



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

Councillor David Rouane
Leader of the Council
South Oxfordshire District Council
135 Eastern Avenue
Milton Park, Milton
Abingdon
OX14 4SB

24 October 2021

Dear Councillor Rouane,

Thank you for your letter of 18 October to the Chancellor of the Exchequer about Universal Credit. I am replying as the minister responsible for public spending.

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.

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.

In addition, the Government is providing a new £500m Household Support Fund to help vulnerable households with costs for essentials such as food, clothing and utilities over the Winter. Local Authorities have discretion on exactly how this funding is used within the scope set out in this guidance and the accompanying grant determination. The fund is ringfenced so that at least 50% of it will be spent on households with children.

The expectation is that it should primarily be used to support households in the most need with food, energy and water bills. It can also be used to support households with essential costs related to those items and with wider essential costs. In exceptional cases of genuine emergency it can additionally be used to support housing costs where existing housing support schemes do not meet this need.

In England, this funding will be made available to councils, who are best placed to direct help to those who need it most. The Barnett formula will apply in the usual way to additional funding in England. The devolved administrations will therefore receive up to £79m of the £500m.

The Fund adds to the support already in place to help low-income families with the cost of living including:

- £140 million in 2021-22 for Discretionary Housing Payments;
- £670 million in 2021-22 for local authorities to support households struggling with their council tax bills;
- Expanding the Holiday Activities and Food programme to all children in England; increasing the value of Healthy Start vouchers.

Local authorities may also use the Fund to support households with their energy bills over Winter. This adds to wider Government support with energy costs including the Warm Home Discount, Cold Weather Payments and the energy price cap.

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.

Spring Budget 2021 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 that reads "Simon Clarke". The signature is written in a cursive style with a long horizontal stroke underneath.

RT HON SIMON CLARKE MP