

Cost of Living Support – impact on HBAI FYE 2023 low-income statistics

Published 21st March 2024

Revised 27th March 2025

Introduction

During FYE 2023, the UK Government announced and implemented additional support to families with [several cost of living support schemes](#), depending on people's circumstances.

This support is included in the Households Below Average Income (HBAI) estimates of household income for FYE 2023, with receipt of payments imputed based on respondent characteristics. This publication explores the impact of removing the imputation of these payments on the estimates of individuals in low income households published in the [HBAI FYE 2023 Accredited Official Statistics](#).

The analysis will look at the payments' impact on the overall population as well as children, working-age adults, pensioners, and individuals in families where someone has a disability. It looks at how many were brought below the income-based poverty thresholds (absolute and relative poverty both before and after housing costs) as well as the impact on the poverty rates for each group.

Methodology

Most of the schemes were introduced at pace, in a timeframe which made it difficult to adapt the FRS questionnaire to capture them. As each support scheme came with clear eligibility guidelines, receipt of the payments was imputed based on respondent characteristics.

These were:

A [Cost of Living Payment](#) for households on a qualifying low-income benefit or tax credits. A payment of £650 was paid in 2 lump sums of

£326 and £324 to households already in receipt of the eligible benefits. This payment was made on top of any benefit payments received by the claimants.

A [Disability Cost of Living Payment](#) for households on a qualifying disability benefit. A lump sum payment of £150 was paid to those already in receipt of the eligible benefits. To be eligible for the payment, households must have received a payment (or later receive a payment) of one of these qualifying benefits before 25 May 2022.

A [Pensioner Cost of Living Payment](#) for households entitled to a Winter Fuel Payment for winter 2022 to 2023. Up to £300 was paid with eligible households' normal payments from November 2022. This is in addition to any other Cost of Living Payment received.

An [Energy Bills Support Scheme](#) grant of £400 to help with rising energy costs. The payment was received by customers between October 2022 and March 2023 either as a monthly credit on bills, applied directly to the meter or paid as a voucher. Households in Northern Ireland were not eligible for this scheme, but equivalent support of £600 per household was provided.

Households in receipt of the Guarantee Credit element of Pension Credit or were on a low income and have high energy costs also received a one-off discount on their energy bill under the [Warm Home Discount scheme](#). The rebate increased from £140 to £150 and was discounted automatically from bills. A further £200 was available in Wales for those in receipt of qualifying benefits (through the Wales Fuel Support Scheme).

A £150 non-repayable rebate for households in England in council tax bands A to D, known as the [Council Tax Rebate](#). This was in response to the rising cost of household bills in 2022 to 2023.

Further details on the methodology used to impute receipt are in the [FRS Background Information and Methodology](#) document.

Removing the imputation has the effect of reducing household incomes of those in receipt of these payments, as well as reducing the median household income. This analysis assumes no behavioural changes because of the loss of this additional income such as seeking additional income from alternative sources.

Main findings

Table 1 shows the impact of removing the imputed cost of living support on the number and rate of the overall population in low income using the four main income-based poverty measures from HBAI (absolute and relative poverty both before (BHC) and after housing costs (AHC)).

1.4 million more people would have been in absolute poverty after housing costs in FYE 2023, a 2 percentage point increase, without the additional cost of living support provided.

Table 1: Overall		FYE 2022	FYE 2023	FYE 2023 No CoL Support	CoL Support Impact
Relative BHC	Number (millions)	11.0	11.4	12.0	-0.6
	Rate	17%	17%	18%	-1%
Relative AHC	Number (millions)	14.4	14.3	15.1	-0.8
	Rate	22%	21%	23%	-1%
Absolute BHC	Number (millions)	8.9	9.5	10.7	-1.2
	Rate	13%	14%	16%	-2%
Absolute AHC	Number (millions)	11.4	11.9	13.3	-1.4
	Rate	17%	18%	20%	-2%

Table 2 shows the impact of removing the imputed cost of living support on the number and rate of children in low income using the various income-based poverty measures.

An additional 300,000 children would have been in absolute poverty after housing costs in FYE 2023, a 2 percentage point increase, without the additional support provided.

