

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT  
GENERAL COMMITTEES

## Public Bill Committee

### WELFARE REFORM BILL

*Thirteenth Sitting*

*Thursday 28 April 2011*

*(Morning)*

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SCHEDULE 1 agreed to.  
CLAUSE 32 agreed to.  
SCHEDULE 2 agreed to.  
CLAUSES 33 and 34 agreed to, one with amendments.  
SCHEDULE 3 agreed to, with amendments.  
CLAUSE 35 agreed to.  
SCHEDULE 4 agreed to.  
CLAUSE 36 agreed to.  
SCHEDULE 5 agreed to.  
CLAUSE 37 agreed to.  
SCHEDULE 6 under consideration when the Committee adjourned till this day at One o'clock.

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**The Committee consisted of the following Members:**

*Chairs:* MR JAMES GRAY, †MR MIKE WEIR

- |  |   |
|--|---|
| † Baldwin, Harriett ( <i>West Worcestershire</i> ) (Con)                         | † Miller, Maria ( <i>Parliamentary Under-Secretary of State for Work and Pensions</i> ) |
| † Bebb, Guto ( <i>Aberconwy</i> ) (Con)  | † Newton, Sarah ( <i>Truro and Falmouth</i> ) (Con)                                     |
| † Buck, Ms Karen ( <i>Westminster North</i> ) (Lab)                              | † Paisley, Ian ( <i>North Antrim</i> ) (DUP)  |
| † Curran, Margaret ( <i>Glasgow East</i> ) (Lab)                                 | Patel, Priti ( <i>Witham</i> ) (Con)  |
| † Elliott, Julie ( <i>Sunderland Central</i> ) (Lab)                             | † Pearce, Teresa ( <i>Erith and Thamesmead</i> ) (Lab)                                  |
| † Ellison, Jane ( <i>Battersea</i> ) (Con)                                       | † Sarwar, Anas ( <i>Glasgow Central</i> ) (Lab)   |
| † Elphicke, Charlie ( <i>Dover</i> ) (Con)                                       | † Smith, Miss Chloe ( <i>Norwich North</i> ) (Con)                                      |
| † Fovargue, Yvonne ( <i>Makerfield</i> ) (Lab)                                   | Swales, Ian ( <i>Redcar</i> ) (LD)  |
| † Gilmore, Sheila ( <i>Edinburgh East</i> ) (Lab)                                | † Timms, Stephen ( <i>East Ham</i> ) (Lab)  |
| † Glen, John ( <i>Salisbury</i> ) (Con)  | † Uppal, Paul ( <i>Wolverhampton South West</i> ) (Con)                                 |
| † Grayling, Chris ( <i>Minister of State, Department for Work and Pensions</i> ) | † Willott, Jenny ( <i>Cardiff Central</i> ) (LD)  |
| † Green, Kate ( <i>Stretford and Urmston</i> ) (Lab)                             |   |
| † Greenwood, Lilian ( <i>Nottingham South</i> ) (Lab)                            | James Rhys, <i>Committee Clerk</i>  |
| † Hollingbery, George ( <i>Meon Valley</i> ) (Con)                               |   |
| † McVey, Esther ( <i>Wirral West</i> ) (Con)                                     | † <b>attended the Committee</b>   |

## Public Bill Committee

Thursday 28 April 2011

(Morning)

[MR MIKE WEIR *in the Chair*]

### Welfare Reform Bill

#### Written evidence to be reported to the House

WR 50 Equality and Human Rights Commission  
 WR 51 Councillor Lucinda Yeadon  
 WR 52 Gráinne McKeever  
 WR 53 Convention of Scottish Local Authorities  
 WR 54 Gareth Morris  
 WR 55 Consumer Focus

#### Schedule 1

##### UNIVERSAL CREDIT: SUPPLEMENTARY REGULATION- MAKING POWERS

*Amendment proposed (26 April): 57, in schedule 1, page 102, line 26, at end insert—*

‘(7) Regulations made under this paragraph must specify that a particular amount of income should be disregarded when calculating entitlement to universal credit, including in the following circumstances—

- (a) where the claimant is disabled;
- (b) where the claimant is a lone parent; and
- (c) where the claimant is the second earner in a couple.

(8) Where the claimant’s eligibility for an amount of income to be disregarded, in accordance with subsection (7), is based on two or more sets of circumstances, the amount specified for each of these sets of circumstances shall be added together to calculate the total amount to be disregarded.’—(*Stephen Timms.*)

9 am

*Question again proposed,* That the amendment be made.

**The Minister of State, Department for Work and Pensions (Chris Grayling):** Drawing to a relatively quick close, I had done the quick bit, but I know that Opposition Members had raised several questions.

**Margaret Curran (Glasgow East) (Lab):** I do not want to be rude or to stop the Minister as he is about to start, but if it is okay, I want to return to the part of the amendment that I had discussed, because I think that his intention was to move on from that. I asked about regulations in a previous contribution and he answered, but may I ask a different question about whether disregards will be additive? I remind him that the evidence from the Disability Benefits Consortium suggests that it is concerned that the disregards may not be additive. As we have shown, it does not matter in the current system that disregards are not additive as a financial support—the

elements and premiums are mostly additive—so there is a strong case for ensuring within universal credit that any disregard is additive.

**Chris Grayling:** It is not our intention that people with disabilities should be disadvantaged in the future. I will give the hon. Lady a more detailed response to her technical point in a moment, but, as I have said throughout our proceedings, we intend to look after people with disabilities. We do not want them to be disadvantaged by universal credit, and we will do everything that we can to ensure that that is the case.

I want to address several other points. The hon. Member for Stretford and Urmston asked about the analysis of levels of in-work child poverty in couple households as a result of the proposed changes. We expect child poverty to fall by as many as 350,000 children on a steady basis as a result of the entitlement changes and increased take-up. On top of that, we believe that there will be the dynamic effect of encouraging people not only to move into work, but also to take on more work by removing the cliff-edge points that exist within the current system.

**Kate Green (Stretford and Urmston) (Lab):** I agree that if people increase their hours of work, that will help improve their earnings and, therefore, their likelihood of escaping poverty, but has any assessment been made of the likely effect on specifically in-work poverty and the numbers?

**Chris Grayling:** I was just coming to that, and we have undertaken an analysis of it, which shows that the vast majority of families with children who move out of poverty as a result of the reforms are in-work families and not families where no one is in work. That is unsurprising given that the impact assessment makes it clear that couples are one of the main groups that gain from universal credit and given the overall progressive impact of the reforms on people in work. Since the analysis is static, there are clearly additional potential benefits to be gained from dynamic effects.

