over, and 42% were having to use savings or borrow money each month.

For those MTBCoLP recipients who used (at least some of) the payments to pay off debts (18%), this was generally not transformative. Very few (6%) said it had made their debt situation much better or had enabled them to completely pay off debts (7%). Instead, around half of these recipients (53%) felt their debt situation was a bit better as a result, and around a third (33%) said their debt situation was no better.

Participants described using the payments to pay off smaller debts, particularly to energy companies or family and friends. Others described being able to avoid going into their overdraft or avoiding credit card debt, as the payments meant they had “something left” at the end of the month:

*“It’s being able to not come completely to the end of my pay cheque by the end of the month, and maybe slightly carry some over.” Female MTB recipient, aged 18-34, with dependants*

However, this group typically reported being back in their overdraft or reliant on credit cards again the following month. In the follow-up qualitative interviews, participants explained that they were paying off existing debts or had accrued new debts since January.

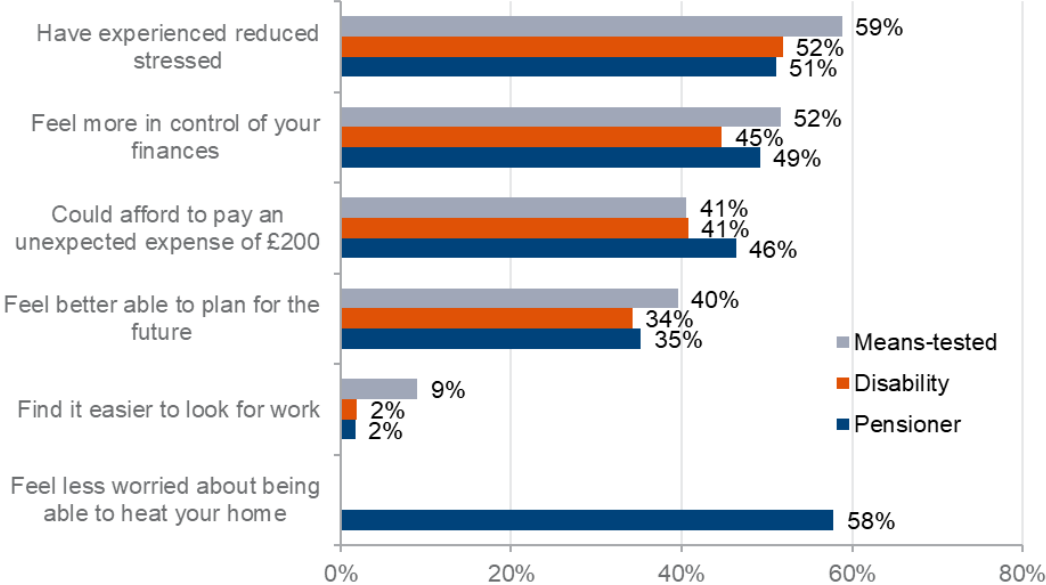
## Impact on financial resilience and wellbeing

The findings suggest that the payments had some perceived positive impacts on financial resilience and wellbeing.

**Note that survey questions about the impact of the payments on financial resilience, wellbeing, stress, and related outcomes, were only asked of CoLP recipients themselves, rather than appointees. 12% of respondents in the DCoLP sample were appointees, as were 6% in the MTBCoLP sample and 2% in the PCoLP sample.**

The greatest perceived impact was on immediate feelings of stress and worry. In the January-March survey, most recipients felt less stressed as a result of receiving the payments, and most PCoLP recipients felt less worried about being able to heat their home. Between a third and half of recipients felt more in control of their finances, that they could afford an unexpected expense of £200, or that they were better able to plan for their future. One in ten felt the payments made it easier for them to look for work. Figure 8 shows the proportion of recipients within each group who agreed that the payments had these impacts.

