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GENERAL COMMITTEES

Public Bill Committee

WELFARE REFORM AND WORK BILL

Sixth Sitting

Thursday 17 September 2015

(Afternoon)

CONTENTS

CLAUSES 7 to 10 agreed to, two with amendments.

SCHEDULE agreed to.

Adjourned till Tuesday 13 October at twenty-five minutes past Nine o'clock.

Written evidence reported to the House.

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The Committee consisted of the following Members:

Chairs: †ALBERT OWEN, MR GARY STREETER

† Atkins, Victoria (*Louth and Horncastle*) (Con)

† Bardell, Hannah (*Livingston*) (SNP)

Blenkinsop, Tom (*Middlesbrough South and East Cleveland*) (Lab)

† Churchill, Jo (*Bury St Edmunds*) (Con)

† Coyle, Neil (*Bermondsey and Old Southwark*) (Lab)

† Green, Kate (*Stretford and Urmston*) (Lab)

† Heaton-Jones, Peter (*North Devon*) (Con)

† Hinds, Damian (*Exchequer Secretary to the Treasury*)

† Milling, Amanda (*Cannock Chase*) (Con)

† Opperman, Guy (*Hexham*) (Con)

† Patel, Priti (*Minister for Employment*)

Phillips, Jess (*Birmingham, Yardley*) (Lab)

† Scully, Paul (*Sutton and Cheam*) (Con)

† Shelbrooke, Alec (*Elmet and Rothwell*) (Con)

† Thornberry, Emily (*Islington South and Finsbury*) (Lab)

Timms, Stephen (*East Ham*) (Lab)

Turley, Anna (*Redcar*) (Lab/Co-op)

Vara, Mr Shailesh (*Parliamentary Under-Secretary of State for Work and Pensions*)

† Whately, Helen (*Faversham and Mid Kent*) (Con)

† Wilson, Corri (*Ayr, Carrick and Cumnock*) (SNP)

Marek Kubala, Ben Williams, *Committee Clerks*

† **attended the Committee**

Public Bill Committee

Thursday 17 September 2015

(Afternoon)

[ALBERT OWEN *in the Chair*]

Welfare Reform and Work Bill

Clause 7

BENEFIT CAP

2 pm

Hannah Bardell (Livingston) (SNP): I beg to move amendment 25, in clause 7, page 8, line 32, leave out subsection (2).

This amendment would remove the changes to the benefit cap.

The Chair: With this it will be convenient to discuss the following:

Amendment 26, in clause 7, page 8, line 38, leave out “£23,000 or £15,410” and insert “£26,000 or £18,200”.

This amendment would keep the benefit cap level in London at the same rate as today.

Amendment 27, in clause 7, page 8, line 39, leave out “£20,000 or £13,400” and insert “£26,000 or £18,200”.

This amendment would keep the benefit cap level outside London at the same rate as today.

Amendment 71, in clause 7, page 9, line 6, leave out subsection (3).

To retain the current link between the benefit cap and estimated average earnings.

Amendment 38, in clause 7, page 9, line 44, leave out subsection (5).

This amendment is consequential to amendment 25.

Hannah Bardell: Our amendments are intended to protect people from the Conservative Government’s dangerous blanket cut to benefits. The clause lowers the benefit cap set by the Welfare Reform Act 2012 and applies it to a large number of benefits. Our group of amendments would remove the new cap and ensure that the original cap remained for inside and outside London, recognising the significantly higher cost of living in London. Amendment 25 would remove the subsection that makes changes to the original 2012 Act, while amendments 26 and 27 would change the wording of the Bill so as to leave the benefit cap in the original Act unchanged. Amendment 38 is consequent on the other amendments.

The original benefit cap in the 2012 Act was introduced so that benefit claims could not exceed average earnings. The Government have not introduced such a rationale for the imposition of the new cap—the rates at which it is to be set are entirely arbitrary. Where did the figures come from? We have no information on that and we cannot understand the rationale. We must remember that the rates are not only numbers or bands, or digits on a piece of paper; those numbers represent a lifeline for hundreds of thousands of people in the UK.

The Government are not only blindly pushing ideologically driven cuts but applying the cuts with entirely arbitrary figures that have no justification. The families to whom the cuts will apply must have answers on where the figures have come from. I and, I am sure,

many others have already had a stream of constituents coming to our surgeries to complain about cuts and sanctions that seem nonsensical and that they cannot understand.

Labour’s amendment 71 would maintain the link between the benefit cap and estimated average earnings that the original Act intended. Although we oppose the cap generally, we also oppose removing the link with average earnings and introducing an arbitrary cap, so we support the principle of that amendment. I commend it.

The utterly thoughtless way in which the Government are making the benefit changes is staggering. The breadth of social groups that will be affected and the depth to which they will be affected should make Ministers hang their heads in shame. The burden of the cuts will be felt not only across Scottish and other devolved Administrations, although we are doing our best to protect people, but throughout all parts of the United Kingdom.

The National Housing Federation estimated that under the £23,000 cap in London, families face a shortfall between benefit and rent of £27.79 per week; the weekly shortfall under a £20,000 cap ranges from £37.40 in Yorkshire and Humberside to £67.35 in the south-east, based on the current rent agreement. There is also danger that families and individuals living in temporary accommodation who, by virtue of their situation, are already deemed to be vulnerable by a local authority will no longer be able to manage rent payments and will find themselves homeless once again. We are making some of the most vulnerable in society even more vulnerable.

Some disability-related benefits are to be protected, which is welcome, but countless charities and lobbying groups have pointed out that disabled people and their carers sometimes also rely on a variety of other benefits that are being capped by the Bill. It is not enough to protect a few disability-specific benefits from the cap; the Government need to look at the bigger picture. Again, there does not seem to be any joined-up or strategic thinking behind the cap.

The effects of the cap will also be felt by those who have life-threatening or terminal illnesses and who require care. They and their carers will be subject to the cap. How can we possibly justify capping and cutting support for some of the most vulnerable and ill people in our society? It seems nonsensical and the Scottish National party is absolutely opposed to it. Not only are the cuts detrimental to the ability of those who are sick and disabled to live independently, but the poverty and debt might lead to even more vulnerability.

Emily Thornberry (Islington South and Finsbury) (Lab): It is a pleasure to serve under your chairmanship, Mr Owen. It is also an enormous pleasure to serve on this Committee, to have heard contributions such as that made by my hon. Friend the Member for Stretford and Urmston, who is departing from her current position on the Front Bench, and to hear the passion with which she gave voice to the beating heart of the Labour party and the outrage at how the Bill is being introduced and its extraordinary justification. If anyone ever questions where the Labour party’s heart is, they just need to hear her speech from before lunch.

I wish to speak to amendment 71. According to the Book of Ecclesiastes:

“What has been will be again, what has been done will be done again; there is nothing new under the sun.”

Those words have survived for thousands of years, but could almost have been written yesterday by an author scratching his head over some of the perverse measures in the Bill. I suspect that historians will one day look back on these debates and cite the benefit cap as a classic example of an increasingly prevalent phenomenon in modern politics: a solution without a problem. After all, we have had a household benefit cap for more than two years.

Kate Green (Stretford and Urmston) (Lab): I am sorry to interrupt my hon. Friend so early. She may be about to say this, in which case I apologise for stealing her moment. As she says, nothing is new under the sun. We had a benefit cap in the 1960s when it was called the wage stop rule. Women in particular campaigned to end it, which was to the benefit of poor children.

Emily Thornberry: And of course, as we will see, those who will be hit most adversely by the benefit cap are, yet again, women.

Ministers seem to be no closer to pinning down a convincing rationale for the policy today than they were four years ago when the Welfare Reform Act 2012 was debated. To the extent that there has been an underlying theme throughout this period, however, it has been the ever-slippery concept of fairness. As the Secretary of State put it when introducing the Welfare Reform Bill on Second Reading in March 2011:

“The principle is that people who are unemployed and on benefits should not be receiving more than average earnings. It is a matter of fairness, so that those who are working hard and paying their taxes do not feel that someone else will benefit more by not playing a full part in society.”—[*Official Report*, 9 March 2011; Vol. 524, c. 921-922.]

It is almost quaint, with more than four years' worth of hindsight, to imagine Government policy being drawn up with such sensitivity to people's feelings, but the Secretary of State's words are revealing to the extent that they disclose that the closest thing there was to a principled reason for introducing the cap was the perception of the problem, rather than evidence of one.

As I said, that has come to be a tendency over the past few years. In fact, further evidence appeared just a few days ago when the House was asked to consider the Trade Union Bill, which seems to have been designed to allay tabloid hysteria more than to deal with a real problem. When the issue in question is out-of-work benefits, tabloid hysteria is in abundant supply. Goaded by Ministers, the entire debate has become hijacked by splashy headlines that generated heat rather than light. It is time that the plane of discussion was brought back down to earth.

I said that there is nothing new under the sun when it comes to Tory welfare reform, but that is not strictly true, because lowering the cap requires an innovation that is a novel twist to the idea of fairness. The link between the household cap and estimated average earnings has been severed. That is quite a spanner in the works in terms of the Government's efforts to prop up one of their primary justifications for the cap. The principle that working taxpayers, when they are fortunate enough

not to have to claim benefits in order to survive, must be helped to feel positive about the way that the benefit system operates was always a dubious basis on which to make policy. The fact that that was supposed to have been achieved by setting the cap at the level of earnings makes clause 7(3) even more extraordinary.