The shadow Minister also asked about second earners and the impact of the reforms on them. The hon. Member for Stretford and Urmston raised the question of whether the reforms created a financial disincentive that may discourage women from participation in the labour market and asked what mitigating steps the Government proposed to take. Both those questions start from the position that our proposals would substantially reduce the financial incentive for second earners to take a job. In making that argument, the right hon. Member for East Ham compared the position of a family on working tax credit now with the same family on universal credit. That misses the reality of the current system, in which a family can be receiving several different benefits. Although we accept that many families with second earners may have higher earnings, and therefore be less likely to face simultaneous tapers, universal credit, which of course includes support for housing costs, can actually increase the work incentives for second earners in low-income families. The marginal deduction rate for a second earner in a family that is currently receiving tax credits, housing benefit and council

tax benefit can be as high as 95.8%, which is substantially higher than our proposed 65% taper, so there are beneficiaries.

The other point that I make to the right hon. Gentleman is that the position of the second earner is no different from that of a single person. We are not providing two disregards, but we do not believe that that disadvantages the second earner when compared with a single person.

**Ms Karen Buck** (Westminster North) (Lab): On a point of clarification, do the comparison figures between universal credit and the current system, which the Minister has just cited, factor in council tax benefit as it is devolved to local councils?

**Chris Grayling:** Of course, we have to finalise the detail of the devolution of council tax benefit. In the analysis we have done in the Department, looking at likely impacts, one of the things we are ensuring is that we do not create a major disincentive as a result of the council tax benefit changes. We are working on that detail; we are pretty confident we can deliver that and we are providing more details in due course. We do not believe that universal credit will, through the devolution of council tax benefit, create the kind of disincentives about which the hon. Lady for Glasgow East is concerned. However, the 95.8% that I have just cited relates to the current system, as opposed to the system that we will introduce.

In the impact assessment, we made it clear that we accept that the marginal deduction rates will increase for some second earners. But the impact assessment also makes it clear that the universal credit has very little overall effect on the participation tax rate for second earners. That means that the incentive for second earners to start a job will be broadly the same under our proposed reforms as under the current system. The key point is that the universal credit increases the options open to families to strike the right work-life balance for their own circumstances. In the current out-of-work benefit system, there are no additional disregards for second earners; similarly, working tax credit makes no additional provision for second earners. It is true that members of a couple may qualify for disability elements of working of tax credits if both are working and disabled, but equally, when the disabled person is not in work, no disability element can be paid and working tax credit may not be payable at all.

The hon. Lady for Glasgow East asked several questions about the disability disregard in universal credit. It is important in responding to those points to understand that our proposed earnings disregard represents a substantial increase in the support available to many people on low incomes. In the current system of out-of-work benefits, the standard earnings disregard is only £20 a week, with benefit withdrawn pound for pound by any income in excess of that amount. A lone parent who is also disabled will receive only one disregard. It is, of course, true that some people on employment and support allowance may be able to benefit from the permitted work rule—which, as she knows, allows for a disregard of up to £95 a week—but that provision is available only for one year, after which the disregard returns to £20 for most claimants. We have proposed in the White Paper that a disabled person should have a disregard of

up to £7,000 a year, equivalent to more than £134 a week. The taper would apply only to earnings that exceeded that amount.

For someone with net earnings of £200 a week, that would result in a reduction of only £42.50 in a claimant's universal credit entitlement. To put it another way, a claimant in this position would potentially be £157.50 a week better off in work than a claimant who is not working. Even with the disregard floor of £40 a week, a disabled claimant earning £200 a week would be £96 a week better off than someone who was not working. Overall, that is a sensible approach, and we think that it is beneficial to those with disabilities.

The hon. Lady asked about the impact of changes to disability benefits on the disregard to universal credit. Since access to the disregard will be based on the work capability assessment, not on entitlement to other benefits—just as the disability test in working tax credits is not based on entitlement to other benefits—disregards are not affected by the abolition of DLA and the creation of PIP.

Finally, she asked about how we will implement the disability disregard and whether there will be consultation. We have made it clear that we need to undertake further work as part of the implementation of universal credit to develop a process that accurately identifies individuals with enduring health conditions that limit their ability to provide for themselves fully through work. There will certainly be an opportunity to work with external stakeholders to do this. It is not exactly the same as the work capability assessment, because we are looking at people in work as opposed to those who have the potential to return to work. However, there are clearly intellectual roots that can be used to build the foundations of an approach to assess that particular group of people.

**Stephen Timms** (East Ham) (Lab): The Minister has often said during our debates that, if one wanted subsequently to do something implied in one of our amendments, there were provisions for that. Is there some provision in the proposed regulations that would allow the introduction of a disregard for second earners?

**Chris Grayling:** I am not aware of any reason why not. I would have to check. I think that clause 8 could provide for such a regulation-making power. I will return to the right hon. Gentleman on that point. Certainly I believe that we have flexibility. Indeed, schedule 1 contains the regulation-making power that would enable us to do that.

I hope that I have answered all the questions and filled in the details missing earlier this week—after a two-day gap—and that the Opposition Members are happy to accept what I have said and not to press their amendment.

**Stephen Timms:** Mr Weir, I bid you a warm welcome back to the Chair of our Committee after your Easter break.

I am grateful to the Minister for his responses to my questions and those of my hon. Friends, but I am not persuaded by his argument. He made the point perfectly fairly that withdrawal rates can currently be 95.8%, but in practice, as we discussed previously, such high rates apply only to a very small number of people.

[Stephen Timms]

The general picture, as far as I can see, is that the incentive for many second earners to be in work will be significantly lower than is currently the case.

The hon. Member for Dover asked me a question on Tuesday about the costs of a second earner disregard. I want to tell him, on the record, about the Minister's answer of 28 February to my question on that point. The cost of the second earner disregard would depend on how much that disregard was. If the second earner disregard was £500, the cost to the Exchequer would be £130 million; if £1,000, the cost would be £280 million; if £1,500, the cost would be £430 million; if £2,000, the cost would be £600 million; if £2,500, the cost would be £780 million—which was about the level that he mentioned in his contribution—and if the disregard was £3,000, the cost would be £970 million.

The costs to the Exchequer, therefore, could be substantial if we introduced a second earner disregard at the level we expect for the first earner disregard—we do not yet know exactly what that will be, either. However, it would be possible to introduce a modest but helpful disregard for a cost that would not be prohibitive, given the advantages of having such a disregard in the system.

I also want to comment on an intervention by the hon. Member for West Worcestershire when my hon. Friend the Member for Glasgow East was speaking on Tuesday. She rightly drew attention to the fact that not having a second earner disregard introduces a significant new couples penalty. For example, the first earner in a couple has a significant disregard—we do not know what it will be, but it might be worth £3,000, or more with children in the family, and more still with disability in the family. The second earner gets no disregard at all. However, if the couple were to split, both members could get a disregard.