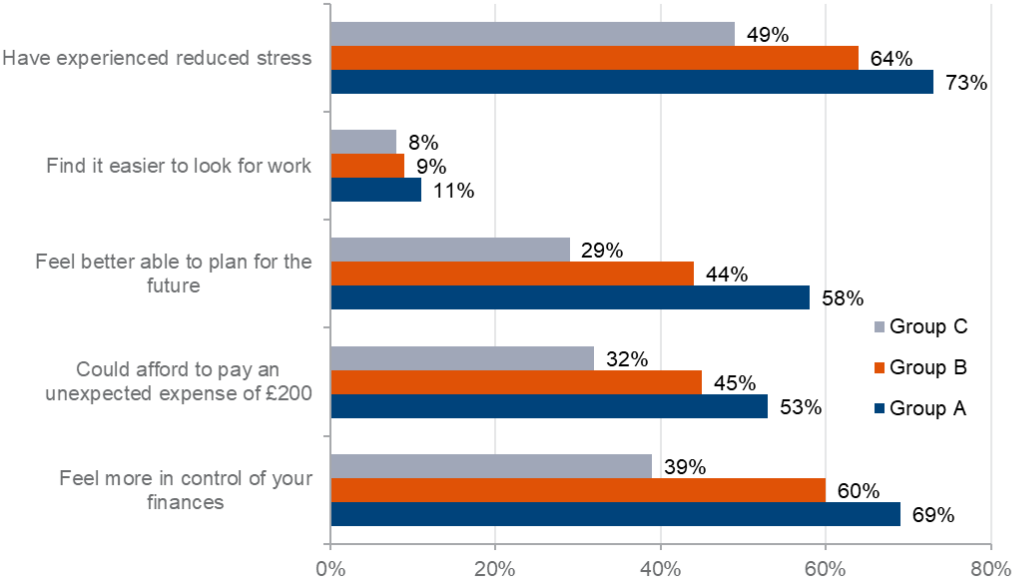
Figure 8: Proportion of recipients who agreed that their stress, worry, and financial resilience improved as a result of the payments (surveyed between January to March 2024)



Base: All CoLP recipients who did not have an appointee (2,452 of MTBCoLP recipients, 784 of DCoLP recipients, 993 of PCoLP recipients)

MTBCoLP recipients in Group C, those who were struggling the most with the increased cost of living, generally felt less of an impact from the payments than recipients in Group A (Figure 9). Compared to the other groups, they were less likely to feel the payments had reduced their stress, helped them plan for the future, afford unexpected expenses, or feel in control of their finances. The payments therefore succeeded in targeting support at the most vulnerable and helped them meet their most pressing expenses, insofar as all MTBCoLP recipients were on low incomes. However, the fact that the most vulnerable MTBCoLP recipient felt the least positive impact suggests that this is an inherent limitation of payments that are paid at a flat rate regardless of circumstances.

Figure 9: Proportion of MTBCoLP recipients who agreed that their stress, worry, and financial resilience improved as a result of the payments, by segmentation group (surveyed between January to March 2024)



Base: All MTBCoLP recipients (2,601)

## Financial resilience

The survey and qualitative interviews explored several aspects of recipients’ financial wellbeing: their feelings of control over their finances, ability to afford unexpected costs, ability to plan for the future (including looking for work) and, overall, how they were coping financially.

### Control of finances

Around half of CoLP recipients agreed the payments made them feel more in control of their finances: 52% of MTBCoLP recipients, 45% of DCoLP recipients and 49% of PCoLP recipients. Far fewer recipients in Group C (39%), recipients who struggled the most with the cost of living, felt that the payments made them feel more in control of their finances than those in Group A (69%). Furthermore, those living with children were less likely to say the payments had helped in this way than those without. For example, among MTBCoLP recipients, 60% of single adults without children felt more in control, but this fell to 42% of single parents

In qualitative interviews, although recipients generally felt positively about the payments, feelings of being more in control of finances did not last. They described the payments as a “life-raft” but were concerned about their longer-term financial resilience. These individuals stressed their need for ongoing financial support.

*“Things are still going to go up in price. I don’t know what I’ll do if you don’t get any more of them [CoLP payments].” Female DCoLP and MTBCoLP recipient, aged 45-54, with no dependants*

## **Affording unexpected expenses**

In the January-March survey, two fifths of MTBCoLP (41%) and DCoLP (41%) recipients agreed that the payments made it easier for them to afford an expected expense, as did 46% of PCoLP recipients. More vulnerable groups were less likely to feel the payments made it easier for them to afford an unexpected expense: 32% of recipients in Group C felt this, compared with more than half of those in Group A (53%).

Unsurprisingly, this was linked to whether recipients had already spent the payment: 53% of MTBCoLP recipients who still had some of the payment felt it had made an unexpected expense more affordable, compared to 39% of those who had spent it all. In the follow-up qualitative interviews, participants reported that they were able to set aside some of their regular benefits to cover the cost of unexpected expenses, as they used the cost of living payments towards their everyday spending.

## **Planning for the future**

Most recipients did not feel the payments made them better able to plan for the future: 40% of MTBCoLP recipients agreed the payments helped in this way, as did 34% of DCoLP recipients and 35% of PCoLP recipients from January to March.

Whether recipients felt this way was strongly related to their circumstances prior to the payment. MTBCoLP recipients in Group C were almost half as likely to feel the payments made them better able to plan for the future (29%) compared with recipients in Group A (58%). Similarly, among MTBCoLP recipients, single adults living with one or more children were less likely to agree the payments had a positive impact on their ability to plan (34%), compared to 46% of single adults with no dependants.