Returning to the debates of the 2012 Act, the last Welfare Reform Bill, we might find the comments of the right hon. Member for Epsom and Ewell (Chris Grayling) particularly instructive. He was the poor, unfortunate Minister saddled with the unenviable task of defending the cap and attempting to provide a coherent rationale for it. Fortunately for him, he did have a link with average earnings to fall back on. As he explained:

“Our policy approach, and the Government's clear intent, is to have a cap that bears reference to average earnings. That is necessary for the credibility of our benefit system. It is the right place to set the cap.”—[*Official Report, Welfare Reform Public Bill Committee*, 17 May 2011; c. 952.]

He was either right then or he was wrong, but are we not being contradicted by the changes to the law that the Government are intending now? Evidently, the new generation of Ministers take a different view. While there may be many problems that can be laid at Ministers' feet, a fall in average earnings over the past two years is not, probably, one of them. According to the much-quoted Office for National Statistics, since the level of the cap was first established at £26,000 a year, average earnings have risen, not by much—just 0.1%, in fact—but they have risen. If wages are going up, why is the cap coming down if it is supposed to be, in any way, linked to average earnings? It is a simple question and I am sure that there will be a simple answer.

It has therefore proved necessary for the Government to take a different tack in arguing the increasingly tenuous case for lowering the cap. The alternative explanation that Ministers have increasingly relied on is that the cap is a cost-saving measure on one hand, and that it provides an incentive for people to move into work on the other. We now do not have a link to average incomes; we have the cap as an incentive to get people into work and that it will be a cost-saving measure.

Kate Green: My hon. Friend is making a compelling case. May I ask her to comment on recent evidence that emerged over the summer, which showed that although some people did move into work—Tony Wilson, in his oral evidence, told us a little bit about that—those who did not probably could not? They were either the parents of very young children, were suffering from ill health or there was a disability in the household.

Emily Thornberry: Absolutely right. Indeed, some of the evidence that we heard was that those who did move into work were not in what would be called sustainable work. For example, a single mother of many children who perhaps had been moved into 16 hours a week of work to avoid the cap, would find it impossible to sustain that work during the school holidays when her four children were back at home and she did not have childcare.

People temporarily may have been able to move into work and back out again, but we can see the continued high level of spend on discretionary housing payments to support these people. That in itself is evidence that it is not sustainable to try to push people for whom it is

[Emily Thornberry]

not possible to find work into work. Indeed, the evidence shows—I am sorry to keep harping on about evidence, but I always thought that policy was based on it—that most people who were affected by the benefit cap are not even deemed fit for work.

I will just go back. Having abandoned the idea of linking the cap with earnings, the Ministers are now relying on it being a cost-saving measure and an incentive for people to move into work. Of course, neither of those arguments stack up. I will come back to that. There continues to be a bad smell of unfairness, which will not go away. Just two days ago, the Minister was trotting out the same old argument. She said:

“The cap is a simple matter of fairness”.—[*Official Report, Welfare Reform and Work Public Bill Committee*, 15 September 2015; c. 144.]

However, she left us guessing, as we still are, exactly what was meant and how this could be fair as the cap seems to have been set at an arbitrary level.

Amendment 71 would remove subsection (3) and maintain the link between the level of the cap and estimated average earnings. If we are to accept the argument of the previous Minister that this connection is necessary for the credibility of the cap—a tall order, frankly—I can see no good reason for removing this requirement from the legislation. If the very concept of the benefit cap is to inspire even a shred of public confidence, it is incumbent on Ministers to explain why they propose to hand themselves extraordinarily broad powers to lower the cap at any time for any reason.

Ministers are essentially asking us to trust them to make decisions on the basis of fairness. Frankly, given their track record and given what the Minister said before the luncheon Adjournment—that she did not want to continue throwing good money after bad—it would be fair, for some people at least, to be somewhat sceptical of their understanding of fairness. To trust them to make these decisions on the basis of fairness is a slippery concept if there ever was one. The definition of the word seems in any event to be the subject of regular revisions apparently based on nothing more than political whimsy and the need of George Osborne to continue to save money.

2.15 pm

Neil Coyle (Bermondsey and Old Southwark) (Lab): Does my hon. Friend share the concern that some of the Government agenda is being driven by think-tanks that have done none of their own research on these issues and were unable to provide evidence to back up the assertions that they made in the witness sessions?

May I also say how much I enjoyed my lunch?

Emily Thornberry: Yes, there was an opportunity when we heard evidence. We asked the Government for evidence. We asked them again and again. I have tabled several parliamentary questions and have not had particularly good answers. We have asked questions in the House about their justification and evidence, and we got nowhere. If there is an opportunity, it would be great finally to hear from the think-tanks, which I know the Government are close to—at least some of them—and for them to come forward and give us the evidence on which the policy is based.

I was struck that, while hyperbole was in good measure, we had no evidence. We had people coming in again and again telling us the occasional story. It is as though the policy is based on the one family that was found living in Westminster with the flatscreen television and a Mercedes outside, or whatever the extraordinary example was. That is so removed from the reality of the day-to-day lives of people who are affected today by previous benefit caps and will be affected even more by further benefit caps.

The best way to make policy is on the basis of evidence. For that reason, the Labour party has made it clear what our position now is. We oppose the Tories' reduction in the benefit cap, so we will therefore be joining the Scottish Nationalists on amendments 25 and 26. We will review Labour policy with regard to the principle of the benefit cap and we will look at evidence. It is right to say that Labour Members who represent London constituencies feel that week after week in our surgeries we see an awful lot of evidence of the adverse effect of the benefit cap and how it does not provide an incentive to get people into work, how it does not save money, and how, more than anything else, it is not fair.

We want in the next few months to put forward a good body of evidence to show, one way or the other, whether a benefit cap is right on any basis. For that reason, although we oppose the lowering of the benefit cap now, we have committed ourselves to looking carefully into the evidence, and we encourage people, including the Government, to come forward and share the evidence with us. If the Government want to give us the evidence on which they are basing this appalling policy—this cruel and nasty policy—I would be very glad to hear it and very glad to read it.

More than political whimsy is needed. If we must have a cap, we should at least make it clear that there should be an objective benchmark by which the level should be determined. I will therefore press amendment 71 to a vote.

The Minister for Employment (Priti Patel): Good afternoon to everyone. These grouped amendments, in simple terms, are intended to counteract the changes that we are introducing to the benefit cap, as we have already heard. Amendment 25 would prevent the proposed reduction in its rate. Amendments 26 and 27 would prevent our plans to introduce a tiered structure to the cap, which will have different rates for claimants living in Greater London and for claimants living elsewhere. The two amendments would also keep the cap at its current rate with the same split between the level for lone parents and couples and the level for single people without children.

Amendment 71 would prevent us from establishing a new mechanism for reviewing the future level for the cap by maintaining the current link with average earnings. Amendment 38 is a more technical amendment that appears to attempt to direct future parliamentary procedures for introducing regulations for the cap. I will come to that amendment later. The cap was introduced in 2013 at the level of £26,000 a year with a lower rate of £18,200 a year for single people without children. Currently, the cap remains at that level.

The hon. Member for Islington South and Finsbury has mentioned why the Government introduced the cap, but I will remind the Committee that it was introduced

because it was felt—and is felt—that it was not fair for out-of-work households to receive considerably more in benefits than many working households earn. That view is shared by many people across the country, with around 70% of the public supporting a cap. The cap is also a key part of the overall plan to reform not only the structure of welfare benefits but attitudes towards welfare benefits, and it was introduced to increase incentives to work and to promote fairness to those on benefits and those in work. At the time, as we recall, we were trying to address the bigger economic issues of the deficit.

Kate Green: I understand the point about work incentives. We heard from Tony Wilson that a small number of people have moved into work, but is it fair to talk about changing the attitudes of people who are too sick to work? They are caught by the benefit cap, too.

Priti Patel: This is part of the wider welfare reforms. The Government are supporting people who are sick and ill. Depending on their health conditions, they are receiving support in welfare.

Emily Thornberry: Taking that a little further, would the Minister be prepared to accept that people on employment and support allowance, who are therefore deemed not fit to work, ought to be exempted from the benefit cap if it is her policy to support those who cannot work?

Priti Patel: The hon. Lady will be perfectly aware that people who are very ill, particularly those in the support group, are supported by the Government through many, many welfare measures. That covers a range of conditions.

Kate Green: I am sorry to interrupt, but the Minister will understand that this is terribly important to people with long-term health problems. Some 80,000 people have been placed in the work-related activity group with a long-term prognosis that they are unlikely to see a change in their condition in at least the next two years. That was the finding of the Select Committee on Work and Pensions report last year. Further, 8,000 people in that group over time and, from the figures announced by the Secretary of State the other day, some 4,500 people in that group now have degenerative conditions, which means that they will never be more well than they currently are.

Priti Patel: Those in receipt of the support component of employment and support allowance are, of course, exempt from the cap. The Secretary of State has recently spoken about ESA and the additional support that can be given to individuals with particular health conditions. The Government are working on that right now, completely outside of this Bill.

Neil Coyle: On the point about disabled people being protected, there is an exemption for the support group—fair enough—but 440,000 disabled people are directly affected by the bedroom tax. The personal independence payment and disability living allowance changes will mean that, according to Government estimates, some 600,000 disabled people will lose out directly. Access to Work is supporting fewer disabled people, and there are fewer working-age disabled people in work as a proportion of the overall number than in 2010. The benefits freeze has directly

affected even those in the support group of employment and support allowance, so it is incorrect to keep claiming that disabled people have been protected.

Priti Patel: Actually, we have been very clear about safeguards for vulnerable people. *[Interruption.]* We have. Perhaps this is just a fault line between our two political parties, as the hon. Member for Islington South and Finsbury has already said, and the Opposition intend to vote against this come what may, but we made it very clear that protecting the vulnerable is one of the key principles of our welfare reforms. *[Interruption.]* I appreciate that Opposition Members want to comment from a sedentary position, but there seems to be a huge area of difference between our two parties. One of the key principles of our welfare reforms is that we will put in place safeguards to protect the most vulnerable. There will be a range of measures, including discretionary housing payments, but it is wrong just to assume that we are deliberately not looking after vulnerable people when we clearly are.

