

Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

3 July 2020

Dear Chancellor,

On behalf of the Poverty Alliance, the national anti-poverty network in Scotland, I am writing to urge you to use your economic update on Wednesday 8th July to commit to supporting families living in the grip of poverty across the UK by ending the benefit cap.

We are living through the biggest economic storm of our lifetimes and, over the last few months, we have seen the grip of poverty tighten on the lives of people living across our communities. At the same time many more have been swept into poverty for the first time.

Too many families across the country already face the constant pressure of living in poverty before the pandemic. That pressure is now becoming overwhelming and as the Job Retention Scheme is wound down we need to do more to ease the pressure on family incomes. Our social security system should be seen as a key lever in doing that and in contributing towards our national economic recovery. We must take all of the steps necessary to ensure that our social security system can not only act as a life raft for families but can help create the sustainable economic recovery we need.

One of those steps must be ending the benefit cap. By breaking the link between what families need and the level of support they receive, the cap locks families into poverty and drives rent arrears, food insecurity and debt.

Lone parent families and larger families, who are disproportionately from black and minority ethnic backgrounds, are particularly impacted by the cap. Seventy per cent of all families affected are lone parent families and with the overwhelming majority of lone parents being women the cap is inextricably linked to women's poverty and, by extension, child poverty. Indeed, as of February 2020 93% of households impacted by the cap included children.

While the increase in Universal Credit, working tax credits and local housing allowance was a welcome response to the pandemic, it also means that many more

families are now being caught in the benefit cap for the first time. Combined with people now finding it even more difficult to reach the earnings threshold at which they are exempted from the benefit cap - due to labour market disruption - the grip of poverty is only becoming tighter for many families.

Our social security system has an important role to play as an automatic stabiliser in times of recession, and that role can be enhanced through the removal of the benefit cap. The additional income that would come to thousands of low-income families as a result of ending the benefit cap will aid in the process of economy recovery. Removing the benefit cap will improve the wellbeing of families living on low incomes and the wider community.

We welcome the Prime Minister's assertions that there will be no return to austerity as our economic recovery takes shape, and we also welcome his commitment to pursuing an agenda of 'levelling up' our economy and society. If this rhetoric is to be made real and if our economic recovery is to be a recovery for everyone, we must take action to ensure that our social security system meets people's needs. An economic recovery that keeps families locked into poverty – and which further embeds inequalities, as the benefit cap does – will be no recovery at all.

Now is the time for us to put this right, and to embed justice and compassion at the heart of our social security system. We urge you to use your economic recovery update on Wednesday to strengthen our social security system, by committing to ending the benefit cap and helping families to stay afloat.

Yours sincerely

A handwritten signature in black ink that reads "Peter Kelly". The signature is written in a cursive style with a large, looped 'y' at the end.

Peter Kelly
Director