In qualitative interviews, recipients on low incomes were concerned about factoring the payments into everyday budgeting. They did not want to become dependent on the CoLPs given their uncertainty about whether the payments would continue. Participants were therefore continuing to make cutbacks as a result or putting off what they saw as non-essential spending (such as repairs to household appliances). Other participants were unable to progress against certain life milestones:

*“We can't afford to get married. We want to have children; we can't afford to do that. It's just basically having to live day to day.” Female DCoLP only recipient, aged 18-34, with no dependants*

Related to planning for the future, the payments generally did not make it easier for recipients to look for work. Among MTBCoLP recipients, around one in ten said the payments helped them in this way (9%), with most (62%) saying they did not need or want to look for work. The payments did seem to be more helpful for those without a disability, for example: MTBCoLP recipients without a disability were three times more likely than those with a disability to feel the payments had helped them look for work (16% and 5% respectively).

## **Coping financially**

All recipients (whether they remembered receiving the payments or not) were asked how well they were coping financially, from “not coping at all” to “managing very well”. Around a third (32%) of MTBCoLP recipients felt they were “not coping at all” or were finding it “very difficult to cope”, as did a fifth (20%) of DCoLP recipients.

PCoLP recipients were generally not struggling to the same extent: just 4% were finding it “very difficult to cope”, with no PCoLP recipients feeling they were “not coping at all” between January and March. These findings were consistent from May to June.

However, there was substantial disparity amongst PCoLP recipients, strongly related to housing tenure. A clear majority of PCoLP recipients who owned their own home (85%) said they were “managing fairly well” or “managing very well”, compared to 64% of those renting socially or privately. In qualitative interviews, pensioners who owned their own home, or who had private pensions or savings to fall back on, tended to explain that they did not need the payments to cover their basic costs. These individuals were not always aware that they had received the PCoLP and sometimes questioned why they had received the payments at all.

Households with low outgoings saw the payments as helpful but not essential for them to cope. These participants described themselves as living “frugally” or “simply”. They tended to be pensioners either living alone or in a couple, and those with health conditions which limited the activities they could take part in and ability to leave the house. As a result of their minimal spending, this group considered themselves to be “getting by” but often their standard of living was reduced.

## **Personal wellbeing**

As well as the direct impact on ability to meet expenses, participants experienced a number of indirect impacts depending on what they had spent the money on. These can be categorised as impact on psychological wellbeing, physical wellbeing, and social wellbeing and relationships.

### **Psychological wellbeing**

59% of MTBCoLP recipients agreed the payments had made them feel less stressed, as did 52% of DCoLP recipients and 51% of PCoLP recipients. However, this impact was felt slightly less strongly by the most vulnerable group: 49% of recipients in Group C felt less stressed, compared with 73% of recipients in group A. Similarly, just over half (55%) of MTBCoLP single parents felt less stressed, compared to almost two thirds (63%) of single adults with no children.

PCoLP recipients were asked about heating their homes. Almost three fifths (58%) felt the payments had made them less worried about this. The payments provided the most relief to pensioners with the lower incomes and those with disabilities.

In qualitative interviews, the immediate positive emotional effect of the payments was often the primary perceived impact. Recipients described being less worried about their ability to pay bills or meet unexpected costs in the short term. They described

the payments as providing “peace of mind”, “taking the pressure off”, and “giving them some freedom”. This included relief of paying off smaller debts:

*“There's nothing worse than money stress... With the ADHD, I really can fixate on things. ...I was able to write down on the calendar 'debt free', so when I started to get myself wound up... I was able to look on the calendar, and that chilled me out a bit.” Male MTBCoLP only recipient, aged 45-54, with no dependants*

Recipients also described more lasting positive emotions from one-off purchases that had been facilitated by the payments, such as home improvements. These helped participants to feel better about their circumstances and improved their day-to-day experiences.

### **Case Study**

Debbie was a single mother who lived with her parents and young child in the Midlands. She described struggling to stay out of her overdraft, despite cutting out treats and shopping around for lower-priced essentials. She spent part of the payments on a new school uniform for her daughter. This had a positive psychological impact on both her and her daughter:

*“I literally cried because she didn't have to have a third year in the same old tatty jumpers... that really meant so much to me.”*

In qualitative interviews, recipients also explained that the payments had helped them avoid ways of coping they saw as embarrassing or shameful. This was associated with how the payments had been paid. While other forms of support required individuals to apply and describe the ways in which they were struggling, participants appreciated that the CoLPs were paid to recipients automatically:

*“I didn't have the stress and the shame of [getting] something from the doctor to say that I was entitled to foodbank use or something. This was totally different because... it goes into your account, nobody knows about it...” Female DCoLP and MTBCoLP recipient, aged 45-54, with no dependants*

Others considered the payments to be an acknowledgement that living on benefits was difficult. They appreciated that this had been recognised:

*“I don't feel completely abandoned and like no one's taking any notice of the fact that I'm trying to live on benefits, and the benefits haven't increased, but the cost of living has.” Male MTB CoLP only recipient, aged 55-65, with no dependants*

However, in the follow up qualitative interviews in July and August, MTBCoLP recipients expressed worry about prices continuing to rise and whether they could meet their costs, without additional support, now that the payments had finished.

