



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

Rt Hon Sir George Howarth MP
House of Commons
London
SW1A 0AA

14 December 2020

Dear Sir George,

Thank you for your email of 28 October to the Chancellor of the Exchequer enclosing correspondence from your constituents, about the £20 per week increase to the Universal Credit standard allowance and Working Tax Credit basic element. I am replying as the Minister responsible for public spending.

The £20 per week increase forms just one part of a wide ranging package of support the Government has provided to protect people's jobs and incomes, including income support schemes, mortgage holidays, and support for renters, a local authority hardship fund, and help with utilities. In addition, this package contains a temporary suspension of the Universal Credit minimum income floor, and an increase to the Local Housing Allowance rates for Housing Benefit and Universal Credit.

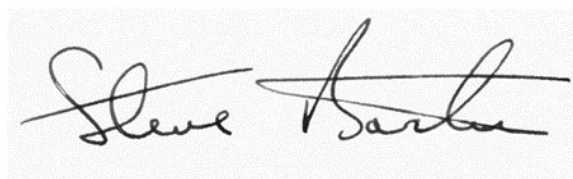
The Universal Credit and Working Tax Credit increase was specifically aimed at providing significant temporary support to low income families who have seen their income fall as a result of the immediate impact of the crisis. The Office for Budget Responsibility has estimated that this year alone the Government has spent an additional £7 billion on its overall package of welfare support. Making the £20 per week increase permanent would require a substantial ongoing increase in borrowing or tax rises, with 2020–21 spending on working–age benefits set to be the highest since records began as a share of national income.

The Government has focused on measures that can be introduced and operationalised quickly – the most straightforward way to increase benefits for claimants during this period was to temporarily increase the Universal Credit standard allowance and the Working Tax Credit basic element. In addition, Employment and Support Allowance, Jobseeker's Allowance, and Income Support were increased by 1.7 per cent in April 2020 as part of the annual uprating exercise.

Moving forward, the Government is focused on supporting people by helping them get into work, and is making up to £30 billion available through the Plan for Jobs. This includes launching the £2 billion Kickstart Scheme to create hundreds of thousands of fully subsidised jobs for young people, and investing £8.6 billion in infrastructure, decarbonisation and maintenance projects to create jobs.

Please pass on my thanks to your constituents for taking the trouble to make me aware of these concerns.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Steve Barclay', is centered on the page. The signature is written in a cursive style with a horizontal line through the middle of the letters.

RT HON STEVE BARCLAY MP