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Rt Hon Nicky Morgan MP
Chair, Treasury Select Committee
House of Commons
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September 2018

Government Response to Committee Report: *Household finances: income, saving and debt*

I would like to thank you and the Committee for your work producing this report on household finances, which remains a key focus for the government.

The government welcomes the improvement in households' financial positions since the financial crisis, with debt to income significantly below pre-crisis levels. This is a principally a testament to the efforts of hard-working individuals and families, supported by a growing economy which is the underpinning of household incomes. Our employment rate is at a near record high of 75.6%, while the unemployment rate, at 4.0%, is the lowest since 1975.

In support of household finances, the government has taken vigorous action across a wide range of areas, including:

- supporting those with problem-debt, through capping the cost of high-cost short-term credit;
- improving access to affordable credit, through measures such as the Rent Recognition Challenge;

- providing greater incentives and support for savers, through the Lifetime ISA and the recently launched Help to Save scheme
- supporting saving for retirement, notably through Automatic Enrolment into pensions;
- providing improved information and guidance for consumers through the new single financial guidance body.

The government continues to monitor household finances closely and is developing and implementing further measures to support them. Our full response responds to your specific recommendations, and goes into further detail on actions the government and government bodies are taking.

I am copying this letter to Guy Opperman MP, Parliamentary Under-Secretary of State at the Department for Work and Pensions.

Thank you again for your report. I look forward to continuing my engagement with you and the Committee on this important issue.

JOHN GLEN