### **Physical wellbeing**

There were two main ways the payments helped with recipients' physical wellbeing: by helping recipients to afford health-related expenses; and by keeping homes warm.

In qualitative interviews, recipients with a disability or health condition explained the benefits they experienced from spending the money on their health-related expenses were short term in nature and ended when the payments ran out. However, in other instances recipients had used the payments towards equipment or therapies that they could continue to use or access after the payments themselves had been spent.

The payments also allowed participants to put their heating on more often. Of PCoLP recipients not in a care home, 41% said the payments helped them “a lot” to keep their home warm and a further 49% said it helped “a little”. Qualitative interview participants described being able to top up prepayment meters, with the credit lasting several weeks. Others, who paid by direct debit, were able to build up credit with their energy companies which then reduced their bills in following months.

For older people in particular, this was seen as key to their overall wellbeing. Almost all PCoLP recipients not living in care homes said keeping their homes warm was important for their physical (98%) and mental health (90%). The importance of a warm home for physical wellbeing was most strongly felt by disabled PCoLP recipients (80% said it was “very important” compared to 66% non-disabled). Older and disabled qualitative interview participants explained that putting the heat on more aided their mobility and pain management.

### **Social wellbeing and relationships**

Another group of participants described positive impacts for their social lives and relationships. As described in the previous chapter, these individuals had been able to use some of the money to meet up with or visit friends and family. Others described improved relationships from being able to pay back money owed or avoid borrowing from family members or friends.

Participants spoke about how they were able to buy products with the payments. Gaming products enabled participants to socialise and communicate with more people online. Parents expressed happiness at being able to treat their children for the first time in a long time, including for birthdays or Christmas.

## **Impacts of the final MTB payment**

There were differences in how MTBCoLP recipients spent the MTB payments over time. Alongside this, there were differences in their perceived impacts. The proportion of those who felt more in control of their finances fell from 52%, after receiving the October/November 2023 payment to 38% after receiving the February 2024 payment. The proportion who felt better able to plan for the future fell from 44% to 32%. And the proportion who felt less stressed fell from 59% to 46%.

### **Worsening financial circumstances**

The reduced perceived impact of the final MTBCoLP may be related to the continued worsening of recipients' financial situations. In the May-June follow-up survey, MTBCoLP recipients were asked whether they felt their financial situation had gotten better or worse since the January-March survey. About half (52%) felt it was about the same, but 30% felt it had gotten worse, compared to 18% who felt it had got



better. They were also asked about their financial situation at the end of a typical month. 47% were spending all their available funds each month with nothing left over, and 42% were having to use savings or borrow money each month.

The most vulnerable groups once again experienced the greatest worsening of their financial situations. 42% of Group C felt their financial situation had gotten worse, compared to 21% of Group B and just 10% of Group A.

### **Increased worry about the future**

Participants may also have reported less perceived benefit from the final payment because they were increasingly worried about the future.

In the follow up qualitative interviews, MTBCoLP recipients expressed stress about prices continuing to rise and whether they could meet their costs now that the payments had finished. Recipients were generally worried about the upcoming winter months and how they would cope without the payments.

*“Because people get used to having that money coming in and then when that money suddenly stops, you're left to pick up the pieces and you're struggling.”  
Male MTBCoLP recipient, aged 45-54, with no dependants*

# Appendix A

## Quantitative research

### Overall survey design

The design of both the Wave 1 and Wave 2 questionnaire was underpinned by the Theory of Change (TOC) (see Figure 10).

Recipients were given the option to complete both surveys online or via telephone. A mixed-mode approach is more accessible for those who may not be confident using the internet or may not answer calls from an unknown number.

Only recipients who remembered receiving the payment answered questions relating to how the CoLPs were spent and their perceived impacts on the recipient's financial and personal situation.

### Wave 1 questionnaire

The Wave 1 questionnaire were split into the following sections:

1. Awareness of receiving CoLPs
2. Contextual questions such as household composition and employment status
3. Circumstances prior to receiving CoLPs
4. If and how the CoLP was spent
5. Perceived impacts on financial and personal situation
6. Secondary payment
7. Financial security and personal wellbeing
8. Awareness of other sources of support
9. Socio-demographics

MTBCoLP recipients were asked about the October/November 2023 payment, DCoLP recipients were asked about the April 2023 payment, and PCoLP recipients were asked about the top-up to the 2023 Winter Fuel Payment. Recipients who received more than one CoLP were asked further awareness and usage questions on a secondary payment, which was randomly selected if a recipient received all three payments. There were three different types of respondents: recipients, appointees, and parents/carers receiving CoLP on behalf of their disabled child. The wording of questions varied depending on who was answering the questionnaire. For example, when a respondent was a parent/carer of a child with a disability they were asked about their child's disability rather than their own.

