



# Work and Pensions Committee

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From the Chair

28 February 2019

Rt Hon Amber Rudd MP  
Secretary of State for Work and Pensions  
Department for Work and Pensions

## **Freeze in working-age benefits for 2019-20**

The Committee has asked me to write to you about the benefits freeze for 2019-20.

The most recent monthly public borrowing figures show a budget surplus of £14.9bn in January 2019—£5.6bn more than the surplus than in January 2018, and the largest January budget surplus on record.

As the Government considers how it will use the higher than expected January surplus, our view is that the first priority should be supporting low-income households by lifting the freeze on working-age benefits.

The Joseph Rowntree Foundation estimates that ending the benefits freeze (for all frozen benefits other than child benefit) in 2019/20 instead of 2020/21 would lift 200,000 people out of poverty and increase the incomes of 13.7m recipients by an average of £270 in 2020/1. Benefits are already worth 3.9% less in 2018-19 than they were in 2015/16, and the Institute for Fiscal Studies estimated in 2017 that, excluding households that only lose out from the freeze of child benefit, the four-year benefit freeze would reduce benefit entitlements by £590 on average for 7.5m affected households.

Analysis by the House of Commons Library also shows that the various caps and freezes on uprating benefits and tax credits since 2010 – including the current freeze – mean that affected households in 2019/20 have incomes that are between £888 and £1,845 lower in real terms than if benefits had been consistently uprated. Households have also seen significant actual cuts to their real income because of the various caps and freezes since 2010: a single earner couple with two children will have seen their income fall by 0.7% in real terms, and an out-of-work lone parent with one child by 6.7% in real terms, between 2010/11 and 2019/20.



We have heard in our evidence on the welfare safety net that many families are facing destitution as the support they need through the benefits system is simply not keeping up with the rising cost of living.

The current freeze was originally designed to save £3bn. House of Commons Library analysis shows that the Treasury would still make in-year savings of £2.5bn in 2019-20 from the benefits freeze policy, even if the freeze was ended a year early. This is because there was no cumulative uprating of benefits between 2016 and 2019, when inflation was higher than expected when the freeze was announced.

You have already indicated that you do not expect the freeze to be renewed after 2020. Might we therefore press you to go one step further, and urge the Chancellor of the Exchequer to consider ending the benefits freeze a year early?

With best wishes and I look forward to hearing from you,

**Rt Hon Frank Field MP**  
Chair