

The cost-of-living budget: why it's time to focus more squarely on need



[Ruth Patrick](#), [Kitty Stewart](#), and [Rosalie Warnock](#) respond to Rishi Sunak's cost-of-living statement and highlight its failure to address the fact that household needs differ depending on household size.

On 26 May, Chancellor Rishi Sunak stood before the dispatch box and delivered his third and most significant budgetary response to the current cost-of-living crisis. As he announced the measures, [he pledged](#): 'We need to make sure that for those whom the struggle is too hard...and for whom the risks are too great...they are supported...We will make sure the most vulnerable and the least well off get the support they need at this time of difficulty'.

Sunak went on to unveil a costly package that included both universal support with energy costs and targeted help for those judged to be 'most vulnerable': the disabled, the elderly and those in receipt of means-tested benefits. Eight million households in receipt of means-tested benefits will now receive two lump-sum payments, totalling £650, with additional £150 payments for low-income pensioner households and those in receipt of disability benefits. Every household in the UK will also receive £400 towards their autumn energy bill costs.

This represents a large and expensive intervention, with the overall package estimated at £15 billion. Early analysis has rightly praised the Chancellor's willingness to finally target support where it is most needed, which is itself a sign perhaps that he is listening – at last – to the multitude of voices pointing to the extent of the hardship faced by so many. There has also been praise for a rare positive statement about social security from a Conservative Chancellor, with his speech including acknowledgement of the many reasons why people might claim social security during their lives. Those of us critical of the Benefit Cap (which remained in place throughout the pandemic) were especially pleased to see that those currently capped will also receive this help (something which did not happen with the £20 increase to Universal Credit during the pandemic).

But there is much to critique too in this budgetary response, with big flaws in a reliance on a sticking plaster approach – what the Chancellor describes as 'temporary, targeted, and timely' interventions. The temporary nature of the support, which the Chancellor describes as a positive, is experienced as creating a permanent climate of insecurity and anxiety, which leaves affected families unable to plan for the future and constantly worrying instead about the future. With families increasingly getting into debt to pay for essential household items (including food and rent), families simply have no capacity to plan or mitigate for the next unmanageable financial pressure.

What is also problematic, and what has been highlighted in some of the responses to the budget, is the flat-rate payment, which shows a refusal to acknowledge how household need differs (and can differ drastically) depending on household size. This means that a low-income single person household will receive exactly the same support as a five-person household, with the latter facing extraordinary pressures at a time of fastly rising prices. We saw a reliance on similar flat-rate payments in the response to COVID-19, and particularly in the temporary £20 increase to Universal Credit. Such payments take no account of the greater needs and expenses of families with children, suggesting a reluctance by the state to effectively tackle child poverty.

It is also reflective of a broader refusal to adequately support larger families, a refusal which was baked in by policies introduced under David Cameron and George Osborne, and now continued under Boris Johnson. Most notable here are the two-child limit and the benefit cap, which are the subject of our ongoing major research programme, funded by the Nuffield Foundation.

[Our research](#) shows the harm that these policies are doing – affecting children's wellbeing, daily lived experiences and opportunities, as well as parental mental health. The policies sever the link in the social security system between need and entitlement, forcing families to survive on levels of support that are acknowledged to be inadequate. This link is further undermined by these most recent budgetary changes, with larger families again unable to get the help they so urgently need. They will instead have to make the support provided stretch, an arguably impossible task that will inevitably see parental stress and anxiety rise.

Only this month, as part of our ongoing research, we have been interviewing parents affected by the two-child limit and benefit cap, with parents documenting just how tough life is for families at the sharp end of the cost-of-living crisis. Parents like Rachel who told us how much more difficult life had become due to the rising costs:

I'm poorer. I really am. So the cost of living has gone up...We've had to cancel our direct debit with our energy company because they wanted nearly 500 quid a month and I'm like where am I meant to get that from? So yeah, things have dramatically spiralled since October.

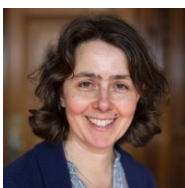
The support the Chancellor announced is welcome. But he needs to be bolder in recognising that the cost of living goes up by most when you have more than one mouth to feed. For too long, there has been an unwillingness to place household needs at the centre of our social security system. With the cost of living continuing its rapid escalation, this needs to change, and fast.

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