Emily Thornberry: To get to the nub of the matter, perhaps the Prime Minister put it as well as it could be put at Prime Minister's questions:

"I say that a family that chooses not to work should not be better off than one that chooses to work."—*[Official Report, 16 September 2015; Vol. 599, c. 1039.]*

Is that the essence of the Minister's position?

Priti Patel: This Government and the previous coalition Government have been clear that many of our welfare reforms include the principle of fairness, to which incentivising work is absolutely crucial. However, this comes back to a number of principles relating to welfare reforms and not just the benefit cap. It is right that the Government do the right thing and seek to support people who are long-term unemployed to help them get closer to the labour market, while, at the same time, supporting those who are unable to work for a variety of conditions, and that is exactly the safety net that the welfare state provides.

Emily Thornberry: The central difficulty facing the Minister is that the vast majority of people who are affected by the benefit cap are not those in families who choose not to work. Those on jobseeker's allowance who do not take up a reasonable offer get sanctioned already under current legislation. For that reason, I hope that, when we get to the next group and I press amendment 68—I will now call that the "David Cameron" amendment, because it encapsulates David Cameron's position—all hon. Members will vote for it.

The Chair: Order. That intervention was too long, and if you are referring to the Prime Minister, please do so either by his title or his constituency.

Priti Patel: If I may go back to my comments on the amendment, since the benefit cap was introduced in 2013, more than 16,000 previously capped households have entered work, and capped households are more than 41% more likely to go into work than similar uncapped households.

Hannah Bardell: I hear what the Minister is saying about families moving into work, which is good, but does she not accept that the vast majority are on low-paid zero-hours contracts? As we have already debated, she is not willing to put a definition on decent work or even look into having one.

Priti Patel: Absolutely not. I do not accept that at all. As we saw yesterday with the employment figures, over the last year, employment has increased by 400,000 and 90% of those jobs are full-time jobs.

The Bill reduces the cap, as we are discussing. Again, it comes back to the principles. Reducing the levels of the cap will reinforce a message that work pays. It brings a degree of fairness but supports the principles of work, and it works alongside what the Government are doing to support individuals to get into work as well.

The new tiered levels also recognise that housing constitutes one of the biggest costs for households. In London, housing benefit awards are, on average, £3,000 a year more than elsewhere in the country. Even in the south-east, as the average housing costs are around only half that of London, we believe that it is right for the cap to take into account those differences. We believe that the new tiered level for the cap will go further to achieve our aims of increasing the incentives to work.

The Bill also removes the current link between the level of the cap and average earnings. Back in 2011, the benefit cap was a new concept. At that time, with no benchmark, average earnings provided a basis by which to set the cap in order to achieve its aim, but times have moved on. We have evaluated the impacts of the cap, and the cap has been proven to work, as I mentioned, in terms of supporting people back into work.

Neil Coyle: Will the Minister give some evidence to back up her assertion that it has worked? What were the measures of success? How many people have moved into work? What would success look like for the Government if this measure was to go forward as it is in the Bill?

Priti Patel: I understand that the evaluation has been published, and since its introduction, more than 35,000 households who had previously been capped have moved off the cap. As I have said, the evaluation shows that the cap is working, with households 41% more likely to enter work than similar households who were just below the benefit cap. This is of course about the behavioural effects, but we have to, and should, put it into the context of incentivising work and supporting people to help them get into work, which is clearly part of what the Government are doing through their welfare reform agenda.

Kate Green: This is genuinely a request for clarification. The Minister said a moment ago that 35,000 people—I think she said this—had moved off the cap. Is she saying that those 35,000 people moved into work? Or is she saying that they stopped claiming benefits, or that they moved house? What actually happened to them?

Priti Patel: It is a combination of factors. The most common reason for people moving off the cap is a movement into work. There will be a variety in terms of the nature of work roles, depending on individual circumstances, but it is also a reflection of the fact that they have been supported into work.

Neil Coyle: In my borough of Southwark, initially 500 or so households were meant to be affected, with a large number of them in Peckham. The local authority intervened to support some of those families to make decisions. Some people did go to work. I would like to see that figure of 35,000 broken down a bit further, because other people were supported on to benefits to provide the exemption from the cap. There is a mixed picture and I am sure the Minister did not want to lead more people on. However, I also wanted to intervene on the local authority side—

2.30 pm

The Chair: Order. We might have a long afternoon in front of us and it will be even longer if interventions are long. I say to you, take the opportunity to speak from the Back Benches before the Minister has responded. I would ask for interventions—

Neil Coyle *rose*—

The Chair: No. You have had the opportunity. The Minister is now responding to the debate, and she has been very generous with interventions.

Priti Patel: Thank you, Mr Owen. I heard the hon. Gentleman's intervention and I know he was touching on local authorities. I will seek clarity on what he was asking and perhaps I will come back to him, if I may, with some details or some further information.

Through clause 8, we are introducing new provisions that require the Secretary of State to take into account the national economic situation and any other matters that they may consider relevant when they review the future level of the cap. The new provisions will allow the cap to be maintained at levels that better support the aims of our welfare reforms, balancing the key aims of strengthening work incentives and promoting fairness between those in work and those in receipt of out-of-work benefits.

That requires a broad assessment of the most significant long-term developments and trends that might affect our economy, which are also important to households up and down the country. Earnings and housing costs are very much a part of that assessment, as are other factors such as inflation, benefit rates, the strength of the labour market and any other matter that may be crucial and relevant at that time. That is why it is important to maintain the new provisions and allow the Secretary of State the ability to consider the context of the cap in a broad and balanced way, without being pinned by any single factor.

Amendment 38 is more of a technical amendment than one that seeks to make any changes to the structure and nature of the cap. It would omit clause 7(5) of the Bill, which omits subsection 97(3) of the Welfare Reform Act 2012. That was the part of the 2012 Act that prescribed the parliamentary procedures under which regulations, made under the benefit cap primary powers, should be subject.

The subsection in question prescribes that the first set of regulations made under section 96 of the 2012 Act should fall under the affirmative parliamentary procedure and so should be subject to debate by each House of Parliament before passing into law. That was the correct

thing to do because, as was explained in the debates during the passage of the 2012 Act, the Government's intention was to provide for a great degree of the structural detail of the cap in secondary legislation. This subsection of the 2012 Act ensured that Parliament would have a full opportunity to debate those detailed plans.

Those debates subsequently took place when the Government introduced the Benefit Cap (Housing Benefit) Regulations 2012, which were debated separately, under the affirmative procedures, in both Houses of Parliament on 6 November 2012. As the undertaking to debate those first regulations has been fulfilled, we considered it opportune to take this chance to remove from the legislation what has now become an obsolete piece of law.

I can assure the Committee that that does not mean that we will take the view that the Secretary of State should not be accountable to Parliament for any future changes to the cap, in particular to its level. Following a review of the cap, if the Secretary of State considers that the level of the cap should be amended, clause 8 provides that they can do so by regulations. It also prescribes that regulations that decrease any of the levels of the cap cannot be made unless they have been debated and approved by each House. Parliament will therefore have a full opportunity to question and debate the rationale for any future reduction in the cap. Increases to the level of the cap will also have to be introduced by regulations, but we believe it is sufficient that they are subject to the negative resolution procedure, and so a debate in the House is not required before an increase can be implemented.

In conclusion, I reiterate that our introduction of the benefit cap has been, first, to support and encourage people to look for work, which is something we will continue to build on. Secondly, introducing a reduced tiered level for the cap will create a greater incentive to work, while ensuring that the impacts of the cap are spread more evenly throughout the country. Thirdly, removing the requirement to base the level of the cap solely on the level of average earnings and replacing it with a broader measure that requires the Secretary of State to take into account the national economic situation will help to ensure that the cap remains at the most appropriate level.

These are important reforms that Members and the public will support. I urge hon. Members to withdraw their amendments.

Hannah Bardell: It is fairly simple. The Bill and the changes to the benefit cap are about taking people to the brink and pushing them over the edge into even greater poverty and, worst of all, pushing people who are severely disabled, sick and vulnerable, not to mention hundreds of thousands of children, into even greater poverty.

Our amendments would mitigate the effects of the Government's reckless blanket cap to benefits and of the changes in the Government's austerity measures, which are being imposed on Scottish people who did not even vote for this Government. In Scotland, we are already spending £300 million to mitigate the black hole that Westminster created with the bedroom tax. I wonder how the Minister can justify saying that she is protecting

some of the most vulnerable and disabled people when even the severe disablement allowance is itself included in the cap. I can only assume that she will be supporting our amendment 34.

Ultimately, lone parents, women and the most vulnerable will be pushed into even greater poverty, which could lead many into further debt, or vulnerable people into developing mental health issues and problems, spiralling into greater problems and leaving them out of work for longer. Surely those are the very people whom we should be supporting and giving the greatest help to, rather than pushing them further over the edge and putting greater pressure on the third sector and charities. I urge all Members to support our amendments.

Neil Coyle rose—

The Chair: Order. The hon. Gentleman is a new Member, so I am being generous. Back Benchers have the opportunity to speak before I call the Minister, so in future he should indicate at that point. He may make a small contribution now, before we have the vote.

Neil Coyle: Thank you, Mr Owen. I apologise for getting things in the wrong order. I also apologise to the Minister if my intervention was too long. I am grateful for opportunities to intervene.