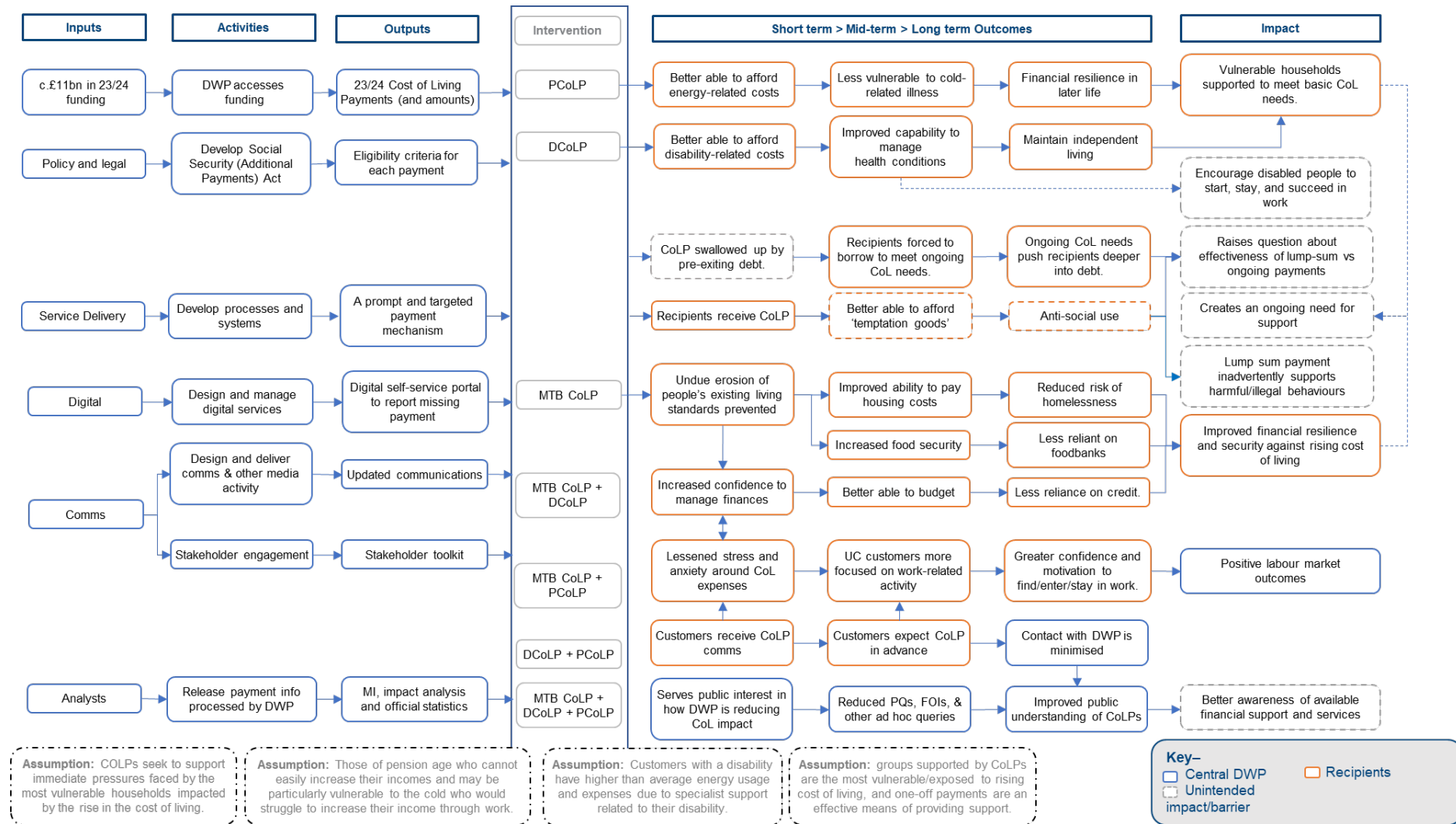
## **Wave 2 questionnaire**

The Wave 2 questionnaire was split into the following sections:

1. How the previous CoLP was spent
2. Contextual questions
3. Circumstances over the last few months
4. Awareness of the final MTB Payment
5. How the final MTB CoLP was spent
6. Impact of the CoLP on financial and personal situation
7. Financial security/personal wellbeing
8. Sources of support and impacts

The questionnaire explored whether there were any longer-term impacts of the 2023 top-up for PCoLP recipients. Only MTBCoLP recipients were asked questions relating to an additional payment as they were the only group to receive an additional payment in February 2024. DCoLP recipients did not take part in the Wave 2 survey. As in Wave 1, the question wording was varied depending on which type of respondent was answering the question.