**Chris Grayling:** It is important to understand that we do not believe that the position of a second earner is any different from that of a single person. Of course, if a couple broke up, both members would not have access to the child element, for example—our benefits system recognises one carer rather than both, unless they are living together. I am not sure, therefore, that the issue to which the right hon. Gentleman refers will genuinely arise. Thinking logically, our focus, as he knows, has been on the first earner in the household and on lifting households out of poverty—that is a conscious policy decision. We believe that such an approach allows households to balance their situation depending on their circumstances.

**Stephen Timms:** I am not sure that I completely follow that. Let us consider the example of a couple with three children: if they split up and one child went with one of the parents and two with the other, presumably both parents in their separate households would have access to the full lone parent disregard. That would be a substantially more generous arrangement than if they were living together and only one couple disregard were available.

9.15 am

**Chris Grayling:** At the end of the day, if there is a household with kids and the couple separates, the kids can only be in one place. There is only an amount of

money attached to each child. Does the right hon. Gentleman accept that it was his colleague, the hon. Member for Stretford and Urmston, who argued that there is no evidence in the benefit system that this problem exists? Is his argument not at odds with hers?

**Stephen Timms:** We are into a very interesting debate. I am pleased to hear the Minister, on behalf of the Conservative party, echoing the arguments that my hon. Friend the Member for Stretford and Urmston put on Tuesday. It is puzzling that before the election we were given the understanding that the Conservative party strongly deprecated couples penalties. Here we are, with a very large new couples penalty, which has not existed in the system before, invented by the Government.

My hon. Friend the Member for Stretford and Urmston is right to say that there is not much evidence that such penalties—as they have been referred to by the Conservative party—have a major effect on couples' decisions about whether they should live together. However, we were given to understand that the Conservative party was against couples penalties, yet now it is inventing a new one.

**Charlie Elphicke (Dover) (Con):** I put it to the right hon. Gentleman that one of the biggest penalties for working couples with children is child care. One of the biggest reforms that needs to happen—I hope it will—is that the number of child care places, which has been static at 1.3 million since 2003, is increased and more affordable, and that the number of child minders, which has fallen massively since 1996, is also increased. That would make child care more easily available and more doable for hard-pressed parents.

**Stephen Timms:** I am extremely grateful to the hon. Gentleman. I notice in *Hansard* an answer given to one of my hon. Friends by the Exchequer Secretary to the Treasury:

“All households in which the childcare element of working tax credit is payable will see a fall in the support provided through the childcare element of working tax credit in the next four financial years.”—[*Official Report*, 26 April 2011; Vol. 527, c. 309W.]

I completely agree about the importance of child care support, but I am afraid the Government are going in the wrong direction. That is before we know how the Government will be supporting child care within universal credit. As the Secretary of State frankly told us, the Government have not yet been able to work out how that is to be done. We are looking forward to hearing those proposals before the Bill leaves Committee, but we have not heard them yet. As we will say in relation to an amendment we will discuss later, there are some serious worries about what the proposals are likely to do to existing child care support.

**Charlie Elphicke:** My central point is not how much of other people's money we spend on funding child care. My central point is how we make the providers of child care able to do so more cost-effectively and to expand their services. Anyone who uses child minders or nurseries knows how much they cost. The recent Tickell report set out some positive ways forward, including increasing the amount of child care—something we

should do on a bipartisan basis—to make it easier for working couples with children, which now comprise two-thirds, I believe.

**Stephen Timms:** If the hon. Gentleman has some proposals for arranging for the provision of lower-cost, good-quality child care, we would all be interested to know what they are. At the moment the costs of child care are rising; it is an enormous issue, particularly in London. I do not see any sign of that improving. It is a hugely important issue and it has a very big effect, as we have already debated, on the prospects of the Government achieving their targets on child poverty.

I am sure that members of the Committee will have noticed that overnight we had an interesting OECD report on child poverty in the UK. The headline on the UK summary of that report states:

“Sustained early years investment is needed to meet the UK’s child poverty targets.”

The OECD is absolutely right. It points out that before the financial crisis and during a period of increased investment between 1995 and 2005, child poverty in the UK fell by more than in any other OECD country. The report goes on to say:

“Progress in child poverty reduction in the UK has stalled, and is now predicted to increase, and so social protection spending on families...needs to be protected...In the UK, before accounting for childcare, the cost of entering work for an average-wage family’s second earner is lower than the OECD average.”

That cost is worked out on the basis of the current system. My worry is that in the absence of a second earner disregard, the big picture will get significantly worse, and the prospects for achieving the child poverty targets will get significantly worse.

**Charlie Elphicke:** I find myself in a certain amount of difficulty because after housing costs, child poverty rose by about 300,000 between 2004-05 and 2008-09. Surely universal credit, which reduces child poverty by 350,000, is a welcome reform, and allows us to eradicate that particular deficit.

**Stephen Timms:** The hon. Gentleman is right. After spectacular progress in reducing child poverty in the early years of the previous Government, there was a small rise in the figures for a period. Any week now, we are due a further update on the child poverty statistics. My expectation is that they will show that at the end of the term of the previous Government, because of decisions in the 2009 Budget, there will have been a further significant fall in child poverty. We look forward to seeing what those figures show. None the less, there certainly was a period towards the end of the previous Government when there was a relatively modest rise after a dramatic fall.

I do not share the hon. Gentleman’s optimism about the prospects in the future. The assessment of the OECD is right. Progress has stalled and child poverty is now predicted to increase.

**Kate Green:** Does my right hon. Friend agree that one reason for that likely increase is that the Government have decided to uprate benefits by the consumer prices index? By definition that means that median earnings will start to outstrip the amount of income received

through the social security system and, therefore, the relative income poverty target will be further out of reach.

**Stephen Timms:** As always on these matters, my hon. Friend is right. A number of other things are also happening that will push the figures in the wrong direction. Not long ago, the Chancellor was drawing attention to what the OECD was saying about the UK economy. I hope that he will pay a similar degree of attention to what the OECD is saying on this front as well.

I am grateful to the Minister for confirming that there is the ability to introduce a second disregard. There is clearly a lot of detail that we do not know, including the points that my hon. Friend the Member for Glasgow East raised about whether disregards will be additive. He has said that he will write to my hon. Friend about that, and I am eager to see his response. I do not propose to press the amendment to a vote. I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

*Schedule 1 agreed to.*

*Clause 32 ordered to stand part of the Bill.*

## Schedule 2

### UNIVERSAL CREDIT: AMENDMENTS

**Stephen Timms:** I beg to move amendment 116, page 104, line 15, schedule 2, at end insert— ‘6A In section 71, subsection (11), after paragraph (f) add—

“(g) universal credit.”’.