The point that I was making was to do with the 35,000 figure mentioned by the Minister. When the benefit cap was approaching, many local authorities across the country rolled out additional support to individuals whom they suspected would be directly affected by the cap. In the borough of Southwark, that included support to identify whether some individuals might qualify for other benefits that would exempt them from the cap. It is therefore not accurate to suggest that 35,000 people moved into work if, for example, someone in a household was moved into the employment support allowance support group or identified as meeting the disability living allowance requirements. The Minister suggested that 35,000 moved into work, but the Government might actually have created a perverse incentive and welfare dependency, which they talked a lot about trying to avoid.

My second point was about local authority resources. It is not free for local government to provide that level of additional support to individuals directly affected. Is the Minister suggesting that there will be more support for local authorities as the measures in the Bill approach implementation to ensure that they can meet the demand of individuals affected to support them to move home, so they may reduce some of their costs, to move into work or to move on to different benefits? Will there be another jump in the level of payments made to organisations such as Citizens Advice by Government in order to meet the jump in demand? For example, in Southwark 40% more people were seeking advice, reassurance and information from Citizens Advice on how to avoid some of the measures proposed by the Government.

Those are some of the concerns that I am trying to get across. I apologise again if I expressed them at the wrong point.

Question put, That the amendment be made.

The Committee divided: Ayes 5, Noes 10.

Division No. 11]**AYES**

Bardell, Hannah
Coyle, Neil
Green, Kate

Thornberry, Emily
Wilson, Corri

NOES

Atkins, Victoria
Churchill, Jo
Heaton-Jones, Peter
Hinds, Damian
Milling, Amanda

Opperman, Guy
Patel, rh Priti
Scully, Paul
Shelbrooke, Alec
Whately, Helen

Question accordingly negatived.

Emily Thornberry: I beg to move amendment 104, in clause 7, page 8, line 36, at end insert—

“() Regulations under this section shall not be made in relation to persons—

- (a) responsible for the care of a child aged below 2;
- (b) responsible for the care of and in receipt of Carers Allowance in respect of, but not living with, a person in receipt of Disability Living Allowance, Personal Independence Payment or Attendance Allowance;
- (c) in temporary accommodation following an incident or incidents of domestic violence.”

To provide that the benefit cap does not apply to benefit claimants who will find it most difficult to enter work.

The Chair: With this it will be convenient to discuss the following:

Amendment 67, in clause 7, page 9, line 5, at end insert—

“(5C) Regulations under this section must provide for an exemption from the benefit cap for persons living in temporary accommodation into which they have been placed by a local authority which has found them to be in priority need (as defined in Part 7 of the House Act 1996 and the Homelessness (Priority Need for Accommodation)(England) Order 2002).”

To provide that the benefit cap will not apply to homeless families living in temporary accommodation after being assessed as having a priority need.

Amendment 68, in clause 7, page 9, line 5, at end insert—

“(5C) Regulations under this section must provide for an exemption from the benefit cap for claimants of Jobseeker’s Allowance, including income-based Jobseeker’s Allowance (as defined in section 1 (4) of the Jobseekers Act 1995) where the claimant has not received a reasonable offer of a job.”

To provide that the benefit cap will not apply to job seekers who have not received a reasonable offer of employment.

Amendment 69, in clause 7, page 9, line 5, at end insert—

“(5C) Regulations under this section must provide an exemption from the benefit cap for persons in receipt of —

- (a) carer’s allowance (see section 70 of the Social Security Contributions and Benefits Act 1992),
- (b) employment and support allowance, including income-related employment and support allowance (as defined in section 1(7) of the Welfare Reform Act 2007) (see section 1 of the Welfare Reform Act 2007),
- (c) incapacity benefit (see section 30A of the Social Security Contributions and Benefits Act 1992),
- (d) income support (see section 124 of the Social Security Contributions and Benefits Act 1992),
- (e) severe disablement allowance (see section 68 of the Social Security, Contributions and Benefits Act 1992).”

To provide that the benefit cap may not be applied to anyone claiming Carer’s Allowance, Employment and Support Allowance, Incapacity Benefit, Income Support or Severe Disablement Allowance.

Amendment 70, in clause 7, page 9, line 5, at end insert—

“(5C) Regulations under this section must provide for an exemption from the benefit cap for persons in receipt of Universal Credit who are not subject to all work-search requirements as set out in Section 22 of the Welfare Reform Act 2012.”

To provide that the benefit cap may not be applied to anyone claiming Universal Credit who is not subject to work-search requirements.

Amendment 107, in clause 7, page 9, line 5, at end insert—

“(5C) Regulations under this section must provide for an exemption from the benefit cap for persons in employment, as defined by the Office for National Statistics.”

To provide that the benefit cap will not apply to anyone who meets the definition of employment used by the Office for National Statistics, which states that “anyone doing one hour or more a week of paid work is counted in the employment figures”.

Amendment 72, in clause 7, page 9, line 11, leave out paragraphs (b), (e), (h), (i) and (l)

This amendment is consequential to amendment 69.

Emily Thornberry: Now that we have established that fairness is a red herring in the Government’s argument, I should like to save the Minister some time by following the line of argument to which I expect the Government to turn next: the equally spurious claim of delivering fiscal savings. Like other arguments that we have heard over the years, that one simply does not stand up to scrutiny. It was perfectly apparent even before the cap was introduced to anyone who cared to pay attention that the most pronounced effect was to increase the number of people falling into arrears, finding themselves unable to pay their rent and, consequently, to increase the number of people being made homeless and turning up to their local authority for help.

The previous Government made it clear that households made homeless as a result of the cap would not be held responsible for their situation. Making that commitment was the right thing to do. I look forward to hearing Ministers reiterate that assurance today.

Regardless of whether the benefit cap has played a role, local authorities remain legally obliged to rehouse families who are demonstrably homeless, through no fault of their own, who are vulnerable in some way, and who are in priority need of housing. However, given that genuinely affordable housing is in such desperately short supply both in London and throughout the country, local authorities are too often faced with no choice but to place families in temporary accommodation while they wait for a suitable permanent home to become available.

In essence, amendment 104 addresses the situation for a family who are homeless and in need, when the local authority is doing what it has to do under the law to rehouse them, when there is not sufficient social housing for them to be rehoused so they must be rehoused in the private sector, and when the private sector rents are so high as to be on the other side of the cap. If we are really talking about fairness—perhaps we are not any more—and savings, what savings are we making? Is it not right to exempt such a family?

We are not talking about whether or not someone has deliberately refused to take a job. We are talking about a homeless family whom the local authority is obliged to

rehouse. In boroughs such as mine—Islington—and increasingly in neighbouring boroughs, there is no private accommodation left where those homeless families can be housed on the other side of the benefit cap. If the benefit cap is brought down further, it will make the situation worse.

A woman who came to my surgery a couple of days ago to tell me about her temporary accommodation. She was put into temporary accommodation when pregnant. It was about to be bulldozed, but it was temporary. It has not been bulldozed. The child is now 16 months old and she is in a bedsit. That is the nature of the housing crisis in inner London. The amendment is, within that context, unexplained.

Families are put into temporary accommodation largely in the private sector. It is well established that temporary accommodation is generally leased by local authorities from the private sector at a premium, which means that a considerable financial burden is placed on councils. Private landlords know that the benefit cap is coming down and that more families will need to be rehoused—the families are desperate and the council is desperate to fulfil its duty. Guess what? The rents go up. That means yet more burden on local authorities.

2.45 pm

The previous Government introduced another cap, as I said earlier. There is nothing new about benefit caps; they come in all shapes and sizes. It limited the amount that can be reimbursed through local authority housing allowance to £500 a week, meaning that any costs over and above that amount must be met by local authorities. In some cases, that will come from funding for discretionary housing payments, but often the necessary funds will have to come from elsewhere, given that DHP funds are in such short supply in the context of seemingly insatiable demand.

The Government are rather cagey about that side of the equation, having declined my request for any statistics that might help them measure the extent to which any purported savings from capping household benefits are simply costs being shifted on to local authorities in the form of additional homelessness costs. The Minister's sensitivity on that point is not hard to understand. Taking matters into my own hands, I sent out several freedom of information requests to every local authority in London over the summer. I am happy to share the results with Ministers. If the Department has not been able to think laterally and do it itself, I am more than happy to share evidence with the Government, and I hope that what I give them will be accepted with an open mind as to whether we are really saving money by introducing yet another benefit cap in London.

The picture that emerges does not back up the idea that the cap saves any substantial amount of money. It is, of course, difficult to quantify the overall cost burden being transferred from central Government to local government as a result of the cap, but we can start by looking at the amount being paid in DHP to people affected by the policy. In the first year following the introduction of the previous cap, London councils spent a combined total of £19,201,700 supporting households hit by it. In the second year, that figure rose to £23,269,453. Some boroughs have spent 80% of their total DHP allowances supporting capped households. In most boroughs, the proportion is increasing each year.

DHP is supposed to be used for a variety of different things, but if a borough must spend 80% of its DHP supporting capped households, surely things are going wrong. To date, local authorities in the capital have spent most of the £47 million in DHP funding as a direct result of the benefit cap, and that is likely to be just the tip of the iceberg in terms of overall costs. Reliance on temporary accommodation is a significant driver of the added costs. My research shows that across London, more than a quarter of households currently affected by the benefit cap are living in temporary accommodation. They are homeless families being affected by the benefit cap.

In some boroughs—not just boroughs such as Kensington and Chelsea, but less traditionally exclusive areas, with all respect, including Haringey and Redbridge—the proportion is much higher. In Waltham Forest, 58% of capped households are in temporary accommodation. Among the overall population of people claiming housing benefit, the relative comparator group, the proportion living in temporary accommodation is less than 1.5%. I will just give the Minister a moment to make a note of that if she wants to. The disproportionate presence of families in temporary accommodation among households affected by the cap ought to provide the Government major cause for concern, particularly given everything that we know about the often extortionate rents and fees involved.

