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The Most Rev. and the Rt  
Hon. the Archbishop of York  
House of Lords  
London  
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Dear Archbishop,

Thank you again for bringing forward the issue of inequality in your valedictory debate in the House on 6 May. The debate generated a variety of high-quality contributions from fellow peers, and I was unable to respond directly to all of these in the House. I would like to take this opportunity to do so in writing.

Firstly, it is worth reiterating the government's commitment to improving the living standards of all in our society. In the debate, many peers highlighted the additional difficulties that the most vulnerable are facing as a result of Covid-19. The government has rightly made significant interventions to protect the vulnerable and, as far as possible, people's jobs and incomes during this period.

Several contributions to the debate considered what future action might be taken to fund public spending, in areas such as social care. The Government is aware that we need to address the injustices within the social care system and find a balance between people continuing to contribute to their care without having to face catastrophic costs. Lord Young looked towards changes to the Winter Fuel Payment as a means of funding social care. It is worth restating that the Winter Fuel Payment is designed to ensure that households where older people are living can be heated and kept warm during winter months. Several peers also suggested additional changes to tax to improve fairness across the tax system. The Government continues to keep all tax policy under constant review in light of the COVID-19 outbreak and the views it receives are an important part of that process.

We heard from many participants about the need to support individuals through the period of disruption caused by Covid-19, especially those who are already vulnerable or might be most heavily affected by the current circumstances. The Government takes care to pay due regard to the equality impacts of its policy decisions relating to the Covid-19 outbreak in line with all legal requirements and the Government's commitment to promoting equality.



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The Government has taken unprecedented action during this crisis to keep as many people as possible in their existing jobs, support viable businesses to stay afloat and protect the incomes of the most vulnerable. This includes a £750 million package of support for charities providing key services and supporting vulnerable people during the Covid-19 crisis.

We are taking steps to support families with children during this period. At Budget, and in the Chancellor's announcement on the 20th of March, we committed to a targeted, multi-billion-pound package of support for families this year including increasing the Universal Credit standard allowance and Tax Credit basic rate by over £1000 for 12 months. Further to this, Child Benefit was increased in line with inflation from April as planned.

I would like to assure Lord Hastings, who raised concerns about individuals already in debt or with low financial resilience before this crisis, that Treasury officials are working closely with the Money and Pensions Service and the Financial Conduct Authority to understand the implications of Covid-19 on the debt advice sector and to consider what further support is needed for those struggling with debt. The Government has made significant changes to encourage the public to save in recent years including increasing the annual ISA allowance by a record amount to £20,000 and introducing the Personal Savings Allowance (PSA) meaning around 95% of people with savings income have no tax to pay on that income. The Government has also targeted support for working families through the Help to Save scheme which supports those on low incomes to build up a savings pot to help them manage income shocks. Additionally, the Government has introduced the Lifetime ISA which is intended to help younger people save for their first home or for later life.

A number of peers made contributions on broader issues such as the Employment Bill and collective bargaining. In the recent Queen's Speech, we committed to bring forward an Employment Bill, to deliver on manifesto commitments and respond to the changing world of work. We have already brought forward a raft of legislation to implement changes, including closing a loophole which sees agency workers employed on cheaper rates than permanent workers, quadrupling the maximum fine for employers who treat their workers badly, giving all workers the right to receive a statement of their rights from day one and making sure people in seasonal work get the paid time off they are entitled to. Those in low incomes will also benefit from April's increase to the National Living Wage to £8.72.

The issue of tax avoidance and evasion was highlighted by several peers, including Lord Balfie, who asked about the UK's involvement on an international level to tackle it. The UK has always been, and will continue to be, a strong supporter of the timely and robust implementation of international standards on tax and we will continue to cooperate internationally to counter tax evasion and avoidance. The UK was at the forefront of the work within the OECD to develop the action plan on Base Erosion and



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Profit Shifting (BEPS) and we are currently engaging constructively on the OECD's programme of work to address the tax challenges of the digital economy.

Baroness Altmann raised concerns with the side effects of quantitative easing and the role of government policy in redistributing wealth. All public policy has redistributive effects, and I want to reassure you that both the Monetary Policy Committee and the government are sensitive to these. Indeed, the government has introduced measures to support wage growth while continuing to pursue higher employment.

We also heard several contributions on climate change. The Government continues to take its environmental responsibilities very seriously and is committed to meeting its climate change and wider environmental targets. The Budget reinforced the UK's strong track record in this area. As well as over £1bn of further support for ultra-low emissions vehicles, announcements included £640m for tree planting and peatland restoration, at least doubling funding for energy innovation, and tax measures to encourage greater energy efficiency and reduce plastic waste.

I would like to thank you once again for leading such a high-quality debate on this important issue and wish you good luck in your retirement.

I am copying this letter to Lord Young, Lord Balfe, Lord Hastings and Baroness Altmann and it will also be deposited in House of Lords library.

**Lord Agnew Kt DL**