



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

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

24 February 2022

Dear Sir George,

Thank you for your email of 27 January to the Chancellor of the Exchequer enclosing correspondence from your constituent, about rising energy prices and the cost of living. I am replying as the Minister responsible for this policy area.

I am sorry to hear of the difficulties faced by your constituent, and households across the country. While I understand your constituent's call for a 'windfall tax' on the profits of oil and gas companies, the UK Government already places additional taxes on the extraction of oil and gas, with companies engaged in the production of oil and gas on the UK Continental Shelf subject to headline tax rates on their profits that are currently more than double those paid by other businesses. To date, the sector has paid more than £375 billion in production taxes.

These taxes are kept under review and any changes are considered and announced by the Chancellor.

However, the Government does recognise the pressures people are facing with the cost of living, and that is why we have taken steps to help. To support households with the rising costs of energy, we are providing significant financial support - up to £350 - to the majority of households. This funding represents around half the April rise in energy bills for the average household. This support, worth £9.1 billion in 2022-23, is composed of:

- a £200 rebate for households delivered via their energy bill this Autumn, paid back automatically over the next five years, spreading the increased costs of global prices over time in a way that is more manageable for households; and
- a £150 non-repayable cash rebate to 80 per cent of households to help with rising costs now, delivered as a payment from the Government to Local Authorities, for implementation from this April via a payment reduction in Council Tax bills for all households in Bands A-D.

The Government already has several other measures in place to support vulnerable households with the cost of energy, including the increasing Warm Home Discount, Winter Fuel Payments, and Cold Weather Payments. This is alongside introducing the £500 million Household Support Fund and giving working families on Universal Credit an average of £1,000 more per year.

To support households with the cost of living more broadly, we have also frozen fuel and alcohol duties to keep costs down, and increased the National Living Wage by 6.6% to £9.50 an hour for workers aged 23 and over in April 2022, which will benefit more than 2 million workers. Furthermore, we have reduced the Universal Credit taper rate from 63% to 55%, and increased Universal Credit work allowances by £500 p.a. to make work pay.

I would like to thank you and your constituent for taking the trouble to make us aware of these concerns. I hope the information provided is helpful.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Helen Whately', with a large, sweeping flourish at the end.

Helen Whately
EXCHEQUER SECRETARY TO THE TREASURY