

The RT Hon Nadhim Zahawi
Chancellor of the Exchequer
Her Majesty's Treasury
1 Horse Guards Road
London
SW1A 2HQ

Christians Against Poverty
Jubilee Mill
North Street
Bradford
BD1 4EW

nadhim.zahawi.mp@parliament.uk

4 August 2022

Dear Chancellor,

I am writing to express my concern that currently over 7 million families are going without the essentials that we all need to eat, stay warm and dry, and keep clean.¹ In my role as CEO of debt-counselling charity Christians Against Poverty (CAP), I am concerned by the increasing numbers of clients who are unable to meet their basic needs.

Our *Client report 2022* revealed that almost half (47%) of CAP clients have gone without meals at least once a month, and more than two fifths (45%) have been forced to go without heating. The impact of this on mental health has been devastating; CAP has witnessed almost a 30% increase in the number of our clients who have considered or attempted taking their own life.²

Whilst we wait to find out who will be the next Prime Minister, the people we see every day in our services are facing impossible options. They cannot wait. It is vital that you, as our new Chancellor, act now before costs increase again in the autumn.

As one CAP client said:

'Put it on the credit card and feed my kids, or sit there and let them go hungry. The effect it had on me emotionally and physically – it just drained me dry. It's a horrible point to get to in life when you think your kids might be better off in care because you can't cope.'

As the cost of living has increased, so have arrears, and families have been driven into borrowing more just to pay for the things they need to survive.

¹ [Joseph Rowntree Foundation 2022](#), *Not heating, eating or meeting bills*.

² [Christians Against Poverty 2022](#), *On the edge*, Client Report 2022.

Whilst we welcome the steps the Government has already taken through the cost of living package announced in May – which has been a relief for some to see the first payments hitting their accounts in recent weeks – there is more that can and must be done to support those most impacted by the crisis.

Our latest report reveals that 43% of our clients have deductions for government debts, such as Council Tax and benefit overpayments, taken from them before social security payments even reach their account³. Recent research from the Joseph Rowntree Foundation found that a shocking 72% of Universal Credit (UC) recipients with deductions went hungry in the last 30 days, with people losing £61 a month in deductions on average, and some as much as £130. That money would be a significant help for people on a low income facing rising costs.

Currently, people on Universal Credit can apply for one discretionary three-month payment holiday, but these are hard to access and insufficient in light of the current scale of crisis we're facing. We plead that you ask the Government to introduce immediate payment holidays for all types of debt owed to the Government for the remainder of the cost of living crisis.

Specifically that:

- a) Debt deductions from Universal Credit and legacy benefits are paused until at least April 2023.
- b) This should apply to Council Tax arrears, as well as debts owed for Universal Credit advances, benefit and Tax Credit overpayments, and court fines deducted from benefits.
- c) These payment holidays should be provided to all claimants as standard, with discretion for claimants to continue to repay these debts if they can afford to do so. This will put more money into the pockets of people subject to benefit deductions while costs are high, and is separate to the aims of Breathing Space (which is to facilitate someone seeking debt advice).

This policy reform mirrors calls from your Work and Pensions Committee, which recommends that 'deductions are paused, and then only restored gradually as the rate of inflation reduces, or when benefits have been uprated to reflect the current rate of inflation.'⁴

Pausing deductions would allow time for important changes to how deductions are applied to be considered, leading to a more proportionate and affordable system in the medium term, including lower rates for some types of debts and a stop to automatic deductions without affordability assessment and opportunity for appeals.

Thank you for your time in considering our letter, and for your anticipated response. I would welcome a discussion with relevant officials about the current situation and

³ [Christians Against Poverty 2022](#), *On the edge*, Client Report 2022.

⁴ [Work and Pension Committee, 2022](#). The cost of living.

some of the ideas for the future that we have mentioned. The best contact for officials for further discussion of this issue is Rachel Gregory, CAP's Senior External Affairs Manager: rachelgregory@capuk.org.

Yours sincerely,

Paula Stringer

A handwritten signature in black ink that reads "Paula Stringer". The signature is written in a cursive style with a large initial 'P'.

CAP UK Chief Executive

Copied to the Rt Hon Thérèse Coffey, Secretary of State for Work and Pensions