**The Chair:** With this it will be convenient to discuss new clause 2—*Sums to be deducted in calculating recoverable overpayments*—

“In calculating the amount of a recoverable overpayment, there shall be deducted any amount of universal credit which should have been payable during the overpayment period on the basis of the claim as presented, or on the basis of the claim had any misrepresentation or non-disclosure been remedied before the decision.”.

**Stephen Timms:** Amendment 116 relates to schedule 2. Together with new clause 2, it would insert in the Bill an alternative arrangement for the recovery of overpayments from the one set out in clause 102. The current rules on the recoverability of overpayments, which apply to most benefits, and I think to all benefits that have been the responsibility of the DWP, provide for recovery when overpayments have arisen because of misrepresentation or failure to disclose a material fact by a claimant or by any other person.

That is a fair test; it has been in place for many years and has been tried and tested in case law. Its purpose is to allow recovery of an overpayment that has arisen as a result of the claimant’s actions or failures, whether those are innocent or fraudulent in intent. The test protects the claimant in cases when the overpayment arose because of official error on the part of the authorities; in other words, it sanctions recovery in the case of negligence by the claimant but offers protection in the case of negligence by the state. That reflects the responsibilities of claimants to notify correctly their

[Stephen Timms]

circumstances when claiming benefit, and of the benefit authorities to calculate and pay awards correctly based on the information that is available to them.

Clause 102 proposes to allow recovery in all cases regardless of culpability. The Committee will recognise that that is a very significant alteration in the balance of responsibilities in favour of the state to the detriment of benefit recipients. For example, it will mean that a claimant could be presented with a large bill for repayment amounting to many thousands of pounds many years after the overpayment occurred, even though the overpayment was entirely due to error on the part of the benefit authority. Is there not a very strong argument that in return for providing accurate and up-to-date information, a claimant is entitled to the accurate calculation and payment of entitlement by the benefit authorities, and that the state ought to bear losses caused by its own negligence?

The Government appear to have recognised the justice of such a settlement by indicating in a code of practice on recovery that they will provide for non-recovery in cases of official error. If that is the intention, and I hope that the Minister will be able to confirm that it is, surely that provision ought to be statutory, so that an aggrieved claimant has a right of appeal against recovery to an independent tribunal. The Government have pressed the view that the introduction of universal credit will reduce significantly the scope for official error, and I hope that proves to be the case. However, if the Government believe that, surely they should extend the statutory safeguard that benefit claimants have at the moment in law and not abandon them, as the Bill proposes. If it is the case that official error will be sharply reduced, why are the Government withdrawing the protection in statute that benefit recipients have at the moment?

The tax credit system has a great many virtues, but even its biggest fans, among whom I number myself, would not claim that its handling of overpayments was one of its most successful features. The Committee needs to be aware that the system of automatic recoverability being proposed by clause 102 is precisely the system that applies today to tax credits. In other words, while many of the very valuable features of the tax credit system are being abandoned for universal credit, its encouragement for saving, for example, and its support for self-employment, which we discussed on Tuesday, the part of the tax credit system that has been the most problematic is being imported wholesale into universal credit.

9.30 am

I imagine that the Minister will tell us in a moment that real-time PAYE data will solve that problem and that there will not be overpayments in future because of the approach that is being taken. In theory, that is correct. I support the approach that is being taken with the use of real-time PAYE data, but that will require the IT to work flawlessly every time and from day one. As we shall discuss on an amendment later this morning, I do not share the Government's optimism that that will in practice be the case. For now, suffice it to say that the most problematic feature of the tax credit system is being adopted wholesale for universal credit.

**Kate Green:** Does my right hon. Friend also accept that the largest part of the overpayment problem with tax credits was due not to earnings being misreported, but to child care costs, which will not be picked up by the real-time IT system that the Government are procuring?

**Stephen Timms:** My hon. Friend makes a good point. She is right. Indeed, there will be other changes of circumstances that will not be picked up by the real-time PAYE system, and overpayments could result. We have a serious problem. Our proposed new clause 2 provides for the offset of underlying entitlement when calculating overpayments. That mirrors an existing provision in the housing and council tax benefit regulations that ensures that only the true amount of excess entitlement is recovered. That provision is particularly needed in the case of universal credit because there is a requirement for the benefit to be claimed by either a single claimant or by both members of a couple, and as with tax credits, that results in many notional overpayments when there is a change of status from single to joint claims and vice versa.

As Financial Secretary to the Treasury before the election, responsible for HMRC and the tax credit system, I worked with the representative bodies over a long period, leading to the non-statutory introduction from January 2010 of the offset of underlying entitlements in tax credit cases. One or two members of the Committee, wearing different hats to those that we are wearing now, were involved in those discussions. I want to press the Minister to confirm that it is also his intention to provide offset of underlying entitlement in universal credit on a non-statutory basis, because that, at least, is a very important back-stop.

The amendment will provide for offsetting on a statutory basis, just as there is for the whole Department for Work and Pensions system—for council tax benefit, for housing benefit and for the income-related benefits—and will ensure that the offsetting is applied fairly, openly and consistently. All of us are familiar with serious problems that have arisen with overpayment of tax credits, but there could be a much bigger problem with universal credit because the whole of people's support—support for their housing and council tax, as well as their child care and in-work support—will be in a single figure. The amount of money will potentially be a good deal larger. Overpayments, should they arise, are likely to be larger, too.

Currently, there are two approaches to dealing with overpayments. The first is used in the benefits system and works well for claimants. The other is used for tax credits and, to put it generously, has worked less well. The Bill introduces the tax credit method for dealing with overpayments of universal credit. That method now applies to the entire system, not just to the tax credit system. It is something of a mystery, to me at least, why the Government, who understandably miss no opportunity to criticise the way that overpayments for tax credits were dealt with, are importing precisely that system into the legislation for universal credit. I would have thought that they would at least have listened to their own rhetoric, but apparently not. It seems a recipe for serious trouble. We are once again providing the Government with an opportunity to avert the consequences of their errors, and I hope that the Minister will take that opportunity by expressing an interest in, and perhaps even support for, the amendment.

**Chris Grayling:** Let me take the two items in reverse order. We basically agree with the right hon. Gentleman on new clause 2. We intend to make that provision, but we will simply introduce regulations under clause 102 to do so. We do not intend people to be unable to receive the benefit that they would have received anyway. Where there has been an overpayment or error, or where something has gone wrong in the system, clearly people should be able to receive their original entitlement. We intend to include such a provision in the regulations. I assure him that we do not intend to change the system that has been in place until now. I hope that gives him the reassurance that he wants on that front.

