



Subject:	Motion: Uplift on Universal Credit – Response from HM Treasury
Date:	19th February, 2021
Reporting Officer:	John Walsh, City Solicitor/Director of Legal and Civic Services
Contact Officer:	Jim Hanna, Senior Democratic Services Officer

Restricted Reports	
Is this report restricted?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
If Yes, when will the report become unrestricted?	
After Committee Decision	<input type="checkbox"/>
After Council Decision	<input type="checkbox"/>
Sometime in the future	<input type="checkbox"/>
Never	<input type="checkbox"/>

Call-in	
Is the decision eligible for Call-in?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

1.0	Purpose of Report/Summary of Main Issues
1.1	To consider a response from HM Treasury to a motion relating to Universal Credit, which was passed by the Council at its meeting on 7th January.
2.0	Recommendation
2.1	The Committee is requested to consider the response and to take such action thereon as may be determined.
3.0	Main Report
3.1	<p>At the Council meeting on 7th January, the following motion, which was proposed by Councillor Heading and seconded by Councillor Lyons, was passed:</p> <p>“This Council recognises the positive impact of the £20 uplift on Universal Credit implemented in April 2020.</p> <p>The Council also recognises that, since March 2020, the unemployment claimant count has doubled to at least 60,000 in Northern Ireland and with a recession expected in the Spring only to worsen the situation for many households. The Chancellor of the Exchequer has failed to provide certainty that the £20 uplift on UC will remain beyond March 2021 meaning many families are potentially facing a loss of £1,040 a year to</p>

their incomes overnight. Charity Action for Children has warned that more than one in 10 families in the north are already having to choose between paying bills and eating meals. The Council calls on the UK government to put a protective shield around struggling families by ensuring March's Budget makes clear that Universal Credit will not be cut by £20 a week in the spring. Finally, the Council agrees to write to the Chancellor of the Exchequer requesting they maintain the £20 uplift on Universal Credit in April 2021 and extending the £20 uplift to all legacy benefits.”

3.2 A response has since been received from HM Treasury, on behalf of the Chancellor of the Exchequer. A copy of the response is attached.

3.3 The response explains that the £20 per week in the Universal Credit standard allowance and Working Tax Credit basic element forms just one part of a wide-ranging package of support which the Government has provided to protect people's jobs and references also income support schemes, mortgage holidays, support for renters, a £500 million local authority hardship fund, £500 payments to help those on low income to self-isolate under NHS Test and Trace, a £170 million Covid Winter Grant Scheme and help with utility bills.

3.4 The response goes on to state that, in order to support families who rely on the safety net of the welfare system, the Minimum Income Floor for self-employed Universal Credit claimants has been suspended temporarily and the Local Housing Allowance Rates for Housing Benefit and Universal Credit has been increased to cover the bottom third of local rents. The Government is also spending £7.4 billion on its package of increased welfare support this year.

3.5 It is pointed out that the increase in Universal Credit and Working Tax Credit is aimed specifically at providing significant temporary support to low income families who may have seen their income fall as a result of the immediate impact of the Covid-19 crisis and is due to end in April, 2021.

3.6 It is pointed out also that the Government will, as it has done throughout the current crisis, continue to consider the most appropriate forms of support as the public health and economic situation develops. However, as an illustration, extending the £20 per week increase by a further twelve months would cost over £6 billion, which would be equivalent to adding 1p to the basic rate of income tax and increasing fuel duty by 3p.

3.7 The response concludes by confirming that the Government is, moving forward, focused on supporting people by helping them gain employment and is making up to £30 billion available through the Plan for Jobs initiative. This includes launching the £2 billion Kickstart Scheme to create hundreds of thousands of fully subsidised jobs for young people and investing £8.6 billion in infrastructure, decarbonisation and maintenance jobs to create jobs.

3.8	<u>Financial and Resource Implications</u> None associated with this report.
3.9	<u>Equality or Good Relations Implications/Rural Needs Assessment</u> None
4.0	Document Attached
	Response from HM Treasury