It is all too easy when engaging in discussions about costs and savings to forget the human side. That is another cost. Increasingly, councils in London especially—although I understand that it is happening across the country—are having to house homeless families in temporary accommodation outside their area, sometimes many miles away. I have met mothers in my surgery over the years who have been forced to live outside Islington as a result of successive caps on housing support introduced by the previous coalition Government. For example, I met a woman who had been moved out to Essex. Her child was still at school in Islington, so she brought her child to school on the bus every day that she could afford it. Imagine the effect on that woman and child of being moved so far away, as a direct result of Government policy. Please do not tell me that that is an effective way of getting that single mother into work.

In many cases, the mothers endured long commutes, sometimes of 20 or 30 miles every day, just to get their children to school. We heard from Barnardo's during oral evidence how detrimental an impact that can have on a child's health and wellbeing. Neera Sharma explained:

“We know that children who grow up in poor families do less well in terms of their education. Uprooting those children from the communities and the support they need...has an impact on their life chances.”—[*Official Report, Welfare Reform and Work Public Bill Committee*, 10 September 2015; c. 19, Q26.]

The mothers I know often cannot bring themselves to change their children's schools. They believe that they are Islington people. Their mums were Islington people. They were brought up in Islington. It is not their fault that they are homeless. They find themselves in temporary accommodation that is too expensive, so the council has moved them out, but they want to continue to be part of the Islington community, where they have been for a very long time, where their friends are, where their mum is, where their GP is, and where the school knows the parent and the family. It is not just the effect of commuting;

it is also the effect of losing one's entire support network, professional and unprofessional—family as well as friends. Again, is this really about an incentive to get people into work?

Imagine how unhelpful it is—how ridiculously, appallingly difficult it is—for a single mother, who has lost all her support and has to move many miles away, to be told by the Government, “Get on with getting a job.” It does not work. It is unfair. It is counterproductive to make marginalised families even more marginalised. Imagine the life chances of this small child who has been moved out to Romford or Waltham Forest or one of the many different places that my constituents have moved out to. Imagine their chances. This a direct result of Government policy, and it will get worse. As long as mothers still hope that they may be able to come back to Islington or back to their roots, the long journey is worth enduring, but the stresses and strains associated with this kind of physical separation from communities and support are too difficult. Ministers must acknowledge that it really is difficult for these families. In order for the policy to be right, we need better arguments than those that we have heard.

Amendment 67 would require an exemption from the benefit cap for all homeless households living in temporary accommodation and seeks to alleviate some of the worst aspects of the suffering inflicted on families affected by the cap. At the same time, the amendment also represents an important step towards lifting some of the costs for local authorities whose finances are already stretched almost to breaking point. If the Government are serious about cutting back on public spending associated with the benefit system and in targeting the benefit cap at families in a position to make choices about where they can afford to live and whether they will work or not, I cannot imagine a principled reason for them to oppose the amendment. Imagine a homeless family still being affected by the cap because it is decided that they have in some way made a decision about where they are living and about not working.

Amendment 69, to which amendment 72 is consequential, would explicitly provide that the benefit cap should not apply to anybody claiming a benefit that by its definition recognises that work is not an option. If Mr Cameron says that the benefit cap is all about families who choose not to work not being better off than those who choose to work, amendment 69 would take out all the families who do not have choice one way or the other. Amendment 72 is consequential to that. I imagine that all Government Members will have absolutely no difficulty in voting for the amendment if what the Prime Minister said is really the reason for introducing the cap.

The main groups that the amendments would apply to are people claiming employment and support allowance because they have a long-term sickness or a disability, lone parents on income support who are responsible for the care of children under five, and people with full-time caring responsibilities who claim carer's allowance. Amendment 70 applies the same exemptions under universal credit. The amendments bring me to perhaps the most fundamental flaw in the Government's argument in favour of lowering the benefit cap, which is that one of the main intentions of the cap is to provide an incentive for people to work and that lowering the cap strengthens that incentive. If someone is not fit for work under a previous benefit cap, why would they be

fit for work under the next benefit cap? Surely it just makes it more unfair, more inhumane and more of a problem.

The impact assessment for the lower cap, which, in general reads like a document produced by Orwell's Ministry of Truth, contends that:

“The current cap meets policy intentions; however, there is opportunity to further build on its success with a lower cap.”

I think that some of the words have been quoted by the Minister. The document suggests that a lower cap will:

“Further improve work incentives for those on benefits”.

The evidence to suggest that has been flimsy as its very best.

The Government regularly, and have today, cited statistics to the effect that of the 40,000 households affected by the benefit, 41% no longer are and have entered work. There are two ways of looking at that. The first and most obvious is to note that the substantial majority of people affected by the cap have not been able to find work of enough hours to exempt them from it. The majority of people, despite the benefit cap, have not been able to find work. If it is such a great incentive, why has it not worked on more than half of people affected by it? The reason is obviously because it reflects the simple truth that the cap overwhelmingly applies to people who are recognised within the benefits system itself as being unable to work.

Neil Coyle: One reason, as my hon. Friend has said, for people potentially being unable to work or to work for significant hours is caring responsibilities. She specifically mentioned carer's allowance. Is she aware that to qualify for carer's allowance, people need to be providing a minimum of 35 hours of support a week to a disabled person or other loved one? That is a definition that the Department for Work and Pensions' own advice suggests is a “substantial” level of support to another individual.

Emily Thornberry: So someone is supposed to give a substantial level of support to another person and yet also be working sufficiently to be exempted from the benefit cap. These are the sort of people who we rely on to keep our society going—frankly, most of them are likely to be women. Those people are carers for those who would otherwise be relying on the state to do it at a much greater cost. Instead recognising the role of such people, they are being penalised under draconian legislation.

Neil Coyle: If carers were to stop providing 35 hours of support or more a week, local authorities would potentially be asked to step in to provide some of that support to an individual. We already know what the Government's agenda is for local authorities—what is has been for the past five years—but the average cost for care home placement is upwards of £600 a week. There could be a new cost to the Government of getting this policy wrong, particularly for carers.

Emily Thornberry: My hon. Friend puts it very well. If only we had a Government that listened. In fact, the most recent statistical release from the Department included, for the first time, a breakdown of capped households by benefit claimed. By far the largest proportion—49%—were claiming income support. In the vast majority of cases those are single mothers who are unable to work because childcare is neither available

nor affordable. It is clear from the evidence that we heard last week that a lack of suitable childcare remains a substantial barrier to lone parents seeking work.

In Islington in my borough the cost of a part-time nursery place is £235 a week—one of the highest in the country and more than 30% higher than the London average. It is not just cost that is the problem here. The jobs that are likely to be available to many of the mothers in my constituency who want to find work are disproportionately likely to be short-notice working, often at unsociable hours—in other words, the times when it is most difficult to find childcare.

The Government's promise of raising the number of free hours of childcare to 30 hours a week is welcome, but we have been down this road before. During oral evidence we heard concerns to the effect that the shortfall between the reimbursement rate and the actual costs would make it uneconomical for many childcare providers to continue their operations. Neera Sharma stated:

"The Pre-school Learning Alliance has said that, on average, the cost of childcare is £4.53 an hour; the Government contributes, on average, £3.88. When the childcare offer is doubled, nurseries could operate at a loss of £661 per child per year, so there are going to be quite significant issues for providers."—[*Official Report, Welfare Reform and Work Public Bill Committee*, 10 September 2015; c. 22, Q32.]

3 pm

I am sure the Conservative party understands profit and loss as much as anyone else does. How could any business run on the basis of losing £661 per child per year and still continue in business to be available for the Government's offer of so-called free childcare? In other words, we are talking about another unfunded commitment that will be passed on to local authorities to implement without adequate resources to do so.

The largest group affected by the cap, according to the Department's figures—21%—consists of people claiming employment and support allowance in the work-related activity group. I say again that the problem of making an argument in favour of applying a work incentive to people in that group is even more obvious than it is in relation to lone parents. People are placed in that group only after being assessed by the medical profession as unfit to work. If they are unfit to work, how does the benefit cap work as an incentive to get them into work? We have yet to have an answer. Government Members should be—I am sure are—worried about what this really means.

The threshold that needs to be met for a work capability assessment to reach such a conclusion is exceptionally high: a fact borne out by the number of successful appeals against decisions made. Islington Law Centre, for example, has an 85% success rate in appeals where people were initially judged to be fit for work. After Islington Law Centre represented them, those people were subsequently placed in the support group—people for whom barriers to work are even higher than for those in the work-related activity group. We discussed the problems with ESA during oral evidence, when there seemed to be near-unanimous agreement that a root and branch reform is needed. Even the former special adviser to the Secretary of State said:

"The work capability assessment does not work. It is broken and I think that most people would agree with that."—[*Official Report, Welfare Reform and Work Public Bill Committee*, 10 September 2015; c. 41, Q24.]

Let us hope that Iain Duncan Smith agrees with that.

It is clear that there will continue to be many people, perhaps thousands, who are wrongly placed in the WRAG and who have much more severe disabilities than those for whom work may one day be possible. Even those correctly placed in the WRAG will still have a condition that has been recognised as a barrier to employment. If there is any logic to subjecting such people to the benefit cap as a means of pushing them into work, perhaps the Minister would explain it to the Committee, because I simply cannot see it.

As is the case with lone parents, we have had a promising commitment from the Government on improving access to work for people with disabilities. But, as my nan used to say, warm words butter no parsnips. We have more than enough evidence from the past five years to come to an assessment of the Government's record in improving access to work, and it is not promising. According to a submission made by Scope to the Work and Pensions Committee last year, the Work programme, which accounts for the majority of support provided to disabled jobseekers, helped only one in 20 to secure a job. In this case, I might point out to Ministers that they reap what they sow.