Where we differ is on amendment 116. The point that the right hon. Gentleman misses is that his amendment would put into statute a provision that states that people are not liable to make a repayment in the case of error. I would remind him of the admirable recent case of an employee in the west country who, rather to his surprise, received from his employers a sum in excess of £1 million in his monthly pay packet. He immediately went back to his employers and said, "I'm not sure you've got this right." He got into the papers as a result—he was employee of the month—and gave the money back immediately, which is all very laudable. Are we actually saying that, in the unlikely event of the Department for Work and Pensions paying £1 million into somebody's bank account by mistake one month instead of the £67 standard amount of jobseeker's allowance or universal credit, that amount should not be recoverable? Nobody would seriously think that.

It is important to say that we intend to take a grown-up approach. We recognise that errors were made previously, and we certainly do not intend to recover all money in all circumstances—that lesson has been well learned from the mistakes in the tax credit system—but I am not convinced that it is sensible to have a provision that goes to the other extreme.

**Stephen Timms:** The Minister describes amendment 116 as going to the other extreme, but I refer him to its wording. At the end of a list that includes "child benefit" in paragraph (f), it would add paragraph (g), "universal credit". It simply states that the arrangement for universal credit should be the same as the arrangement that currently applies to all other benefits, such as child benefit. Surely that is not an extreme suggestion.

**Chris Grayling:** The problem with the right hon. Gentleman's amendment is that it would make overpaid universal credit recoverable only in instances where the overpayment has arisen due to a misrepresentation or failure to disclose by the claimant or a third party. Universal credit is replacing our existing benefit system, and we have put in place a new overpayment recovery test, which is set out in clause 102. Overpayments of universal credit will be recoverable whether or not there has been a misrepresentation or failure to disclose by the claimant. That will include overpayments that result from official error. Alongside that, however, the Department naturally has to take responsibility for its mistakes. The reality is that if we make a mistake, it does not automatically give people the right to keep taxpayers' money to which they are not entitled. There will, of course, be cases in which we use our discretion, where we have got it wrong and somebody, through no fault of their own, has got

themselves into the kind of precarious position that we have sometimes seen through the tax credit system. We think that our emphasis is the right one, however.

The new test will also apply to the recovery of overpaid jobseeker's allowance and employment and support allowance. All other DWP benefits such as disability living allowance, or non-working-age benefits such as pension credit, will remain, as now, only where there has been a misrepresentation or a failure to disclose. For universal credit, which will be a substantial sum at the heart of our benefits system in the future, we do not want to accept a statutory provision that prevents us from recovering money where a visible and noticeable overpayment has been made—where, frankly, somebody should have noticed the extra money coming into their bank account. That would not be the right thing to do, which is why I cannot accept the amendment.

**Stephen Timms:** I am pleased to hear what the Minister has told us about the regulations in clause 102. We have not seen the note on regulations under that clause yet, but we will certainly look with interest at that document when we receive it. I am pleased to hear the reassurance that the Minister has given us. I am certainly not persuaded, however, by the argument that he has just put to us. He described my suggestion as extreme, although I am simply suggesting that the arrangement that currently applies to the benefits system ought to apply to universal credit as well. He spoke as though there was something rather ludicrous about that, but we are talking about the position that has always applied to benefits such as jobseeker's allowance, income support and child benefit. I am disappointed that the Minister is unable to give us the assurance that the existing practice in the benefits system will apply to universal credit. He is simply confirming that the system that has been so problematic for tax credits is being imported into universal credit.

**Chris Grayling:** Is the right hon. Gentleman saying that if we pay £10,000 into somebody's bank account by mistake, we should have no right to recover it?

**Stephen Timms:** I am simply saying that the system that currently prevails for jobseeker's allowance should apply also to universal credit. I am not aware of problems involving jobseekers around the country unfortunately finding thousands or millions of pounds unexpectedly in their bank accounts and not paying it back. It does not appear to have been a problem; why is it going to be a problem now? That is what the Minister needs to tell us, and he has not done so. This is another recipe for serious problems ahead. I do not propose to press the amendment to a vote, but it is another thing that the Government are getting wrong. I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

**Stephen Timms:** I beg to move amendment 117, in schedule 2, page 113, line 35, leave out paragraph 64.

This is a rum case. Under section 1 of the State Pension Credit Act 2002 only one partner needs to have reached the qualifying age for a couple to be able to receive pension credit. As far as I can see, the proposal that has been slipped into schedule 2—that both partners

[Stephen Timms]

have to be of qualifying age—was not mentioned at all in the 2010 White Paper on universal credit, which was published last November. For clarity, I will read what was written in the White Paper on the upper age limit for universal credit. Paragraph 47 states:

“Universal Credit will replace Housing Benefit and Child Tax Credit for people of working age. We therefore need to consider how best to support pensioners with the cost of rent and dependent children.”

We will shortly debate an amendment on the question of children in pensioner households. The White Paper continues:

“It is important to provide continuity for older people in getting the help and support they need. The Government therefore plans to make some changes to Pension Credit. These changes will consolidate support for rent with the help available for other housing costs within Pension Credit, and add a further element to provide income-related help for pensioners with dependent children.

However, Pension Credit may not be appropriate for all pensioners. Pension Credit is designed for the needs of the majority of low-income pensioners and is not intended to provide in-work support. As pensioners will no longer be able to access help from Working Tax Credit, we are considering an option of allowing those pensioners who choose to extend their working lives to claim Universal Credit, rather than Pension Credit, so that they can take advantage of the tailored in-work arrangements.”

It sounds as if the Government are making a rather generous and helpful proposal. It is a voluntary offer for people who wish to have it. The White Paper goes on:

“We would welcome views on this approach.

Otherwise, the upper age limit for Universal Credit will be the age at which people are eligible for Pension Credit, which is currently linked to State Pension age for women and, on current plans, will be 65 for both men and women in 2018.”

9.45 am

Contrary to the rather reassuring tones of that White Paper, when the Bill was published on 16 February it included clause 32 and paragraph 64 of schedule 2, which the amendment would remove. They require both partners in a couple to be of pension credit qualifying age for either of them to receive pension credit, which is a big change to the rules for pension credit. The explanatory notes tell us that paragraph 64 amends the legislation,

“so that a member of a couple who has attained the qualifying age for state pension credit may not receive state pension credit if the other member of the couple has not attained that qualifying age. This is to ensure that all claimants who have not attained the qualifying age for state pension credit are required to claim universal credit and, if appropriate, be subject to work-related conditions of entitlement.”

That is very far from what the White Paper told us—that it would be an offer of which people might wish to take advantage. It is now a requirement and a severe restriction on the availability of pension credit.