Figure 10: Theory of Change



## Sample, response and weighting for Wave 1

The Wave 1 sample was split into three different groups: means-tested (MTBCoLP), disability (DCoLP), and pensioners (PCoLP). For each group, a random sample was drawn by DWP. The samples were then stratified by country, region of the UK, eligibility for the CoLP, and the benefits the recipient claimed.

The target number of completed interviews was 5000 overall:

- 1000 - Disability group
- 3000 - MTB group
- 1000 - Pensioner group

Table 5 shows the sample and response rate for all three groups. All three samples included recipients with appointees who manage their benefits on their behalf.

*Table 5: Wave 1 survey sample and response rate*

	<b>Disability</b>	<b>MTB</b>	<b>Pensioners</b>	<b>Total</b>
Advance letters sent	3,333	10,000	5,833	19,166
Total completes	881	2,608	1,022	4,511
Basic response rate	26.4%	26.1%	17.5%	23.5%
Total appointees in sample	374	466	130	970
Appointee completes	105	146	20	271
Appointee basic response rate	28%	31%	15%	28%

An initial sample of 3,333 pensioners received advance letters at the start of fieldwork. Due to a lower than expected response rate from this initial sample, an additional 2,500 advance letters were sent to pensioners from a reserve sample mid-way through fieldwork. When telephone interviewers contacted pensioners, many had not received their invitation letter, and were suspicious about the call, assuming that it may be a scam. It is likely that the postal address records for pensioners were less accurate than for the other groups.

Weights were applied to the responses. The weights adjusted for any non-response bias between the survey and those invited to take part in Wave 1, making the sample more representative of those in receipt of benefits (the CoLP population).

## Sample, response and weighting for Wave 2

The Wave 2 sample was split into two different groups: means tested (MTBCoLP) and pensioners (PCoLP).

The sample was made up of recipients who had taken part in the first survey and who had agreed to be recontacted for follow up research.

The target number of completed interviews was 2,135, based on a target response rate of 75% (i.e. an attrition rate between waves of 25%):

- 1576 – MTB group
- 559 – Pensioner group

Table 6 shows the sample and response rate for both groups. Both samples include recipients with appointees who manage their benefits on their behalf.

*Table 6: Wave 2 survey sample and response rate*

	<b>MTB</b>	<b>Pensioners</b>	<b>Total</b>
Advance letters sent	2,101	745	2,846
Total completes	912	536	1,448
Basic response rate	43.3%	71.9%	50.8%
Total appointees in sample	108	15	123
Appointee completes	39	11	50
Appointee basic response rate	36%	73%	41%

Weights were applied to the responses. The main weights adjusted for for non-response bias between both Wave 2 and Wave 1, and between Wave 1 and those invited to take part in Wave 1.

## Fieldwork

Fieldwork for both waves was staggered. For Wave 1, the PCoLP group started and ended two weeks later than the MTBCoLP and DCoLP groups. For Wave 2, the PCoLP group fieldwork started and ended 3 weeks later than the MTBCoLP group. Table 7 and 8 respectively shows when the advance letters were posted to invite the sample to complete the survey online, the opt-out period, when telephone fieldwork started, and when fieldwork ended for Wave 1 and Wave 2. During telephone fieldwork, those who had not yet completed the survey were encouraged to complete the survey online or asked if they would like to complete it over the phone.

Table 7: Wave 1 survey fieldwork timeline

Sample type	Advance letter sent	Opt-out period	Telephone fieldwork start date	Fieldwork end date
DCoLP	05/01/24	06/01/24 - 11/01/24	12/01/24	07/03/24
MTBCoLP	05/01/24	06/01/24 - 11/01/24	12/01/24	07/03/24
PCoLP	15/01/24	18/01/24 - 22/01/24	23/01/24	21/03/24

Table 8: Wave 2 survey fieldwork timeline

Sample type	Advance letter sent	Opt-out period	Telephone fieldwork start date	Fieldwork end date
MTBCoLP	03/05/24	04/05/24 – 12/05/24	13/05/24	31/05/24
PCoLP	12/04/24	13/04/24 – 21/04/24	22/04/24	10/05/24

To improve response rates at both waves, reminders were sent via text and email to those who had not yet completed the survey. These were sent every two weeks within the fieldwork period so that one individual could receive three in total.