The coalition axed one in five disability employment specialists working in jobcentres, while the payment by results model for reimbursing contractors who deliver the Work programme provides an incentive to focus their resources on the easiest cases, where barriers to employment are minimal, at the expense of ESA claimants whose needs are much higher and who need much more work. We are now left with a situation whereby, on average, jobcentres employ only one specialist employment adviser for every 600 people claiming ESA. The Minister can stand there and say until she is blue in the face that they provide the support that is necessary to get people into work, but if my statistics are right and they employ only one specialist adviser for every 600 people, that makes such words sound very hollow. It compares with one for every 140 people claiming jobseeker's allowance.

The Government's decision to keep ESA claimants in the WRAG within the scope of the benefit cap should be considered in the context of other proposals to cut support for that group. The Government ask us to trust that their ambitious promises to improve access to work for people with disabilities, and to double the amount of free childcare for working parents, will come off without a hitch. Perhaps I am too cynical, or perhaps I have seen it all before, but it seems to me that improving access to work should come first, with the penalties for those who do not seek work when it is an option for them to do so coming afterwards. The way to do it is not to push people who are unable to work into work, when we all know that it is not possible for them to work, and to penalise them. That is simply wrong.

Finally, these amendments would exempt anyone claiming carer's allowance from the benefit cap. As has already been said, Ministers have been awfully quiet about that group, who are only able to claim the benefit because it has been established that they have full-time caring responsibilities of 35 hours a week or more. Carers will be hit by the benefit cap because of an entirely arbitrary distinction between those who live with the relative in question and those who live separately. Given the fact that the benefit cap is actually a cap on

housing costs, a carer in that situation will have two choices: either they will need to move away in search of cheaper accommodation, or they will need to find a job, which will require them to give up their caring responsibilities. In all likelihood, choosing either of those options will lead to caring responsibility being passed on to the state. How are we saving money?

Either way, the costs of the change, not only in financial terms but in the infliction of needless suffering on carers and their families, are simply indefensible. As it stands, the majority of people subject to the benefit cap—85% altogether—are people for whom work is not an option. Given that, how can David Cameron get up and say that this Welfare Bill is consistent with the idea that—

The Chair: Order. May I just remind the hon. Lady about parliamentary language?

Emily Thornberry: I am so sorry. How can it be consistent with what the Prime Minister said yesterday at Prime Minister's questions? He said:

"I say that a family that chooses not to work should not be better off than one that chooses to work"—[*Official Report*, 16 September 2015; Vol. 599, c. 1039.]

If that is the guiding principle behind the Bill, why is it that 85% of people affected by the cap are not in a position to work, and are recognised as such by the Minister's very own Department? How is that right? I would really like an answer to that.

We should see this policy for what it is. It is just another form of financial penalty for people who the Government believe, in the absence of any evidence to support such a belief, are out of work through choice and not through simple misfortune. The figures suggest that in total, more than 90% of those currently affected by the benefit cap are out of work through no fault of their own. The Minister said during our debates on Tuesday:

"It is right that everyone who can work should work".—[*Official Report, Welfare Reform and Work Public Bill Committee*, 15 September 2015; c. 144.]

Who would disagree with that? No one could disagree with that. That is the guiding principle behind the amendments, and for that reason I will press them.

I turn to amendment 107. I return to the point I touched on earlier about the evidence, or lack of it, to support the Government's claim that the cap has been a successful tool in moving people into work. Let us probe Ministers' oft-repeated claim that 41% of people have managed to remove themselves from the cap by finding employment. What the figures actually show is that 41% started making a claim for working tax credit, which is not quite the same thing, given that someone needs to be working for at least 16 hours a week to qualify. The Institute for Fiscal Studies explains:

"Some people may move into work but not work enough hours to be entitled to WTC".

It goes on to say that others

"might start a WTC claim when they were in work all along, perhaps because claiming this entitlement is a relatively easy way of exempting oneself from the benefit cap."

It is only "easy" for those who are already working.

What I find striking about the Government's entire approach of arguing for the cap as a work incentive is their almost total complacency about the quality of

work that people are moving into. Of those 41% of people now claiming working tax credit, it would be instructive to know how many of them are in temporary work or seasonal jobs, and how many have moved into work for short periods for that reason, only to fall back under the scope of the cap when work is no longer available.

It would help if we had figures on the number of people who have moved into work but who still have to claim benefits in order to pay for basic necessities, so that we know what the so-called "success" of the benefit cap is. A fact that is all too often left out of any discussion is that the majority of people claiming benefits are in work.

I certainly agree with the Government that it is not at all desirable for the state to be subsidising employers who fail to pay their staff a decent wage. The fault, however, is surely with employers and not the workers themselves. Ministers seem to have become accustomed to thinking that work is an end in itself, regardless of pay, conditions, security or anything else that matters to real people, whether they are in work or looking for it. The Chancellor of the Exchequer and the Secretary of State wrote an extraordinary article in *The Sunday Times*, in which they stated:

"Helping those confined to the margins of our society by giving them the security and dignity of a job is a one nation government at work".

Whether work offers security and dignity, however, very much depends on the job in question.

That brings me to amendment 107, which would provide for an exemption from the benefit cap for anyone who meets the definition of employment used by the Office for National Statistics. We have already heard, in relation to the reporting requirements for full employment in clause 1, that there are different ways of defining employment and that many of those bear little resemblance to the traditional concept of a nine-to-five job on a permanent contract, which would pay a family wage. Details of the exact measure of employment that is to be used for the purposes of the reporting requirement have yet to be fleshed out, but Ministers have given no indication that they will depart from the ONS definition, which suits their purposes in inflating the overall numbers.

If, however, someone can be employed under the Bill by working 20 minutes every fortnight and the idea of the benefit cap is to put people into work, why can people not do that? There is a contradiction: on the one hand we talk about 16 hours, but on the other hand we talk about any amount of work being sufficient.

It is strange, therefore, that the benefit cap, which is now more than ever being spun as a means to move people off benefits and into work, should set the bar so high in terms of what "work" means that anyone working for fewer hours than 16 hours a week will fail to meet the standard. Ministers seem perfectly happy with the ONS definition when it suits their purposes, but not when it does not. What is sauce for the goose should be sauce for the gander. If we are to believe Ministers when they say that the benefit cap is intended to move people into work, and that work is an end in itself, it ought not to be so loosely defined. It is wholly inconsistent for Ministers to oppose amendment 107. They simply cannot have it both ways, so I will press amendment 107 to a vote.

I will now move on to amendment 104. We have discussed a number of possible exemptions from the cap, which Ministers have opposed despite the fact that they seem entirely reasonable to me and to so many of the organisations that have sent briefings to the Committee. Amendment 104 takes a different approach, narrowing the number of exemptions to the groups that might be classed as the most acutely vulnerable and perhaps the least able to change their circumstances. The amendment would disapply the cap to single parents responsible for children under the age of two, people with full-time caring responsibilities and victims of domestic violence living in temporary accommodation.

Even in the event that Ministers reject the broader categories of exemption that I have suggested in the earlier amendments, surely amendment 104 will be difficult to vote against. Should people with young children who are living in temporary accommodation after fleeing domestic violence be affected by the cap? In a way, I suppose, the amendment is a form of challenge to the humanity of the Government Members. If welfare reform is meant to protect the most vulnerable, surely the Conservative party should be able to vote for the amendment.

My final point is about amendment 68, the David Cameron amendment—

The Chair: Order. I think you mean the Prime Minister.

Emily Thornberry: I am sorry. The Prime Minister amendment encapsulates the argument made by the Prime Minister. If the Bill is really about ensuring that families who have chosen not to work are affected by the benefit cap, surely we could encapsulate that quite simply and exempt jobseekers claiming jobseeker's allowance who have not had a reasonable offer of employment. In other words, if someone on jobseeker's allowance is offered a job—if they are fit to work, as defined by the DWP—and they do not accept it, there will be penalties in any event. We are talking only about that group of families, and the Prime Minister seemed only to be talking about that group of families at Prime Minister's questions, so why do we not confine the Bill simply to that group? Why can we not encapsulate the purpose of the Bill in relation to the benefit cap as suggested in amendment 68—the David Cameron amendment?

3.15 pm

Hannah Bardell: I will be brief, as the hon. Lady has put her argument succinctly and extensively. *[Interruption.]* I do not have a huge amount to add, so I will keep my powder dry, so to speak. The Scottish National party supports the amendments, which would ensure that some of the most extremely vulnerable groups were not affected by the cap.

Frankly, the cap is a disgrace. The amendments acknowledge that those who claim benefits do so for a variety of reasons, from disability to mental health problems, abuse and homelessness, as well as unemployment. The blanket cap shows that the Government have no recognition of the complex psychological factors that can be wrapped up in what is not always a simple benefits claim. The Government are not thinking about the people, events and experiences that lie behind the figures on paper. The amendments

would rightly pick up on those who may be hit the hardest, similar to my party's own amendments, which we will discuss in the next group.

The Chair: Do any Back Benchers wish to speak?

Neil Coyle: Briefly Mr Owen. Thank you for your generosity earlier and for preventing me from being put in the same position again.

The derogatory comments about the succinctness of my hon. Friend the Member for Islington South and Finsbury demonstrate the big difference between the Government and the Opposition. These are incredibly important issues that affect thousands of people, and they go directly to the root of the matter. The Government claim to represent working people, but many thousands of the people affected are in work. The Government are taking away fundamental parts of the support system that helps those on low incomes who are trying to work, move on and do the right thing, to use the Government's terminology. The Government are also undermining people's opportunity to live in central London constituencies such as mine.

