



HOUSE OF COMMONS

LONDON SW1A 0AA

22nd January 2021

Dear Conifer,

RE: UNIVERSAL CREDIT & WORKING TAX CREDIT UPLIFT.

Thank you for your recent correspondence in respect of the £20 per week uplift to Universal Credit (UC) and Working Tax Credit (WTC) and the Opposition Day debate which was held on Monday in the House of Commons, where this was debated. I have read your comments carefully and with interest.

As you know, back in March, Ministers temporarily increased the UC standard allowance and the WTC basic element by £20 a week - an increase that has boosted welfare spending by £6.1 billion. This was introduced by the Chancellor as a temporary measure to support those facing the most financial disruption as a result of the public health emergency.

But support through UC should not be seen in isolation. It is important to look at the comprehensive package of measures as a whole. The Chancellor has allocated £280 billion in fiscal stimulus to help weather this crisis and the measures have overwhelmingly supported the poorest families most, and reduced losses for working households by up to two thirds. The scale of Government support has been praised by many international observers, including the IMF, which has singled out the UK's performance as an example to follow.

The key elements of that support are as follows. The 'furlough' scheme has protected the jobs of almost ten million people, many of whom are on low-incomes, and over three million people have benefited from self-employment grants. In addition to the temporary uplift in welfare payments, we have also suspended the Universal Credit minimum income floor and increased the Local Housing Allowance rates for Housing Benefit and UC.

We have also supported those on low-incomes through other measures, including Council Tax relief through the £500 million hardship fund, and the £500 payments for people on low-incomes who have to self-isolate. Our 'COVID Winter Support Package' includes the £170 million COVID Winter Grants Scheme and a £220 million expansion of the Holiday Activities & Food Programme for disadvantaged children. These measures have provided financial support to millions of families and individuals.

Ultimately, the best way to raise living standards is to keep as many people in work as possible and to support their wages. That is why the Chancellor has focused on our pledge to end low pay by increasing the National Living Wage by 2.2% to £8.91 an hour. Indeed, he has gone further by protecting, creating and supporting employment through our £30 billion 'Plan for Jobs'. Measures including the 'furlough' scheme, along with a raft of other initiatives designed to get people into work have been put in place, whilst we have boosted JobCentre capacity, doubling the number of work coaches, and that sits alongside measures such as the new £2.9 billion 'Restart' programme to help over one million unemployed people back into work.

The Government has also introduced measures such as mortgage holidays, additional support for renters and has worked with energy suppliers to protect those struggling with energy bills - doing all we can to support those who need it most.



It is right, therefore, that we wait for more clarity on the national economic and social picture before assessing the best way to support low-income families moving forward. As I have set out, the temporary uplift to UC and WTC is just one of a range of measures which have been put in place to support jobs and livelihoods as part of the comprehensive £280 billion package.


As I understand the situation, the statutory annual review of benefits does not include the need for a decision on the £20 per week uplift to Universal Credit and Working Tax Credit. Under the existing arrangements, the uplift remains in place until the end of March. I am assured, however, that the Government will continue to assess how best to support low-income families in the economic and health context, and that decisions on the future of the uplift will be made later in 2021.

Meanwhile, I know my colleagues in the Department for Work & Pensions remain focused on supporting people by helping them get back into work through the Government's 'Plan for Jobs'. This includes launching the 'Kickstart' scheme, which is backed by a £2 billion fund to create hundreds of thousands of new, fully funded jobs for young people.

It is for these reasons that I abstained in the vote, not least as there is a Budget in early March, where this will no doubt be reviewed and an announcement made. I will, however, pass the specific concerns you have raised with me on to Ministers as they consider future policy and I have every confidence that they will make appropriate decisions in due course, as circumstances dictate - as they have throughout this pandemic.

By way of information, I would also just add that in my experience, including speaking to dedicated and hardworking JobCentre staff locally, as well as many of those in receipt of it, that Universal Credit has been administered swiftly and effectively during the pandemic and has been a lifeline for many. Surprisingly, the Labour Party want to scrap it altogether, yet offer no alternative plan. Indeed, the only MPs who voted against the UC motion on Monday were Labour MPs.

Once again, thank you for having taken the time to contact me and if I can ever be of any further assistance to you then please do not hesitate to contact me again,

With best wishes,


TOM PURSGLOVE MP
MEMBER OF PARLIAMENT
CORBY & EAST NORTHAMPTONSHIRE