Fieldwork for the MTBCoLP group at Wave 2 was stopped early due to the announcement of the 2024 general election. After 22<sup>nd</sup> May 2024, there was no further engagement with recipients about taking part in the survey. The survey officially closed on the 31<sup>st</sup> of May 2024, following the completion of remaining prebooked telephone appointments.

All participants who completed the Wave 1 survey received a £5 incentive and participants who completed the Wave 2 survey received a further £10 incentive. These were emailed or posted to participants in the form of a Love2Shop voucher.

## Analysis

Cross sectional analysis was the same for Wave 1 and Wave 2. The results between different subgroups were compared. Only differences that were found to be statistically significant at the 95% level were reported on. The variables explored included age, gender, ethnicity, household composition, housing tenure, whether they had a pre-payment meter and whether they lived in absolute poverty. The groups identified by the segmentation analysis (Group A, B, and C), described in more detail below, were also explored.

The Wave 1 and Wave 2 data were appended to enable comparisons between the two surveys and assess any change over time. This involved comparisons of results from questions that were repeated in Wave 1 and Wave 2. Again, only differences that were found to be statistically significant were reported on.

An inductive and deductive approach was used within the analysis: we approached the data with specific hypotheses in mind (derived from the ToC), and tested these hypotheses, but we also allowed new and interesting patterns to emerge from the data.

## **Segmentation analysis**

The aim of the analysis was to segment the MTBCoLP recipient population according to how they experienced the increased cost of living. The hypothesis explored was whether recipients who experienced the increased cost of living differently then went on to spend the payments differently, or find the payments more or less useful.

Groupings in the data were explored using a machine learning clustering algorithm, known as k-medoids. These methods are suitable for exploratory segmentation analysis. K-Medoids is a clustering algorithm that groups survey respondents based on minimising the sum of dissimilarities in their responses.

Following descriptive analysis of the distribution of responses in the data and exploratory principal component analysis (PCA), three data grouping methods were identified. The final grouping was chosen for the following reasons:

- Close alignment with qualitative strand results, which identified similar groupings
- Provided a clear, compelling way to group experiences and explain varying levels of cost of living struggles among different groups
- The demographic profiles of the three groups align well with the descriptive analysis conducted following the Wave 1 survey fieldwork.

The selected grouping is based on changes experienced in the last twelve months. For this grouping, responses to the following questions were considered:

- A: Over the last 12 months, did you do any of the following things to increase your income or your ability to pay for things?
- B: In general, how has your ability to afford the following things changed over the last year?
- C: [Query regarding changes in ability to afford medical expenses] Over the last 12 months, how has your ability to afford these additional expenses changed?

Questions A and B both included several different items. A total of 32 responses were provided for questions A, B and C, which were all considered in the analysis. To create a meaningful grouping, consideration was given to both whether a respondent paid for the items covered by questions B and C, and if so, whether the respondent found that affording these items had become (i) easier or unchanged, (ii) somewhat more difficult or (iii) a lot more difficult.



# Qualitative research

## Sample composition

The target and achieved sample composition are outlined below. Table 9 shows the overall sample composition for all CoLP recipients. Additional quotas were set for MTBCoLP recipients which are shown in Table 10. In total, 90 interviews were conducted at Wave 1. In the table below, not all figures for achieved interviews within criteria add to 90 as participants declined to respond to the corresponding survey question in some instances.

*Table 9: Overall depth interview sample*

Criteria		Minimum quota	Achieved
<b>Payment combination</b>	MTBCoLP only	30	28
	MTBCoLP and DCoLP	22	20
	PCoLP and MTBCoLP	8	7
	DCoLP, MTBCoLP and PCoLP	8	8
	DCoLP and PCoLP	8	8
	DCoLP only	11	11
	PCoLP only	8	8
<b>Gender</b>	Male	40	44
	Female	40	46
<b>Household income</b>	Low	35	37
	Mid	30	30
	Highest	10	12
<b>Tenure</b>	Owner occupied – with mortgage	10	9
	Owner occupied – owned outright	10	15

	Private rental	25	20
	Social rental	25	39
	Other	5	6
<b>Region</b>	North East & North West	8	20
	Yorkshire and the Humber	8	8
	Midlands	8	14
	South East & East of England	8	17
	London	8	10
	South West	4	6
	Scotland	8	12
	Wales	4	3
<b>Total</b>		<b>95</b>	<b>90</b>

Table 10: MTBCoLP sample composition

<b>Criteria</b>		<b>Minimum Quota</b>	<b>Achieved</b>
<b>Qualifying benefit</b>	Universal Credit	20	30
	Income related Employment and Support Allowance	8	9
	Pension Credit	8	8
<b>Household size</b>	Small (1 – 2)	15	30
	Medium (3 – 4)	10	11
	Large (5 and over)	5	5
<b>Dependants</b>	Yes	15	17

	No	15	30
<b>Employment status</b>	Working	15	15
	Not working	15	32

Wave 2 interviews were conducted with recipients of the MTBCoLP payments. They may have also received the DCoLP and PCoLP payments in addition to this. Information on this sample is provided in Table 11.