I want to pre-empt something that I suspect the Minister might say about discretionary housing payments. Rather than just focusing on the few local authorities that pass back, or have passed back, some of their unspent discretionary housing payments, perhaps we could discuss the total spend of councils on discretionary housing payments, including those, such as mine, that spend more than they are provided by central Government.

Priti Patel: The amendments would introduce a new series of exemptions from the benefit cap. Largely, they would provide exemptions for the households that find it most difficult to enter work, for people who may be unable to get a job or for those who are not required to be available for work and to take up employment. I will shortly address why I do not agree with introducing the proposed additional exemptions, but I remind Members that the cap sets out the strong principle that there is a maximum level of out-of-work benefits that the Government will pay to each household. The Government have always accepted that there should be some exemptions from the benefit cap.

I will briefly recap the current exemptions. To incentivise work, the cap does not apply to households in receipt of working tax credits. To recognise the extra costs that disability can bring, households that include a member who is in receipt of attendance allowance, disability living allowance, personal independence payment or the support component of employment and support allowance are exempt. War widows and widowers are also exempt, as I am sure all Members recognise.

Neil Coyle: Has any assessment been made of the impact of the benefit cap and other changes on new applications for the supports just listed by the Minister that provide an exemption from the cap?

Priti Patel: I will have to come back to the hon. Gentleman on that point.

The exemptions best support the cap's aims of increasing incentives to work and promoting fairness while ensuring that the vulnerable remain supported. The welfare reforms

[Priti Patel]

that we have discussed thus far in Committee are about transforming life chances and promoting fairness and opportunity.

Amendment 104 would introduce three new exemptions from the benefit cap. The explanatory statement that accompanied the amendment explains that its purpose is:

“To provide that the benefit cap does not apply to benefit claimants who will find it most difficult to enter work.”

The first exemption that the amendment would introduce is for persons

“responsible for the care of a child aged below 2”.

A blanket description that couples with children are those who find it most difficult to enter work is inappropriate. The vast majority of capped households who have found work include parents who have managed to balance their caring responsibilities with work, as millions of working households already do. By going out to work, parents are helping to improve their children's life chances and are showing them the importance of a strong work ethic, reinforcing the principle that work is the best way out of poverty.

Turning to lone parents with young children, at whom I think this amendment is most likely addressed, we believe that work is the best route out of poverty for households. Children can have their life chances and opportunities damaged by living in households in which no one has worked for years and in which no one considers work as an option. Lone parents need only enter work at 16 hours a week to become eligible for working tax credits and so become exempt from the cap.

We already provide support to parents for the cost of childcare, which we are extending to help working parents further. The 30 hours of free childcare is just one measure, but there are many others, not least tax-free childcare, which will provide a great deal of support, in particular for families on universal credit, who will be able to claim back 70% of childcare costs. On funding for childcare rates, a Government funding review is currently under way, led by the Department for Education, so more is taking place in this area. Parents who receive help with childcare costs through working tax credits are exempt from the cap and childcare costs paid through UC are excluded from the cap. Since the cap was introduced in April 2013, nearly 8,500 lone parents have moved into work and started claiming working tax credits. In 2014, around 1.25 million lone parents were in employment in the UK.

The second exemption that the amendment would introduce is for people in receipt of carer's allowance in respect of someone who is in receipt of disability living allowance, personal independence payment or attendance allowance with whom they are not living. We all acknowledge the important role that carers provide, but we do not accept that carers are unable to work. Although seeking work is not a condition for receiving carer's allowance, many carers are nevertheless able to and combine work with caring responsibilities. Figures from February this year show that around 760,000 working-age claimants were receiving carer's allowance. Of those, around 75,000 reported that they were doing work at some point while making their claim. It would therefore be inappropriate to introduce an exemption specifically

on the grounds that somebody is in receipt of carer's allowance. However, the vast majority—94%—of households in receipt of carer's allowance who have a benefit income above the cap level are exempt from the cap, mainly because the person they care for is in the same household and is in receipt of an exempting disability-related benefit.

Emily Thornberry: If so few households are affected and if the justification is fairness—although I am not sure about that—why not allow the exemption? If it would save money, because it relates to so little money, why not exempt such people?

Priti Patel: I will carry on. I may pick up some of the points made later.

The final part of the amendment would exempt those living in temporary accommodation following an incident of domestic abuse. The effects of domestic abuse are awful and traumatic; no one could ever argue to the contrary. That is why we have introduced a series of measures to support those who have been subject to domestic abuse, including easements for prescribed periods of time from any requirements to look for or take work. We have special provisions within the cap to help those who have had to flee their homes and seek sanctuary in refuges.

Before the cap was implemented, we amended the regulations so that any housing support paid for people living in what was then termed exempt accommodation should be excluded from the cap. When concerns were raised that the definition of exempt accommodation was too narrow, we amended regulations to ensure that housing support paid to those living in a refuge, for example, as a consequence of domestic abuse would also be covered by the exclusion.

Amendment 67 would require an exemption for those living in temporary accommodation. We do not agree that the best way to help people in temporary accommodation is merely to exempt them from the benefit cap. We believe that the best way is to support people to overcome the barriers and issues that they might face, including the barriers to work. We cannot see why we would want to exclude all households in temporary accommodation from the positive effects of support to get back to work.

Emily Thornberry: Surely the best and in fact the only way of helping people out of temporary accommodation is to build more housing.

Priti Patel: I support the hon. Lady's comment. That is exactly what the Government's policy is, and we are doing so.

Although we recognise that rents in temporary accommodation can be high, local authorities have a duty under homelessness legislation to provide suitable, affordable accommodation where the applicant is deemed to be in priority need. Before the cap was implemented, we amended regulations so that any housing support paid for people living in what was termed exempt accommodation should be excluded from the cap. When concerns were raised that the definition was too narrow, we further amended regulations to ensure that housing support paid to those living in refuges would be covered by the exclusion.

Amendment 69 would exempt those in receipt of carer's allowance. I have already set out the reasons why we do not think the exemption would be appropriate. The amendment also exempts those on employment and support allowance. As I have said, we have already exempted those on ESA who are in receipt of the support component, recognising that they have particular health conditions and are far removed from the labour market and less likely to be able to increase their income.

As discussed—I think that all Members have commented—the benefit cap is a work incentive. Those in the work-related activity group of employment and support allowance have been assessed and are being supported into work, which we believe is right. More recently, we have announced a funding package of up to £100 million a year in the Budget to provide the right incentives and support to enable those with limited capability but some potential to prepare for work. That relates to those within the work-related activity component of ESA.

We are currently in the latter stages of re-assessing recipients of severe disablement allowance and incapacity benefit who are below pension age to see whether they are entitled to employment support allowance and qualify for the work-related activity group or the support group. Those reforms will ensure that such individuals are supported in their engagement with the labour market, or given whatever support they need. More than 1.4 million of those on incapacity benefits have started the reassessment process since it began, and almost 750,000 of them are being supported to prepare or look for work as a result of the ESA process.

Amendment 72 is consequential on amendment 69, to which I have just spoken. The amendment would omit carer's allowance, employment and support allowance, incapacity benefit, income support and severe disablement allowance from the list of welfare benefits. I have set out why we do not think that that is appropriate; I return to the principles of the benefit cap.

Amendment 70 relates to exempting those in receipt of universal credit without any work requirements. Before addressing this amendment, I remind Committee members that there is an exemption from the cap for those who are entitled to the universal credit limited capability for work or work-related activity element whose health conditions mean that they are further from the labour market and less able to increase their income through work.

3.30 pm

The amendment would create further exemptions, which are likely to include those who have caring responsibilities for a disabled person or those with responsibility for young children. As I have said, this cap is not about conditionality. We are introducing it because we believe that ultimately, we should be limiting the amount of money that the state can provide to households in benefits.

Amendment 107 is about exempting those in employment as defined by the Official for National Statistics. For the purposes of the ONS, anybody doing one hour or more a week of paid work is counted in the employment figures. Therefore, if the amendment were accepted, it would mean that households where someone worked

for only a minimum of one hour or more a week would be excluded from the cap. We have built work incentives into the exemptions from the cap, so that there is a strong incentive to take up sustained work and reduce dependency.

Any household that takes up enough work to qualify for working tax credit or the earnings exemption in universal credit will not be capped. However, we have never said that the benefit cap's in-work exemption provides a definition of being in employment. Rather, it establishes the level of work that claimants need to do to be exempt from the cap. I remind the Committee that for legacy benefits, it uses a minimum amount of hours that the Labour party previously introduced as a requirement to be entitled to working tax credit.

Removing households from the positive work incentive measure of the cap by stating that they need only to work for one hour or more a week simply undermines the whole principle of the cap. There is therefore a risk that someone could claim to be self-employed for an hour a week and become exempt from the cap. Any work of one hour a week, as used by the ONS definition, or indeed, of only a few hours, is unlikely to provide sustainable employment. Surely it is better for people to work more hours and receive support, rather than managing on benefit.

A point was made about discretionary housing payments. I will come back to the hon. Member for Bermondsey and Old Southwark on that, because he had some very specific points, and I will also look at local authority data. I know that the hon. Member for Islington South and Finsbury mentioned that earlier with regard to discretionary housing payments.

To conclude, the benefit cap sends a strong message that households in receipt of benefits should not be better off than those who are working. It is a simple matter of fairness and we will ensure that those in greatest need will receive the support that they require. It is right to have a cap on the level of benefits that the Government give to households who are not in work. We know that work is the right route forward and, in other debates, we have touched on aspects of Government work in supporting individuals to get back to work.

The benefit cap is working and we believe that the existing exemptions combined with the additional funds that we have allocated for discretionary housing payments provide the most effective means of increasing incentives to work and promoting fairness, while ensuring that the most vulnerable are supported.