As far as I know, and the Minister might want to correct me, the change has not been mentioned anywhere. It was not announced, but was simply slipped into paragraph 64 where we happened to notice it. I am rather puzzled that this Bill should be used as a vehicle for changing the rules on pension credit; it is not a pensions Bill. I do not know whether the Minister with responsibility for pensions, the hon. Member for Thornbury

and Yate (Steve Webb), has expressed a view on this subject. As far as I know, he has not announced this restriction on the availability of pension credit and the Chancellor did not announce it in a Budget. It has just appeared.

I would like to question the Minister on the proposal. First, why did the Government change their mind after what they said in the White Paper? Paragraph 49, which proposes the voluntary approach, says:

“We would welcome views on this approach.”

Are we to understand that the views received were that, far from being an offer, it should be a pretty draconian restriction on the availability of pension credit? Secondly, why did they not announce the major change properly, rather than just slipping it into schedule 2? Thirdly, how much do the Government expect to save by removing support from pensioners in this way? Fourthly, will there be transitional protection so that a person receiving pension credit now whose spouse is below pensionable age can continue to receive it, or will they lose it under this measure? Fifthly, how does he justify discriminating against pensioners on the basis of their spouse's age?

It seems curious to propose that, for people in otherwise identical circumstances, one will receive pension credit because their spouse is above pensionable age, but someone else, whose spouse happens to be below pensionable age, will not. Is the Minister confident that it is legal to proceed in this way? The Government have told us that they oppose age discrimination, so they are removing employers' ability to compel people to retire when they reach state pension age. I sympathise with that; it is a good proposal. However, they are proposing that the pensions system should discriminate against people on the basis not of their age, but of their spouse's age. That strikes me as a very peculiar arrangement, which is likely to be liable to challenge.

Lastly, returning to the point that the hon. Member for West Worcestershire made on Tuesday, is this not yet another new couples penalty, when everybody understood that the Government were against couples penalties? It is a peculiar form of couples penalty whereby somebody of pensionable age and in a couple will not get support because their spouse happens to be below pensionable age. If they did not have a spouse, or were living separately from them, they would receive pension credit. It is a very rum provision across which to stumble, and I am eager to hear the Minister's answers to those seven questions.

**Chris Grayling:** As the right hon. Gentleman said, the amendment seeks to remove the restriction on eligibility for pension credit for couples where one member is below and the other above the pension credit qualifying age. As a result of the amendment, couples in this position would continue to have access to the pension credit. I think it would help if I explained to the Committee why we are taking the powers in schedule 2, and why we think they are important.

Paragraph 64 of schedule 2 requires both members of a couple to reach the qualifying age for pension credit before they can claim it. As a result, couples with one member below and one member over the pension credit qualifying age will be required to claim universal credit until and unless they reach that age, if they need support through the benefits system.

Why are we doing this? The Government think that it is an important principle that, in return for receiving support from the state, working age people should look or prepare for work. The flaw in the current system is that it allows someone of working age—who as a single person would be required actively to seek work to receive state support—to avoid looking for work simply because their partner is above the pension credit qualifying age. We do not think that that is right or fair.

The pension credit is a means-tested extra support payment for people on the lowest incomes to enable them to top up their income. If there is a couple in a household, one of whom is still of working age, and we are paying that means-tested payment, but the person of working age is not required to work, that does not stack up. Why should we not say to the person of working age, “Your household is on a low income, you need more money, get a job,” rather than, “Here is an extra means-tested payment from the state without the obligation to look for a job”? This is a sensible change that puts an appropriate balance into the system. Benefit claimants of working age should be working when they can. Universal credit will provide the support that is needed to help people into work. It will also provide support, where appropriate, to people who are in work, but—this takes on one of the key questions raised by the right hon. Gentleman—we recognise that it is important not to undermine the stability and outcomes for existing pension credit customers. The change, therefore, will apply only to new claims, not to couples who are already entitled to pension credit. I reassure the Committee that work-related requirements will be imposed only on the working-age partner.

This is not a saving measure as such. We have not calculated a saving out of it, so we have not produced a number that is now scored somewhere to say that it will be a consequence of this extra measure. This is simply a common-sense step. It does not seem right for the state to say, “We will provide you with some money to top up your household income, because you are on a very low income,” while at the same time saying that that it is fine for somebody who is of working age not to be looking for a job in such a situation.

**Guto Bebb** (Aberconwy) (Con): I am grateful for the Minister’s explanation, but will he clarify the situation if the younger person is caring for the older person? Has any thought been given to that?

**Chris Grayling:** Of course, if the younger person is caring for the older person, they will receive support through other benefits via the system’s existing caring provisions. That financial support would arrive via a different route. It may be, in such a situation, that the couple would be better off through the universal credit system than through pension credit, which, after all, is not a substantial amount of money.

**Stephen Timms:** I would have thought that, for most people, the level of pension credit will be higher than that of universal credit in the situation to which the hon. Member for Aberconwy has rightly drawn attention. He raises an important point that requires further reflection. It sounds to me as though people involved in caring will, potentially, be significantly worse off under this provision than they would if pension credit were available.

**Chris Grayling:** I do not think that that is necessarily the case. Universal credit offers a variety of support to people with disabilities and with caring responsibilities and so on. I will happily reflect on the issue and provide additional information to the Committee to reinforce that point.

The issue is not at all the same as the question about whether universal credit should apply beyond the age of 65 if people continue in work. That is an entirely separate question. This is simply about addressing a potential anomaly in the system, whereby the household of somebody who is of working age but chooses not to work can still receive state, means-tested support without any obligation to try to replace that support by getting a job. The provision is entirely reasonable and sensible, and I hope that the Committee will support it.

**Stephen Timms:** I am disappointed that the Minister has not answered several of my questions. I do not think that the provision has been announced anywhere, and the Minister has not explained why that is the case. It is a significant change that should have been properly announced in the ordinary way. It should not have just appeared, without anyone mentioning it, in a schedule to the Bill. Moreover, the Minister has not even begun to answer the central question: how do we justify discriminating against pensioners on the basis of the age of their spouses? How can it be right that, everything else being equal, somebody who is 67 can get pension credit if their spouse is 59 and a half, not 60? A peculiar new element is being introduced into the system and he has not started to give us a justification for it. I ask my hon. Friends to support the amendment, which I should like to press to a vote.

