



HM Treasury

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Mr Benjamin Ward  
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16-20 Ely Place  
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Dear Mr Ward,

Thank you for your letter of 12 April on welfare reforms.

The Government is committed to building a welfare system that rewards work and is fair to taxpayers, while providing a safety net for those who need it. Government support for Universal Credit will be over £2.5bn higher in 2023-24 because of decisions taken since 2016 and it will be £2bn a year more generous than the system it replaces.

Since 2010, the Government has had to make tough decisions to bring public spending under control, including the benefits freeze and the introduction of the benefit cap for some out of work households. Between 1997 and 2010, the welfare budget rose by £84 billion, which in real terms is more than the Government's annual budget for schools in England. While making these necessary tough decisions, the Government remains committed to providing support for those who need it most, and the national benefits system will deliver over £200 billion in support this year.

The Treasury, along with other relevant departments, carefully considers the impact of its decisions on household incomes, and publishes distributional analysis of the impacts of tax, welfare and spending on public services reforms at every fiscal event. At the most recent Budget, this showed that the decisions taken by this Government have benefitted households across the income distribution, with the poorest households gaining the most as a percentage of net income.

The issues of food insecurity and foodbank use are complex and varied, as confirmed by reports from Oxford University and the Trussell Trust. The Government is working to address the root causes of this – not just the symptoms: getting people into work, making sure that work pays, and enabling people to keep more of what they earn.

The benefit cap was implemented to incentivise work, introduce greater fairness between those on out-of-work benefits and taxpayers in employment, and to incentivise behaviours that reduce long-term dependency on benefits, whilst ensuring there is a reasonable safety net for the most vulnerable.

As the Chancellor has recently made clear, we have no intention of repeating the current freeze. From April next year, we expect to resume increasing frozen benefits in line with CPI in the normal way.

The Government remains committed to tackling the root causes of low income and to meeting its obligations under international commitments. Thank you again for taking the time to set out your concerns.

Yours sincerely,



Charles Grainger  
Welfare Spending and Reform  
HM Treasury