

Cost of living crisis: Low income families with children set to be £1,683 worse off this winter

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How we created these forecasts

The October 2022 and January 2023 Forecasts capture the monthly impact of the rise in inflation and energy price cap on low income household energy bills, essential costs, and take home income.

Electricity and gas costs were uprated to reflect the price cap rise from £1,971 to [£3,549](#) in October and from £3,549 to [£5,387](#) in January 2023. To account for differences in household energy consumption, energy costs were equivalised based on household size and characteristics. These weightings are based on the [OECD Equivalisation Disposable income scale](#).

Expected household costs, (including food, transport, health, personal costs, leisure and miscellaneous household costs) were uprated to reflect the 13.3% [forecasted rise in inflation in October 2022](#) and to reflect the [15% forecasted rise in inflation in January 2023](#).

These costs are based on national averages for the third income decile from the ONS Family Spending Workbook. The third income decile is used as it most accurately reflects the households in the data. For the January forecast, rents were [uprated by 3.1%](#) from the values in the raw data taken from Jul 2022. This is to reflect expected rent increases in Q1 2023.

Household income is calculated as the amount of income the main benefit claimant and partner makes including any means-tested benefits. This does not include discretionary funds, like grants from the Household Support Fund, or Discretionary Housing Payments. The £400 energy rebate announced in May 2022 was included as an additional £66.67 in income per month for each household. This splits the £400 rebate over six months.