

The biggest task for Rishi Sunak or Liz Truss as soon as they step foot in Number 10 is the cost of living crisis.

The gap between what people have, and what they need to earn for a decent standard of living is getting bigger. The energy crisis, Brexit, the pandemic, labour shortages and supply chain issues are all contributing to the soaring costs, and it doesn't seem like changing anytime soon.

Inflation has hit double digits, with experts predicting it will reach a staggering [18 per cent](#) early next year.

It's putting millions in crisis situations. "Millions more will face the threat of bills they simply cannot pay, homes they cannot heat and stomachs they cannot fill," says Katie Schmuecker, principal policy adviser for the anti-poverty Joseph Rowntree Foundation.

There's [relatively little the government can do to bring down the rate of inflation](#), says economist Jack Leslie at the Resolution Foundation.

"But there's a lot the government can do to protect those families worst affected."

We spoke to leading poverty campaigners, trade unions and economists to find out what the next PM should be doing to address the cost of living crisis. We've done the same for issues surrounding [housing](#), the environment and [levelling up](#).

## Slash energy bills to affordable levels

A typical household energy bill will soar above £3,500 in October, regulator Ofgem has announced. Campaign group [Enough is Enough](#) is urging the government to cancel the price hike and return to the significantly lower price cap in place before April. This would mean the cap would be restored to £1,277 a year.

[Don't Pay UK](#), another campaign group set up during the cost of living crisis, is calling for the cap to be lowered even further, to April 2021 levels. The cap then was £1,138. It also wants the government to end all enforcement of pre-payment metres.

Other options include a windfall tax. After much pressure from campaigners, the government introduced one in May. But environmental group Friends of the Earth has said ministers "must impose a much tougher [windfall tax](#) on massive oil and gas firm profits". The group has also claimed a "nationwide insulation programme would cut bills, reduce energy-use and slash climate-changing emissions".

Backed by the Big Issue, former prime minister [Gordon Brown](#) has called for an emergency budget as families are plunged into a "financial time-bomb" amid soaring energy bills. He said the government should negotiate lower prices with energy companies and any providers which cannot offer lower bills should be temporarily renationalised as a last resort.

## Increase the minimum wage

Boris Johnson pledged to create a “high-wage, high-skill, high-productivity economy”, but this dream was far from achieved during his time in office, with wages falling at the fastest rate in 40 years. His successor will have to decide whether to inherit this goal, or to let wages continue to nosedive.

The government's annual minimum wage increase in April 1 was a 6.6 per cent rise on the previous rate, but with this increase instantly out-paced by inflation, many are saying this wasn't enough and want it increased again urgently.

Different campaign groups are demanding different minimum wage levels - with Oxfam and the JRF calling for it to be increased in line with the 'real living wage' and the TUC calling for £15.

More and more workers are deciding to strike as their pay fails to keep up with inflation, so whatever happens the new PM is under huge pressure to address this.

And while the average Brit is getting poorer as wages fail to keep up with inflation, this is not the case for those at the top of the food chain.

[Chief executives are earning 39 per cent more than they were last year](#). Median pay of FTSE 100 CEOs rose to £3.41m in 2021, up from £2.46m, the High Pay Centre and the TUC found. It means bosses are now paid 109 times more than the median UK full-time worker.

## **Address runaway corporate profits**

Unions and the Enough is Enough campaign are calling for a wealth tax and higher taxes on corporate profits.

“Workers deserve a fair share of the wealth they create but right now, CEO pay is soaring while working people experience the biggest real wage fall in 20 years,” said TUC general secretary Frances O’Grady.

“We need stronger rules to rein in executive pay. This should include worker representatives on the committees that set top pay and elected seats for workers on company boards.

The Communication Workers Unions wants legislation to [introduce a maximum pay ratio of 20:1](#). By linking the wages of those at the top with those at the bottom of a company, this would incentivise bosses to increase the wages of those earning the least, to increase their own.

Campaigners are also calling for a reversal of the recent hike to National Insurance. Since April 6, workers and employers have been paying an extra 1.25p in National Insurance for every pound they earn. A policy implemented by her rival during his time as chancellor, Truss has vowed to reverse this decision immediately.

## **Announce another cost of living support package**

The most vulnerable families will face the [greatest costs](#) as [prices soar](#), while many more will experience poverty in the coming months, charities have warned.

Earlier this year the government announced a cost of living package, including a household support fund of £421million for struggling families and money off people's energy bills. But these measures are a drop in the ocean when viewed in the context of the scale of the crisis.

Truss has said she will cancel a planned rise in corporation tax, reverse the hike in national insurance and suspend green levies on energy bills.

Sunak has said he will offer another cost of living support package (although he is yet to announce just how much this would be), cut income tax and impose a temporary VAT cut on fuel bills.

Rebecca McDonald, of the JRF, said the

new prime minister should "immediately revisit the government's cost of living support". Experts at the foundation claim the government will need to [at least double its support](#) for low-income families and planning for a substantial support package needs to start immediately.

## Increase universal credit

Energy bills [could be more expensive](#) than the entire income of universal credit claimants from January. The energy price cap is expected to rise to £4,200 at the beginning of next year, according to forecasts from consultancy Cornwall Insight. By comparison, the standard allowance for a single person on universal credit is around £4,018 a year.

The JRF is also urging the government to increase basic universal credit entitlements so that, as a minimum, people can afford the essentials. The government removed the [£20-a-week universal credit uplift](#) in October. This meant a loss of more than £1,000 a year for benefits claimants. Gordon Brown, Enough is Enough and other campaigners have called for the government to reinstate the uplift as an emergency measure in the cost of living crisis.

McDonald added that another "simple thing the government can do now is to stop deducting debt repayments from benefits at unaffordable rates".

Sam Tims, of the New Economics Foundation, told [the Big Issue](#) in August the "next prime minister should align social security to the cost of living while scrapping the benefit cap, two child limit and deductions from universal credit".

## Expand free school meals

Poverty experts, campaigners and celebrities have also repeatedly urged the government to expand the [free school meals](#) scheme as millions of children face poverty. Analysis from the [Resolution Foundation](#) has projected a further 500,000 children will fall into poverty by April

2023. That's on top of nearly [4 million children](#) already living in poverty, according to the Child Poverty Action Group's most recent statistics.

Expanding the scheme could mean offering free school meals to all children of families on universal credit, as Marcus Rashford called for previously.

## **Double the household support fund**

More than 70 Labour councils have also called for the household support fund to be doubled again. As chancellor, Sunak introduced the £421million fund earlier this year for the people most in need during the cost of living crisis.

He doubled it in the spring, and the next PM is under pressure to do the same when the current pot runs dry at the end of this month.