



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Andrew Boff AM
Chair of the London Assembly
City Hall
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15 September 2021

Dear Mr Boff,

Thank you for your letter of 9 September to the Chancellor of the Exchequer about Universal Credit (UC). I am replying as the Minister responsible for this policy area.

The Government has always been clear that the £20 per week increase to Universal Credit (UC) was a temporary measure to support households whose incomes and earnings were affected by the economic shock of COVID-19. Extending the uplift permanently would come at a very significant annual cost, equivalent in 2022-23 to adding 1p on the basic rate of income tax, in addition to a 3p increase in fuel duty.

The Government has focused this support on UC and Working Tax Credit claimants because they are more likely to have seen a fall in their income due to the sudden economic shock of COVID-19 than other legacy benefit claimants. In particular, working-age low income people who are newly unemployed must apply to UC by default.

The Government is committed to supporting low income families with the cost of living, including providing £670 million in 2021-22 for local authorities to support households struggling with their council tax bills, £140 million in 2021-22 for Discretionary Housing Payments, expanding the Holiday Activities and Food programme to all children in England, increasing Healthy Start vouchers, and establishing a 60-day breathing space period for those in problem debt.

Within the welfare system, the Government is maintaining the increase to Local Housing Allowance rates for UC and Housing Benefit in cash terms in 2021-22, an increase which was worth over an extra £600 on average in 2020-21 for more than 1.5 million households. The Government is also enabling UC claimants to keep more of their monthly awards by bringing forward to April 2021 a planned reduction in the deductions cap and an increase in the UC advances repayment period.

The Government is also maintaining its focus on helping people back into work. As part of our comprehensive Plan for Jobs, we announced the £2 billion Kickstart scheme which will create hundreds of thousands of new, fully subsidised jobs for young people, and the new three year Restart programme, which will provide intensive and tailored support to over one million unemployed UC claimants across England and Wales and help them find work.

The Budget built on this, with an additional £126 million for traineeships in England, an increase in the payments for employers who hire new apprentices between April and September 2021, and the £7 million flexi-job apprenticeships fund to enable apprentices to work across different employers, which was launched in August 2021. We also raised the National Living Wage in April, to ensure the lowest paid continue to receive pay rises.

Thank you for taking the trouble to make me aware of these concerns.

Yours sincerely,

A handwritten signature in black ink, reading 'Steve Barclay'. The signature is written in a cursive, flowing style with a horizontal line crossing through the middle of the letters.

RT HON STEVE BARCLAY MP