



Department
for Work &
Pensions

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Dr Onkar Sahota
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7 July 2022

Dear Dr Sahota,

Thank you for your letter of 14 June to the Secretary of State about the cost of living. I am replying as the Minister with responsibility for this policy area.

The Government is committed to sustainable, long-term approach to tackling poverty and supporting people on lower incomes. We will spend over £242 billion through the welfare system in 2022/23 including £108 billion on people of working age and over £134 billion on pensioners. Of the total amount, around £64 billion will be spent on supporting disabled people and people with health conditions in Great Britain.

With a record 1.3 million vacancies across the UK, our focus is on continuing to support people into and to progress in work. This approach is based on clear evidence about the importance of employment, particularly where it is full-time, in substantially reducing the risks of poverty. In 2020/21 there were 1.2 million fewer people in absolute poverty before housing costs than in 2009/10, including 200,000 fewer children. Since 2010, there are nearly 1 million fewer workless households (UK) and the number of children growing up in homes where no one works has fallen by nearly 540,000.

Since its launch, our multi-billion-pound Plan for Jobs has protected, supported and created jobs across the country and will continue to help people across the UK to find work and develop skills to progress their careers and increase their earnings. We have also given the lowest earners a pay rise by increasing the National Living Wage to £9.50 an hour, providing an extra £1,000 a year for a full-time worker.

However, the Government understands the pressures people are facing with the cost of living. These are global challenges and that is why the Government has announced over £15 billion in further support, targeted at those with greatest need. This package is in addition to the over £22 billion announced previously, with Government support for the cost of living now totalling over £37 billion this year.

The £37 billion package includes a £650 Cost of Living Payment to more than 8 million low-income families on means tested benefits. Pensioner households will receive a separate £300 payment, made through Winter Fuel Payment. People on qualifying disability benefits will receive the £150 disabilities Cost of Living Payment. All domestic electricity customers will also receive at least £400 off their bills in the autumn.

This package also includes the cut to the Universal Credit taper rate and uplift to the Work Allowances which are putting on average an extra £1,000 a year into the pockets of 1.7 million low-income families.

We are also 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 £1.5 billion. In England, the current Household Support Fund is already providing £421 million of support for the period 1 April to 30 September 2022. The devolved administrations will receive £79 million through the Barnett formula.

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