



## Department for Business, Energy & Industrial Strategy

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By email only c/o: [Anna.Sutton@london.gov.uk](mailto:Anna.Sutton@london.gov.uk)

Dear Mr Boff,

Thank you for your letter of 11 June 2021, to the Chancellor of the Exchequer, Rishi Sunak, bringing to my attention Motion 9 about Care Workers and London Living Wage agreed at the London Assembly (Plenary) meeting on 10 June 2021. Your letter has been passed to this Department. I am responding as many of the matters raised fall within my ministerial portfolio.

The Government is incredibly proud of all our health and social care staff and recognise their extraordinary commitment. The 1.5 million people who make up the paid social care workforce provide an invaluable service to the nation, especially during the COVID-19 pandemic. On 1 April 2021, the Government proceeded with an increase to the National Living Wage by 2.2% to £8.91, giving a full-time worker an annual pay rise of over £345.

The statutory minimum wage rates are set by the Government to protect vulnerable workers. The rates are based on recommendations from the Low Pay Commission who draw on economic, labour market and pay analysis, independent research and stakeholder evidence. The London Living Wage is a voluntary minimum rate of pay endorsed by the Living Wage Foundation. The key distinction between the Low Pay Commission rates and the London Living Wage is that the Low Pay Commission considers the impact on businesses and the economy. We commend employers who choose to pay their workers more than the statutory minimum.

We have set out an ambitious plan for the National Living Wage. The Government is committed to raising it to reach two-thirds of median earnings by 2024, provided economic conditions allow. However, it is important that increases are sustainable, evidence based and affordable for business, to help them cope with the impact of the coronavirus pandemic. Setting the minimum wage too high or increasing it too quickly may lead to higher unemployment and harm the very people the policy is intended to help. Furthermore, we believe that a single national rate is clear and simple for employers to understand: all workers must be paid the National Living Wage or National Minimum Wage. Introducing any regional rates would make the system more complex and increase the risk of non-compliance.

We are clear that anyone entitled to be paid the minimum wage should receive it. We have more than doubled the budget for minimum wage enforcement and compliance, which is now over £27 million annually, up from £13.2 million in 2015/16. The Government takes robust enforcement action where employers have failed to pay the minimum wage. Since 2015, we have returned more than £100 million to over 1 million workers who had been underpaid.

The Government is committed to delivering more effective enforcement of employment rights for vulnerable workers. We have recently published our response to the consultation on the

single enforcement body, which sets out the high-level powers, remit, and overall approach of the new body. We have committed to this body taking on HMRC's role in enforcing the National Minimum Wage, and the new body will have new powers to tackle non-compliance, with the introduction of civil penalties for breaches under the gangmasters licensing and employment agency standards regimes that result in wage arrears. The Government has a strong track record of increasing funding in recent years. A single enforcement body may allow resources to be used more effectively, to provide greater protection for vulnerable workers.

You also mention funding for adult social care in your letter. We are providing councils with access to over £1 billion of additional funding for social care in 2021-22. This includes £300 million of new grant funding for social care, on top of the £1 billion Social Care grant announced in 2019 which is being maintained in line with the manifesto commitment.

This Government recognises and values the vital contribution made by carers in supporting some of the most vulnerable in society, including pensioners and those with disabilities. The support that carers provide has been even more vital during the COVID19 pandemic when other support services may have been reduced or even closed, and where the caring role became even harder due to the need to self-isolate or shield the person they are caring for.

The primary purpose of the Carer's Allowance is to provide a measure of financial support and recognition for people who give up the opportunity of full-time employment in order to provide regular and substantial care for a severely disabled person. It is not, and was never intended to be, a payment for the services of caring, or intended to replace lost or forgone earnings in their entirety.

The level of Carer's Allowance is protected by uprating it each year in line with the Consumer Price Index (CPI). The purpose of uprating is to ensure that the value of benefits stays in line with the general level of prices. Carer's Allowance is increased each April in line with inflation as measured by the CPI for the previous September. Since 2010, the rate of Carer's Allowance has increased from £53.90 to £67.60 a week, providing an additional £700 a year for carers.

In addition to Carer's Allowance, carers on low incomes can claim income-related benefits, such as Universal Credit and Pension Credit. These benefits can be paid to carers at a higher rate than those without caring responsibilities through the carer element and the additional amount for carers respectively.

Carers on Universal Credit can receive around an additional £1,950 a year through the carer element. They may also benefit from the temporary £20 a week increase in the Universal Credit standard allowance. This Government has chosen to focus extra support on those carers who need it most. Between the existing carer-specific support, and the temporary COVID-19 uplift, around 315,000 carer households receiving Universal Credit have benefitted from up to an extra £2,990 this financial year.

I hope the information is helpful and clarifies the Government's position.

Yours sincerely



**PAUL SCULLY MP**

Minister for Small Business, Consumers & Labour Markets  
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