*Question put, That the amendment be made.*

*The Committee divided: Ayes 11, Noes 13.*

#### Division No. 4]

#### AYES

Buck, Ms Karen	Greenwood, Lilian
Curran, Margaret	Paisley, Ian
Elliott, Julie	Pearce, Teresa
Fovargue, Yvonne	Sarwar, Anas
Gilmore, Sheila	Timms, rh Stephen
Green, Kate	

#### NOES

Baldwin, Harriett	McVey, Esther
Bebb, Guto	Miller, Maria
Ellison, Jane	Newton, Sarah
Elphicke, Charlie	Smith, Miss Chloe
Glen, John	Uppal, Paul
Grayling, rh Chris	Willott, Jenny
Hollingbery, George	

*Question accordingly negated.*

*Schedule 2 agreed to.*

#### Clause 33

POWER TO MAKE SUPPLEMENTARY AND CONSEQUENTIAL PROVISION ETC

10 am

**Chris Grayling:** I beg to move amendment 88, in clause 33, page 16, line 13, leave out from ‘in’ to ‘an’ in line 15.

**The Chair:** With this we may take Government amendments 89 to 92 and 94 to 96.

**Chris Grayling:** Mr Weir, the amendments will be close to your heart, because they are all pretty technical.

I do not intend to give a detailed explanation of all of them, but they arise from two changes that have taken place. First, they follow from the result of the Welsh referendum, which will lead to changes in the legislative framework of the Welsh Assembly. As a result, several technical changes must be made to the Bill and related measures to fit in with that new legislative framework. Secondly, they relate to Scotland, because the commencement of part 2 of the Interpretation and Legislative Reform (Scotland) Act 2010 has an impact on several Bills and Acts, including the Welfare Reform Bill.

The amendments are purely technical and do not change Welsh or Scottish Ministers' ability to make provisions under clauses 33 and 89, in relation to universal credit and the personal independence payments for matters where they have competence. They simply reflect the updated position. I hope that that explanation is sufficient for the Committee to accept the amendments without further ado.

**Stephen Timms:** Mr Weir, may I simply disassociate myself from the attack that the Minister has launched on you by suggesting that only technical amendments are close to your heart? Otherwise, I have no objections.

*Government amendment 88 agreed to.*

*Amendment made:* 89, in clause 33, page 16, line 18, leave out subsection (5)—(*Chris Grayling.*)

*Clause 33, as amended, ordered to stand part of the Bill.*

### Clause 34

#### ABOLITION OF BENEFITS

*Question proposed,* That the clause stand part of the Bill.

**Stephen Timms:** I want to ask a few questions specifically about subsection (1)(e), which relates to the abolition of council tax benefit. We are in a slightly odd position in that we are legislating for the abolition of council tax benefit, but not for its replacement. There is quite a lot of uncertainty about the form of that replacement and when it will be provided. We know that every local authority will, we think, be free to set its own council tax benefit system on a basis that may be entirely unconstrained.

When will the abolition of council tax benefit take effect? It may be that by studying the Bill sufficiently carefully I could answer that question myself. Will the new arrangements, whereby every local authority has its own council tax benefit system, affect new applicants from October 2013, as with the rest of universal credit? As the Bill does not legislate for a local authority council tax benefit scheme, when will the Government legislate for that? Will there be an announcement about any constraints or obligations that might be placed on local authorities in bringing forward their own council tax benefit schemes? Will the Minister confirm, as the

Local Government Association told us in its evidence to the Committee, that local authorities will be provided with real-time PAYE data to calculate the council tax benefit due to each applicant? Finally, does the Minister expect every local authority in the country to process council tax benefit applications under the new localised scheme by October 2013?

This is an important matter in its own right, but it also has important knock-on consequences for the roll-out of universal credit. Universal credit will have to relate to the new council tax benefit arrangements, and when we come to discuss the IT needed to support universal credit, we will need to consider that issue. I would be grateful if the Minister would provide answers to those questions about what the Government have in mind as a replacement for the council tax benefit that is abolished by the clause.

**Chris Grayling:** Let me try to reassure the right hon. Gentleman on one or two of those points. The Bill provides for the abolition of council tax benefit, but that abolition will not come into place until and unless a replacement is established. It is not our intention to have a gap in provision for people who are in need of support to pay their council tax. We are working towards the date of 2013, and it is our intention to introduce the new localised arrangements across the country in that year. As the right hon. Gentleman knows, we are in active discussions with local authorities and their representatives in England, and with the relevant authorities and bodies in Scotland and Wales. We intend to provide further details to the House and to hon. Members at the earliest opportunity, and I expect us to be able to provide updates on our progress as the legislation proceeds through Parliament.

**Stephen Timms:** The Minister has confirmed that the intention is for the new localised council tax arrangements to start in 2013. Will he confirm that the intention is for those arrangements to start at the beginning of October 2013, which is the same date as the start of universal credit?

**Chris Grayling:** Ideally that would be the case, but it is not essential. We are working towards the date of 2013. First and foremost, we are putting in place an alternative scheme, and our intention is that it will start at the same time, although we could take a different approach if circumstances were different. Our aim is to bring all the reforms together at the same time. We are working with the Department for Communities and Local Government on the scheme's design, and will bring further measures to the House in due course. I cannot give an exact time frame for that.

Whether local authorities have access to real-time data will depend on the arrangements for calculating and paying council tax benefit. Again, those are part of the details of the replacement measures. We are not ruling that out, but it may not be necessary, and will depend on the details of the arrangements that are put in place. I freely accept that this element of the reforms is work in progress. I shall be happy to provide further information to the Committee, and to Opposition Front Benchers, when it becomes available. I will also provide further information to both Houses as the Bill progresses through the House of Lords. We will provide information

to Parliament on progress thereafter. Clearly, more detailed measures will have to be brought before the House in due course, but it is not our intention to abolish council tax benefit, and the measure does not and will not do so before the successor arrangements are in place. I think I have covered the points raised by the right hon. Gentleman.

**Stephen Timms:** I certainly was not suggesting that the Government would leave people with no help with their council tax for a period, but there is a technical point that I do not understand, and I hope that the Minister can give me an explanation. He is opening up the possibility, at least, that council tax benefit will continue longer than the rest of the benefits listed in clause 34(1). We know that for new applicants, income-based jobseeker's allowance, income-related employment and support allowance and so on will go from the beginning of October 2013, but he is introducing the possibility that, depending on how things pan out over the next year or two, the existing council tax benefit scheme will need to continue a bit longer until it is possible to put the new localised schemes in place. Given the complex ways in which the Bill allows different provisions to come into effect, the introduction of the measure in subsection (1)(e) could take place on a different date from the abolition of the other benefits. It is a slightly arcane point, but it is important for us to understand it. The Bill is structured in such a way that abolition of council tax benefit could take place at a different time from abolition of the other benefits in the list.