Table 2: Children		FYE 2022	FYE 2023	FYE 2023 No CoL Support	CoL Support Impact
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Relative BHC	Number (millions)	2.9	3.2	3.3	-0.1
	Rate	20%	22%	23%	-1%
Relative AHC	Number (millions)	4.2	4.3	4.5	-0.2
	Rate	29%	30%	31%	-1%
Absolute BHC	Number (millions)	2.2	2.6	3.0	-0.3
	Rate	16%	18%	20%	-2%
Absolute AHC	Number (millions)	3.3	3.6	3.9	-0.3
	Rate	23%	25%	27%	-2%

Table 3 shows the impact of removing the cost of living support on the number and rate of working age adults in low income using the various income-based poverty measures.

An additional 600,000 working age adults would have been in absolute poverty after housing costs in FYE 2023, a 2 percentage point increase, without the additional support provided.

Table 3: Working Age		FYE 2022	FYE 2023	FYE 2023 No CoL Support	CoL Support Impact
Relative BHC	Number (millions)	6.0	6.0	6.3	-0.3
	Rate	15%	15%	15%	-1%
Relative AHC	Number (millions)	8.1	8.1	8.4	-0.3
	Rate	20%	20%	21%	-1%
Absolute BHC	Number (millions)	5.0	5.1	5.6	-0.6
	Rate	12%	12%	14%	-1%
Absolute AHC	Number (millions)	6.6	6.9	7.5	-0.6
	Rate	16%	17%	19%	-2%

Table 4 shows the impact of removing the cost of living support on the number and rate of pensioners in low income using the various income-based poverty measures.

An additional 400,000 pensioners would have been in absolute poverty after housing costs in FYE 2023, a 4 percentage point increase, without the additional support provided.

Table 4: Pensioners		FYE 2022	FYE 2023	FYE 2023 No CoL Support	CoL Support Impact
Relative BHC	Number (millions)	2.1	2.2	2.4	-0.2
	Rate	18%	18%	20%	-2%
Relative AHC	Number (millions)	2.1	1.9	2.2	-0.3
	Rate	18%	16%	18%	-3%
Absolute BHC	Number (millions)	1.7	1.8	2.1	-0.3
	Rate	14%	15%	18%	-3%
Absolute AHC	Number (millions)	1.4	1.4	1.8	-0.4
	Rate	12%	12%	15%	-4%

Table 5 shows the impact of removing the cost of living support on the number and rate of people in low income in families where someone is disabled using the various income-based poverty measures.

An additional 800,000 people in families where someone is disabled would have been in absolute poverty after housing costs in FYE 2023, a 3 percentage point increase, without the additional support provided.

Table 5: Disability in the family		FYE 2022	FYE 2023	FYE 2023 No CoL Support	CoL Support Impact
Relative BHC	Number (millions)	5.0	5.0	5.3	-0.4
	Rate	20%	19%	21%	-1%
Relative AHC	Number (millions)	6.6	6.2	6.6	-0.4
	Rate	27%	24%	26%	-2%
Absolute BHC	Number (millions)	3.9	4.0	4.6	-0.7
	Rate	16%	16%	18%	-3%
Absolute AHC	Number (millions)	5.2	5.0	5.8	-0.8

Rate	21%	20%	23%	-3%
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Overall, the cost living support provided by the government had a larger impact on pensioners and disabled individuals' poverty rates, partially reflecting the additional support directed towards these groups with the disability and pensioner Cost of Living Payments. Pensioner payments were also more universal by being linked to Winter Fuel Payments.

Pensioners may have also benefitted more than other groups from the other support as well due to generally living in smaller households meaning the same amount of money goes further due to household income equalization accounting for differences in household sizes.

Statement of compliance with the Code of Practice for Statistics

The [Code of Practice for Statistics \(the Code\)](#) is built around 3 main concepts, or pillars:

- trustworthiness – is about having confidence in the people and organisations that publish statistics
- quality – is about using data and methods that produce statistics
- value – is about publishing statistics that support society's needs

The following explains how we have applied the pillars of the Code in a proportionate way.

Trustworthiness

The figures were created following internal DWP interest in understanding the impact of these cost of living support schemes on household incomes and individuals in low income. They are being published to give equal access to all those with an interest in them.

Quality

The Households Below Average Income (HBAI) report presents information on living standards in the United Kingdom and is the foremost source for data and information about household income, and inequality in the UK. It provides annual estimates on the number and percentage of people living in low-income households.

The analysis presented in this publication is based on the HBAI data for FYE 2023.

Value

Releasing this information serves the public interest in how the government supported the public through the cost of living crisis in FYE 2023. The figures also help reduce the administrative burden of answering Parliamentary questions, Freedom of Information requests and other forms of ad hoc enquiry and serves public.

Further information and feedback

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Contact [DWP Press Office](#) if you have any questions or feedback.