



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

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

20th July 2023

Dear Sir George,

Thank you for your email of 13 July to the Chancellor of the Exchequer, enclosing correspondence from your constituent, about the cost of living. I am replying as the Minister responsible for public spending.

The Government recognises the challenges facing households due to elevated costs of living, so has taken action at Spring Budget 2023 to go further to protect struggling families. The Government extended energy support by keeping the Energy Price Guarantee (EPG) at £2,500 for three months from April, saving households an additional £160. This policy, alongside the £400 Energy Bills Support Scheme, saved a typical UK household around £1,500 since October 2022, around half of energy bills, compared to undiscounted energy prices under the price cap. The EPG will remain in place as a safety net until the end of March 2024 should energy prices increase above £3,000 per year.

This is in addition to the benefits uprating and support for vulnerable households announced at the Autumn Statement, which included new Cost of Living Payments in 2023-24, helping more than 8 million UK households on eligible means tested benefits, 8 million pensioner households and 6 million people across the UK on eligible disability benefits. The Government also announced at the Autumn Statement additional support to help with the cost of household essentials, such as supermarket and food bank vouchers, through the Household Support Fund in England.

Taken together, support to households to help with higher bills is worth £94 billion, or £3,300 per household on average, across 2022-23 and 2023-24 – one of the largest in Europe. High inflation erodes living standards for households, particularly impacting the most vulnerable in society. It is right, therefore, that the Government continues to focus on the Prime Minister's priority to halve inflation by the end of the year and will not hesitate in its resolve to support the Bank of England as it takes action to return inflation to the 2 per cent target.

has called for the minimum wage to be raised to £15 per hour. The Government remains committed to tackling low pay and, in line with its ambitious target, on 1 April 2023 the National Living Wage (NLW) increased by 9.7 per cent to £10.42 an hour for workers aged 23 and over. This represents an increase of over £1,600 to the annual earnings of a full-time worker on the NLW and is expected to benefit over 2

million low paid workers. Young people and apprentices on the National Minimum Wage have also seen a substantial boost to their wages.

has also suggested giving public sector workers a pay rise in line with inflation. On 13 July, the Government confirmed that it will be accepting the headline pay recommendations of the independent Pay Review Bodies (PRBs) in full for the 2023-24 pay round, rewarding our public sector workers for their hard work and dedication with a fair and reasonable pay settlement as recommended by the PRBs. In the process we have delivered one of the biggest pay increases in the last 30 years for teachers, police, prison officers, armed forces and medical workforces.

Government borrowing to pay for things, such as public sector pay, that boost demand in turn increase inflationary pressure. That is why these pay uplifts will not be funded through any new borrowing. We are providing a fair deal for public sector workers because it is the right thing to do, but it is funded by savings that have been found by making difficult decisions.

Please pass on my thanks to
concerns.

for taking the time to make me aware of

With very best regards

John

RT HON JOHN GLEN MP