**Chris Grayling:** The answer is that it is possible to have a different start date for the different elements in clause 34, and that is provided for in clause 136(3). Clearly, our goal is to introduce all the reforms at the same time, because that is logical, but we have given ourselves flexibility to get them right. That is important in the design of the localised scheme. We strongly believe in the localisation agenda, and we are taking the right approach, but we want to ensure that we have the flexibility to get it right, and we have allowed for that in the Bill. I hope that that reassures the right hon. Gentleman.

**Stephen Timms:** I am grateful for the Minister's explanation, but I do not agree with him. The omission of council tax benefit is a serious blow to the prospects for effective welfare reform, and I look forward to returning to the matter, perhaps when we come to clause 136. I am grateful to him for the information about where the different coming-into-effect dates are allowed for.

*Question put and agreed to.*

*Clause 34 accordingly ordered to stand part of the Bill.*

### Schedule 3

#### ABOLITION OF BENEFITS: CONSEQUENTIAL AMENDMENTS

**Chris Grayling:** I beg to move amendment 97, in schedule 3, page 114, line 12, at end insert—

4A In section 7 (relationship between benefits), in subsection (3), for "subsections (1) and (2)" there is substituted "subsection (1)".

**The Chair:** With this, we may take Government amendments 98, 99, 93 and 100 to 110.

**Chris Grayling:** This is another set of extremely technical amendments. As hon. Members can imagine, when such a Bill is being drafted, a huge number of corresponding links and adjustments need to be made to previous pieces of legislation. We have got most of them right, but a few always slip through the net. The amendments simply tidy up a few references that need to be made to previous pieces of legislation. I hope that the Committee is happy to accept them.

*Amendment 97 agreed to.*

*Amendments made:* 98, in schedule 3, page 116, line 27, at end insert—

"23A (1) Section 27 (financial provisions) is amended as follows.

(2) In subsection (1), for the words from "so much of" to the end there is substituted "any sums payable by way of employment and support allowance".

(3) In subsection (3), for "contributory" there is substituted "employment and support".

Amendment 99, in schedule 3, page 116, line 35, leave out paragraph (e).—(*Chris Grayling.*)

*Schedule 3, as amended, agreed to.*

*Clause 35 ordered to stand part of the Bill.*

### Schedule 4

#### HOUSING CREDIT ELEMENT OF STATE PENSION CREDIT

10.15 am

**Kate Green:** I beg to move amendment 87, in schedule 4 page 117, line 20, at end insert

'or

(d) to a child credit;'

I hope that this provides an opportunity for the Minister to offer us reassurance on an issue relating to children being cared for by carers or parents who are in receipt of state pension credit. As we heard from the discussion that took place earlier, there would not be a working-age adult eligible for universal credit in such a household. Through the amendment, we want to understand how child payments for people in that situation will be made.

We may be talking about parents who are themselves of state pension age. However, much more frequently, I suspect that we are talking about grandparents who have taken on the care of children perhaps because of family breakdown, because the parents are unable to parent effectively, or as a result of the death of the parents. All parties recognise and welcome the contribution that grandparents make in taking on those responsibilities and would want to be able to provide support for grandparents, other older relatives or friends who step in to provide care for children in those difficult family circumstances.

Later, I hope to table and debate some other amendments on further aspects of the benefit system that relate to people in that situation. I have tabled this amendment to give us an opportunity to understand how the Minister intends to deal with such families. Thankfully, they are not numerous. Most children continue to grow up with their parents, as we would all want them to do. However,

[Kate Green]

there is a desire across all parties to recognise and, indeed, support and potentially encourage grandparents to feel that they can step in in those situations. The Opposition very much hope that the Minister will be able to give clarity to us and, more importantly, to families about the treatment of their benefits in those circumstances.

**Chris Grayling:** I am delighted to agree violently with the hon. Lady. The issue is important. The group of families is small but important. She is seeking to introduce a new child credit into the pension credit for the reasons she set out.

Let me be clear: I have every sympathy with what the hon. Lady is saying. I assure hon. Members that we also believe that pensioners on low incomes continue to receive support for dependent children. We have already considered how best to do that. In the universal credit White Paper, we said that we will provide the support through pension credit, which will mirror the approach we propose in the universal credit for working-age families.

Clearly, a household as described by the hon. Lady will either be in receipt of universal credit and support through that system, or receiving support through the pension credit and that system. That is the simplest and most effective way of providing necessary support for that particular group of families, to ensure that their financial needs are addressed.

We do not need to take powers in the Bill but already have the necessary powers to make the required secondary legislation. I reassure the hon. Lady that doing so is, absolutely, our intention. We have no intention whatever of neglecting that group of families. I hope those comments reassure her.

**Kate Green:** I am grateful and appreciate everything the Minister said, which will reassure families who have heard his remarks this morning.

I would have preferred the provision to have been on the face of the Bill. Housing credit is specifically covered and I am not clear, frankly, why what we have been discussing is not in the Bill—I understand why the Minister feels the specific provision is not necessary, but not why he did not feel it would have been welcome and appropriate.

I am pleased, however, with the Minister's commitment. We look forward to the regulatory changes mentioned. On that basis, I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

*Schedule 4 agreed to.*

*Clause 36 ordered to stand part of the Bill.*

*Schedule 5 agreed to.*

*Clause 37 ordered to stand part of the Bill.*

### Migration to Universal Credit

#### CLAIMANTS DEPENDENT ON DRUGS ETC

**Ms Buck:** I beg to move amendment 31, in schedule 6, page 121, line 23, at end insert—

'(4) Before he has fixed the appointed day, the Secretary of State shall publish a report on access to welfare advice, including advice for those unable to use the Internet, and shall satisfy himself on the basis of the report that provision is adequate to support migration to Universal Credit.'

It is a pleasure to see you back in the Chair, Mr Weir. I hope I will not be disappointing you too much, because my amendment is not technical. It is a broad and simple amendment, which I hope the Government will have no difficulty in supporting. It merely requires the Secretary of State to assure himself that welfare advice and representation will be adequate, sufficient to enable those in need of advice and representation—in particular, those with difficulty in accessing the internet—to draw on it as we undertake the massive transition process into the universal credit.

The Opposition agree—I think that we are all agreed—that the principle of universal credit has important strengths. In the long term, those will potentially reduce the need for advice and representation, because the advantages of integration into a single benefits system will reduce the undoubted confusion and complexity, and the number of people applying for the wrong benefit. There are advantages in simplification and in an IT system with real-time information—we have discussed some of the points this morning. We have heard assurances from the Minister that take-up will be higher as a consequence of the simplification. In the long term, that is all extremely satisfactory and possibly beneficial to the welfare services.

10.25 am

*The Chair adjourned the Committee without Question put (Standing Order No. 88).*

*Adjourned till this day at One o'clock.*