



Department  
for Work &  
Pensions

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Mr Andrew Boff  
Chair  
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Our ref: MC2022/11956

24 May 2022

Dear Mr Boff,

Thank you for your letter of 14 February to the Secretary of State about the Universal Credit uplift and the cost of living. I am replying as the Minister for Welfare Delivery. Your letter to the Prime Minister was forwarded to this Department and I hope you will accept this as a reply to that letter too. I apologise for the delay in replying.

Since the start of the pandemic, the Government's priority has been to protect lives and people's livelihoods. This includes continually supporting individuals and businesses. Universal Credit has provided a vital safety net for six million people during the pandemic, and we announced the temporary uplift as part of a COVID support package worth a total of £407 billion in 2020/21 and 2021/22. As part of the Spring Budget, the Chancellor announced that the temporary £20 a week increase in Universal Credit was to be extended for a further six months, until October. Eligible Working Tax Credit claimants received an equivalent one-off payment of £500.

The Government has always been clear that the £20 increase was a temporary measure to support households affected by the economic shock of Covid-19. As a result, Universal Credit Claimants Assessment Periods that ended on or after 6 October 2021 have not included the additional £20 per week.

This Government is committed to supporting those on low incomes. We will spend around £240 billion through the welfare system in 2021/22, including £110 billion on people of working age. We have also increased the National Living Wage to £9.50 an hour from 1 April, providing an extra £1,000 pay for a full-time worker.

The Government understands the pressures people are facing with the cost of living. These are global challenges, but the Government has taken action to support families, worth over £22 billion in 2022/23 to help. This includes the £9.1 billion energy bill rebate package, worth up to £350 each for around 28 million households. Domestic energy customers in Great Britain will receive a £200 reduction in energy bills this autumn, which will be paid back automatically over the next five years. Households liable for Council Tax in Bands A to D in England will also receive a £150 non-repayable Council Tax Rebate, and local authorities are receiving extra discretionary funding to help those who are in need but not eligible. This adds to other support we are providing to help with energy bills, including the Warm Home Discount, Cold Weather Payments and Winter Fuel Payments.

Alongside this, the cut to the Universal Credit taper rate and increases to the Universal Credit work allowances are putting on average an extra £1,000 a year into the pockets of two million low-income families. National Insurance starting thresholds will rise to £12,570 from July 2022, meaning 30 million hard-working people across the UK will keep more of what they earn before they start paying tax - a saving of over £330 a year for a typical employee. We are also cutting the main rates of fuel duty for petrol and diesel by 5 pence per litre until March 2023.

As announced in the Spring Statement, the Government is continuing to provide targeted cost of living support for households most in need. From April, the Government extended the Household Support Fund by providing an additional £500 million to help households with the cost of essentials, on top of what we have already provided since October 2021, bringing the total funding for this support to £1 billion. In England, £421 million will be provided to extend the existing Household Support Fund, whilst the devolved administrations will receive £79 million through the Barnett formula.

Other support for those on low incomes includes Healthy Start Food Vouchers, which have been increased in value to £4.25, helping eligible low-income households buy basic foods like milk, fruit and vitamins. In Scotland, similar support is provided through Best Start Foods. We are also investing over £200 million a year from 2022 to continue our Holiday Activities and Food programme which is already providing enriching activities and healthy meals to children in all English local authorities.

The Secretary of State undertakes an annual review of benefits and pensions, and the Consumer Prices Index in the year to September (published by the Office for National Statistics in October) is the latest figure that the Secretary of State can use to allow sufficient time for the required legislative and operational changes before new rates can be introduced at the start of the new financial year. All benefit uprating since April 1987 has been based on the increase in the relevant price inflation index in the 12 months to the previous September. Given the technical and legislative requirements and the interdependencies

across Government, there are no plans to review the uprating timetable and from April benefits and pensions will rise by 3.1 per cent.

VAT and the Warm Home Discount are matters for HM Treasury and the Department for Business, Energy and Industrial Strategy respectively. You may therefore wish to contact Ministers at those Departments to raise your concerns.

I trust this clarifies the Department's position on the matter.

Kind regards,

A handwritten signature in black ink, appearing to read 'David Rutley', with a horizontal line underneath.

**David Rutley MP**

**Minister for Welfare Delivery**