Item 5

26th October 2023

Department for Work & Pensions

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Cllr Susan Aitken
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18 August 2023

Dear Councillor Aitken,

As you may know, your email of 28 June to the Prime Minister on behalf of Glasgow City Council about a recent report by the Trussell Trust concerning foodbank usage was forwarded to this Department. I am replying as the Minister for Social Mobility, Youth and Progression.

Thank you and your co-signatory, Councillor Richard Bell, for taking the time to write in raising this issue. I write to you with the latest update, and I hope that you will both find the following comments to be helpful.

I can confirm that we do not consider a Universal Basic Income to be the right approach for the UK. Our current welfare system promotes and incentivises work and provides targeted support to those in most need in a way that is affordable. It is designed to ensure that people who can, are able to secure and progress in work and for those who are unable to do so, it provides a vital safety net for our most vulnerable in society.

The Government recognises the pressures people are facing and has acted, providing total support of over £94 billion over 2022/23 and 2023/24 to help households and individuals with the rising cost of living. In April 2023 we uprated benefit rates and State Pensions by 10.1 per cent, as well as increasing benefit cap levels by the same amount.

Households on eligible means-tested benefits will get up to £900 in Cost of Living Payments, paid in three separate payments of £301, £300, and £299 across the 2023/24 financial year. The first payment of £301 will have been paid to the majority of those eligible between 25 April and 17 May. In addition, people on qualifying disability benefits will receive a separate Disability Cost of Living payment of £150 in June and pensioner households across the UK will receive an additional £300 Cost of Living Payment during Winter 2023/24.

However, the Cost of Living Payments are only one part of the wider support available.

With one of the biggest worries for families being energy bills, the Energy Price Guarantee will also remain in place as a safety net until the end of March 2024, should energy prices increase significantly during this period. Since energy bills support began in October 2022, the Government has covered around half of a typical household energy bill this past Winter, and by the end of June will have saved a typical household around £1,500.

The Government is providing an additional £1 billion of funding, including Barnett impact, to enable a further extension to the Household Support Fund in England over the 2023/24 financial year.

This is on top of what we have already provided since October 2021, bringing total funding to £2.5 billion. In England this is being delivered through an extension to the Household Support Fund backed by £842 million, running from 1 April 2023 to 31 March 2024.

The Household Support Fund operates in England only. The Devolved Administrations receive Barnett Formula funding as a result of this, as usual. As a result of the additional funding in England, the Welsh Government is receiving £50 million, the Scottish Government is receiving £81 million, and the Northern Ireland Executive are receiving £28 million.

The Government firmly believes claimants should be free to spend their benefit as they see fit, in line with their individual needs and preferences.

Universal Credit awards are formed of a Standard Allowance, paid according to age and family status, plus help with eligible housing costs, which can then be supplemented with additional elements for groups recognised as having additional needs, such as parents, disabled people, and carers.

The rates of benefit are not determined by individuals' living costs and so it is not possible to provide a breakdown of these amounts by reference to separate amounts for specific items of expenditure, such as the TV licence, gas, electricity, and food.

The Government does not consider it appropriate to introduce changes that would prioritise one particular area of household expenditure over the cost of other essential goods and services.

The Government is committed to a sustainable, long-term approach to tackling poverty and supporting people on lower incomes. In 2023/24 we will spend around £276 billion through the welfare system in Great Britain including £114 billion on people of working age and children.

The Government believe that the best route out of poverty, for those who can, is work.

To further support people in work, we are extending the support Jobcentres provide to people in work and on low incomes, to help them to progress and earn more. Through a staged roll-out, which started in April 2022, around 1.6 million low-paid benefit claimants will be eligible for support to progress into higher-paid work. We have also increased the National Living Wage by 9.7 per cent to £10.42 an hour from April 2023. This represents an increase of over £1,600 to the annual earnings of a full-time worker on the National Living Wage, benefiting over two million low-paid workers.

The Government recognises that high childcare costs can affect parents' decisions to take up paid work or increase their working hours, which is why the changes to the Universal Credit childcare element announced in the Spring Budget 2023 will provide generous additional financial support to parents moving into work and/or increasing their working hours.

The Department will address the issue of 'upfront' childcare costs by exempting any Flexible Support Fund (FSF) payment for upfront childcare costs made to childcare providers from the Universal Credit childcare cost calculation when parents move into work or significantly increase their working hours.

In practice, this means that the parent will be reimbursed for up to 85 per cent of that FSF payment, as if they had paid it themselves. This provides parents with a significant payment of childcare costs, upfront, to use for their next set of childcare costs, thereby easing Universal Credit claimants into the Universal Credit childcare costs payment cycle.

The Department will also increase the generosity of the Universal Credit childcare costs 'caps' (maximum amounts) - allowing parents to claim back over £300 more for one child or over £500 for two or more children of their childcare costs per month. This increase is roughly in line with the Consumer Price Index (CPI) since 2006 and will increase the caps from £646.35 for one child and £1,108.04 for two or more children to £950.92 and £1,630.15 respectively.

By September 2025, eligible working parents of children aged 9 months to when they start school will be able to get 30 hours of funded childcare in England.

Parents can check what childcare support best suits their individual circumstances through the very helpful Childcare Choices website at: www.childcarechoices.gov.uk.

The Childcare Choices website includes a childcare tool for parents to see what they may be entitled to and to compare all the Government's childcare offers.

Finally, the Department for Work and Pensions does not have any role in the operation of foodbanks. Foodbanks are independent, charitable organisations which bring people in local communities together to support one another and this is a great example of the generosity of spirit of communities across the country. We take the issue of food security seriously, which is why we added internationally used food security questions to the Family Resources Survey in 2019/20. These questions remain in the survey and will allow us to track food security over time. Building on the food insecurity data which this Government first published in 2019/20, we have published official estimates of foodbank use for the first time. The new statistics on foodbank usage will help the Government to understand more about the characteristics of people most in need and we will continue to work across Government to support the most vulnerable.

Mims Davies MP
Minister for Social Mobility, Youth and Progression