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Mr Andrew Boff  
Chair of the London Assembly  
[AssemblyChair@london.gov.uk](mailto:AssemblyChair@london.gov.uk)

Our ref: MC2024/16832

3 April 2024

Dear Mr Boff,

Thank you for your letter of 27 February to the Secretary of State about the number of Londoners claiming Universal Credit. I am replying as the Minister for Employment.

The Government has consistently said that the best way to support people's living standards is through good work, better skills, and higher wages. Through Universal Credit, the Government has designed a modern benefit system that makes work pay and withdraws support at a steady rate as benefit recipients move into work, replacing the old legacy system which applied effective tax rates of over 90 per cent to lower earners in some cases.

Universal Credit is designed to make work pay, so not all of a person's net earnings are deducted. Benefit recipients with children and/or limited capability for work because of a health condition or disability will also benefit from a Work Allowance.

A Work Allowance is an amount of earnings a Universal Credit household can earn (including employed and self-employed earnings) before the single taper rate of 55 per cent is applied to their earnings and their Universal Credit begins to be reduced.

One of two Work Allowances apply and the rates from 8 April are:

- £404 per month for those also receiving support for housing costs; and,
- £673 per month for those not receiving support for housing costs.

The Government recognises that high childcare costs can affect parents' decisions to take up paid work or increase their working hours. This is why the changes to the Universal Credit childcare element announced in the Spring Budget 2023 now provide generous additional financial support to parents moving into work and/or increasing their working hours.

On 28 June 2023, the Government increased the generosity of the Universal Credit childcare costs 'caps' (maximum amounts) by 47 per cent. At the same time, we also started providing even more help with upfront childcare costs when parents move into work or increase their hours.

In London, 9 per cent of households receiving the childcare element received the maximum amounts in November 2023.

From April this year, the maximum Universal Credit childcare amounts increased further to over £1000 a month for a single child and over £1700 a month for families with two or more children.

These changes are part of a much wider package of reforms including a phased introduction of 30 hours of free childcare for almost all eligible working parents of children aged between nine months and three years. This will be rolled out in stages from April 2024.

The Government is committed to a sustainable, long-term approach to tackling poverty and supporting people on lower incomes.

We will spend around £290 billion through the welfare system in 2023/24. (This includes the whole of the UK, across all Departments, prices in 2023/24 terms.)

From April 2024, working age benefits will rise by 6.7 per cent, in line with inflation. The Basic and New State Pensions will be uprated by 8.5 per cent in line with earnings, as part of the 'triple lock'.

To further support low-income households with increasing rent costs, the Government will raise Local Housing Allowance rates to the 30<sup>th</sup> percentile of local market rents in April 2024. This will benefit 1.6 million low-income households by on average £800 a year in 2024/2025.

On 1 April 2024, the Government increased the National Living Wage (NLW) for workers aged 21 years and over by 9.8 per cent to £11.44 representing an increase of over £1,800 to the gross annual earnings of a full-time worker on the NLW.

The issues of low wages, insecure employment, and encouraging London employers to sign up to the London living wage come within the remit of the Department for Business and Trade. Affordable housing is a matter for the Department for Levelling Up, Housing and Communities, reducing NHS waiting

lists is a matter for Department of Health and Social Care, and home insulation is for the Department for Energy Security and Net Zero.

I hope this helps to explain the position.

A handwritten signature in black ink, reading "Jo Churchill". The signature is written in a cursive style with a long, sweeping underline.

**JO CHURCHILL MP  
MINISTER FOR EMPLOYMENT**