*Table 11: Wave 2 interviews sample composition*

<b>Criteria</b>		<b>Minimum quota</b>	<b>Achieved</b>
<b>Gender</b>	Male	8	10
	Female	8	10
<b>Age</b>	18 to 34		3
	35 to 44		4
	45 to 54		4
	55 to 64		4
	65 to 74		2
	75 to 84		1
	85 and over		1
<b>Dependants</b>	Yes	6	8
	No		12
<b>Employment status</b>	Working	6	7
	Not working		13
<b>Reported experience of debt in Wave 1</b>	Yes	6	9
	No		11
<b>CoLP/s received</b>	MTBCoLP only	8	10
	MTBCoLP and DCoLP	5	5

	MTBCoLP and PCoLP		3
	MTBCoLP, DCoLP and PCoLP		2
<b>Total</b>		<b>20</b>	<b>20</b>

## Topic guide

The topic guide was developed in collaboration between NatCen and DWP. The topic guide was used flexibly with all research participants and was structured around the following themes:

- **Participants' wider circumstances:** Home-life, family and wider networks, health and disability, personal and household finances, including other means of financial support, context before the payment(s), experience of the increase in cost of living prior to the payment(s) and effect on the participant and their household.
- **Effectiveness of delivery:** Awareness of the payment(s) before receipt, views of communications e.g. letters (using letters as stimulus). Views on how and when the payments were made. Problems with delivery and how resolved, and what went well.
- **Uses and approach:** What the money was used for. For those receiving multiple payments, how uses of payments compare. Whether and how recipients planned for the payment(s), how they decided to spend it, to what extent it was integrated with other income streams, how long the payment lasted. If participants do not remember receiving the payment(s) we will explore how they would use a similar such payment.
- **Impacts:** How effectively payments eased cost of living pressures, immediately after receiving payment(s) and presently. What would have happened without the payments. Impact on health and wellbeing. Whether and how wider circumstances (e.g. family life) changed and whether and how this was linked to the payment. Effects on any work/ job search behaviour or benefit claims.
- **Preferences:** How payment(s) compare with other means of support e.g. Household Support Fund (HSF) and uprating. Views of lumpsum payments compared to other means of support. What could have improved the way the payments were administered and communicated.

The Wave 2 interviews were structured around the following themes:

- **Change in participants' living circumstances:** Any changes in living arrangements, employment and/or health conditions since the last payment.
- **How the final MTB payment was spent:** What the money was used for at a high level, whether and how recipients planned for the payment(s), how they decided to

spend it, to what extent it was integrated with other income streams, how long the payment lasted.

- **Changes in decision making:** Changes in everyday spending/budgeting, cutting back on spending, accessing financial support.
- **Ongoing benefits from the cost of living payments:** To what extent payments eased cost of living pressures and are having an ongoing impact.

## Data management and analysis

The Framework approach, developed by NatCen (Ritchie et al., 2013), was used to manage the transcribed qualitative data. The analytical framework was developed on the basis of key topics and issues emerging from the research objectives and data. A series of matrices were set-up, each relating to a different thematic issue. The columns in each matrix represented key sub-themes or topics and the rows represented individual interviewees. Data from each interview was then summarised into the appropriate cell, so that the data were ordered systematically and grounded in participants' accounts. The Framework method is embedded in NVivo 12 software which enabled the summarised data to be linked to the verbatim transcripts.

Thematic analysis was conducted on the managed data. This was primarily descriptive in nature and involved examining the dataset to draw out all of the themes emerging on each topic or issue relevant to the Theory of Change. Interpretative analysis was then carried out to seek explanations to higher levels of abstraction. This involved identifying similarities and differences to refine categories and classifications, seeking explanations for emergent thematic patterns and findings by interrogating the data and comparing subgroups. The analysis sought to explore whether CoLPs affected certain groups more profoundly than others.

## Ethics

The evaluation was subject to review by NatCen's own in-house Research Ethics Committee which is fully compliant with GSRU and ESRC Research Ethics Frameworks. The proposed methodology was scrutinised by the Committee to ensure any ethical sensitivities that could arise were identified and planned for.

Recipients took part on the basis of fully informed consent. They were provided with clear and accessible information about the research beforehand and assured of the voluntary nature of participation. Participants were also assured that their anonymity was protected during all stages of the project and that they would participate confidentially, subject to disclosure of harm policies. After taking part, they were provided with signposting information of where to seek guidance across various areas (including, employment, housing or benefits related).