

# How has Rishi Sunak dealt with the Cost of Living Crisis?

*By Karsten Kam*

Rishi Sunak, the UK's current Prime Minister and former Chancellor of the Exchequer, has faced a daunting challenge since taking office in February 2020: the cost of living crisis. The COVID-19 pandemic has had a profound impact on the UK economy, with millions of people losing their jobs and businesses struggling to survive. The cost of living crisis is a major concern for many households, and Sunak has been working on mitigating its damage to get the country back on the road towards economic growth. Measures that have been taken include:

1. Job Retention Scheme: One of Sunak's first major moves as Chancellor was to launch the furlough scheme. It was designed to support employees who were temporarily unable to work due to the pandemic by having the government pay 80% of an employee's salary up to a maximum of £2,500 per month for a period of three months. The scheme was later extended several times and finally ended in September 2021, having been praised for helping to prevent mass unemployment and softening the blow of the cost of living crisis.

2. Self-Employed Income Support Scheme: A support scheme for the self-employed, known as the Self-Employed Income Support Scheme (SEISS), was also introduced. It provides a taxable grant to self-employed individuals who have been impacted by the pandemic and covers a percentage of average monthly trading profits for a period of three months. This too has been widely welcomed, as it provided much-needed support for the self-employed, who have seen business stagnate ever since the COVID-19 pandemic hit.

3. Increase in Universal Credit: In addition, the Universal Credit standard allowance was increased by £20 per week for a period of 12 months and provided a significant boost for those who were struggling to make ends meet. This scheme directly tackled the cost of living by reducing the burden on peoples' already depleted finances thanks to COVID-19. The increase was later extended until October 2021, providing much-needed support for households during the pandemic.

4. Cost of Living Payments: It was announced in May 2022 that the government would be handing out cost of living payments to those most affected by the crisis. The package, worth more than £15 billion, includes payments of £650 to households on tested benefits, £300 to pensioners, £150 to those on disability benefits and an expansion of the Energy Bills Support Scheme (EBSS) to slash £400 off peoples' bills, which has been a large contributing factor to the cost of living crisis.

5. Pledge to Halve Inflation in 2023: Sunak's "five pledges" speech in January 2023 included a pledge to halve inflation, indicating his confidence that he can deal with the cost of living crisis. While most may raise their eyebrows at this ambitious claim, the Office for Budget Responsibility, traditionally seen as a very pessimistic organisation, has predicted inflation to fall significantly. While it has not been specified how, things do look like they are improving for the UK as energy bill prices have fallen and the post-COVID-19 price squeeze appears to be ending.

In conclusion, Rishi Sunak has been dealing with the cost of living crisis since his days as Chancellor of the Exchequer, as set out above. While he is a controversial figure in British politics, there is no doubt that he has been putting in work to deal with the crisis and as of right now, things do look like they will get better, but only time will tell.