I know that hon. Members will not withdraw their amendments, but I urge them to.

Emily Thornberry: I do not think there is anything else I need to say. I am very disappointed by some of the responses. I will not press amendment 107, but I shall press amendment 104 to a vote.

Question put, That the amendment be made.

The Committee divided: Ayes 5, Noes 10.

Division No. 12]

AYES

Bardell, Hannah

Thornberry, Emily

Coyle, Neil

Green, Kate

Wilson, Corri

NOES

Atkins, Victoria	Opperman, Guy
Churchill, Jo	Patel, rh Priti
Heaton-Jones, Peter	Scully, Paul
Hinds, Damian	Shelbrooke, Alec
Milling, Amanda	Whately, Helen

Question accordingly negated.

Amendment proposed: 26, in clause 7, page 8, line 38, leave out “£23,000 or £15,410” and insert “£26,000 or £18,200”.—(*Hannah Bardell.*)

This amendment would keep the benefit cap level in London at the same rate as today.

Question put, That the amendment be made.

The Committee divided: Ayes 5, Noes 10.

Division No. 13]**AYES**

Bardell, Hannah	Thornberry, Emily
Coyle, Neil	
Green, Kate	Wilson, Corri

NOES

Atkins, Victoria	Opperman, Guy
Churchill, Jo	Patel, rh Priti
Heaton-Jones, Peter	Scully, Paul
Hinds, Damian	Shelbrooke, Alec
Milling, Amanda	Whately, Helen

Question accordingly negated.

Amendment proposed: 27, in clause 7, page 8, line 39, leave out “£20,000 or £13,400” and insert “£26,000 or £18,200”.—(*Hannah Bardell.*)

This amendment would keep the benefit cap level outside London at the same rate as today.

Question put, That the amendment be made.

The Committee divided: Ayes 5, Noes 10.

Division No. 14]**AYES**

Bardell, Hannah	Thornberry, Emily
Coyle, Neil	
Green, Kate	Wilson, Corri

NOES

Atkins, Victoria	Opperman, Guy
Churchill, Jo	Patel, rh Priti
Heaton-Jones, Peter	Scully, Paul
Hinds, Damian	Shelbrooke, Alec
Milling, Amanda	Whately, Helen

Question accordingly negated.

Amendment proposed: 67, in clause 7, page 9, line 5, at end insert—

“(5C) Regulations under this section must provide for an exemption from the benefit cap for persons living in temporary accommodation into which they have been placed by a local authority which has found them to be in priority need (as defined in Part 7 of the House Act 1996 and the Homelessness (Priority Need for Accommodation) (England) Order 2002).”—(*Emily Thornberry.*)

To provide that the benefit cap will not apply to homeless families living in temporary accommodation after being assessed as having a priority need.

Question put, That the amendment be made.

The Committee divided: Ayes 3, Noes 10.

Division No. 15]**AYES**

Coyle, Neil	Thornberry, Emily
Green, Kate	

NOES

Atkins, Victoria	Opperman, Guy
Churchill, Jo	Patel, rh Priti
Heaton-Jones, Peter	Scully, Paul
Hinds, Damian	Shelbrooke, Alec
Milling, Amanda	Whately, Helen

Question accordingly negated.

Amendment proposed: 68, in clause 7, page 9, line 5, at end insert—

“(5C) Regulations under this section must provide for an exemption from the benefit cap for claimants of Jobseeker’s Allowance, including income-based Jobseeker’s Allowance (as defined in section 1 (4) of the Jobseekers Act 1995) where the claimant has not received a reasonable offer of a job.”—(*Emily Thornberry.*)

To provide that the benefit cap will not apply to job seekers who have not received a reasonable offer of employment.

Question put, That the amendment be made.

The Committee divided: Ayes 5, Noes 10.

Division No. 16]**AYES**

Bardell, Hannah	Thornberry, Emily
Coyle, Neil	
Green, Kate	Wilson, Corri

NOES

Atkins, Victoria	Opperman, Guy
Churchill, Jo	Patel, rh Priti
Heaton-Jones, Peter	Scully, Paul
Hinds, Damian	Shelbrooke, Alec
Milling, Amanda	Whately, Helen

Question accordingly negated.

Amendment proposed: 69, in clause 7, page 9, line 5, at end insert—

“(5C) Regulations under this section must provide an exemption from the benefit cap for persons in receipt of —

- (a) carer’s allowance (see section 70 of the Social Security Contributions and Benefits Act 1992),
- (b) employment and support allowance, including income-related employment and support allowance (as defined in section 1(7) of the Welfare Reform Act 2007) (see section 1 of the Welfare Reform Act 2007),
- (c) incapacity benefit (see section 30A of the Social Security Contributions and Benefits Act 1992),
- (d) income support (see section 124 of the Social Security Contributions and Benefits Act 1992),
- (e) severe disablement allowance (see section 68 of the Social Security, Contributions and Benefits Act 1992).”—(*Emily Thornberry.*)

To provide that the benefit cap may not be applied to anyone claiming Carer’s Allowance, Employment and Support Allowance, Incapacity Benefit, Income Support or Severe Disablement Allowance.

Question put, That the amendment be made.

The Committee divided: Ayes 5, Noes 10.

Division No. 17]

AYES

Bardell, Hannah	Thornberry, Emily
Coyle, Neil	
Green, Kate	Wilson, Corri

NOES

Atkins, Victoria	Opperman, Guy
Churchill, Jo	Patel, rh Priti
Heaton-Jones, Peter	Scully, Paul
Hinds, Damian	Shelbrooke, Alec
Milling, Amanda	Whately, Helen

Question accordingly negated.

Amendment proposed: 71, in clause 7, page 9, line 6, leave out subsection (3).—(*Emily Thornberry*.)

To retain the current link between the benefit cap and estimated average earnings.

Question put, That the amendment be made.

The Committee divided: Ayes 5, Noes 10.

Division No. 18]

AYES

Bardell, Hannah	Thornberry, Emily
Coyle, Neil	
Green, Kate	Wilson, Corri

NOES

Atkins, Victoria	Opperman, Guy
Churchill, Jo	Patel, rh Priti
Heaton-Jones, Peter	Scully, Paul
Hinds, Damian	Shelbrooke, Alec
Milling, Amanda	Whately, Helen

Question accordingly negated.

Hannah Bardell: I beg to move amendment 28, in clause 7, page 9, line 9, leave out paragraph (a).

This amendment would remove bereavement allowance from the benefit cap.

The Chair: With this, it will be convenient to discuss the following: amendment 29, in clause 7, page 9, line 11, leave out paragraph (b).

This amendment would remove carer's allowance from the benefit cap.

Amendment 30, in clause 7, page 9, line 13, leave out paragraph (c).

This amendment would remove child benefit from the benefit cap.

Amendment 31, in clause 7, page 9, line 15, leave out paragraph (d).

This amendment would remove child tax credit from the benefit cap.

Amendment 32, in clause 7, page 9, line 21, leave out paragraph (f).

This amendment would remove guardian's allowance from the benefit cap.

Amendment 76, in clause 7, page 9, line 23, leave out paragraph (g).

This amendment would remove housing benefit from the benefit cap.

Amendment 33, in clause 7, page 9, line 33, leave out paragraph (k).

This amendment would remove maternity allowance from the benefit cap.

Amendment 34, in clause 7, page 9, line 35, leave out paragraph (l).

This amendment would remove severe disablement allowance from the benefit cap.

Amendment 35, in clause 7, page 9, line 38, leave out paragraph (n).

This amendment would remove widow's pension from the benefit cap.

Amendment 36, in clause 7, page 9, line 40, leave out paragraph (o).

This amendment would remove widowed mother's allowance from the benefit cap.

Amendment 37, in clause 7, page 9, line 42, leave out paragraph (p).

This amendment would remove widowed parent's allowance from the benefit cap.

Hannah Bardell: With our amendments in this group, we hope to remove some of the most vulnerable groups that will be included in this benefit cap: people on bereavement allowance; people on carer's allowance; people on child benefit and child tax credit; people on guardian's allowance; people on maternity allowance; and people on severe disablement allowance. All those people should be excluded from the cap.

Amendment 28 would remove the bereavement allowance from the cap. Bereavement allowance can be a lifeline for those who suffer after the death of a spouse. As well as helping people to cope with the huge amount of emotional distress that that can cause both before and after death, bereavement allowance helps people to get back on their feet and cope with the potential loss of income caused by their spouse's death. For the same reason, we have tabled amendments 35, 36 and 37, which would remove benefits from the cap that those who have been widowed are entitled to.

Amendment 29 would remove carer's allowance from the cap, because it is important that carers are not penalised by the benefit cap. Those who dedicate huge proportions of their day to caring for a loved one, regardless of whether they live with them or not, should not be punished by the Government for their selflessness and dedication.

As Carers UK has pointed out, the Government's welfare policy is trying to incentivise people into work, but many carers are not in a position to work or take on more work without reducing the care that they provide to loved ones. Increasing financial pressure on carers could have an adverse effect on the people they care for, not to mention the potential psychological burdens, and it would put greater pressure on our local authorities and third sector, which are already under significant pressure due to the cut in the block grant to Scotland. Amendments 30 and 31 would remove child tax benefit and child tax credit from the benefit cap, and amendment 32 would remove the guardian's allowance from the cap.

Just because the Government have decided to abolish the definition of child poverty does not mean that they have abolished the reality of 3.7 million children in the UK living in relative poverty. That number is projected to rise to 4.7 million by 2012 under current Government policies. Capping those benefits will only push into

[*Hannah Bardell*]

hardship more children who have no ability to do anything about their circumstances. That would have both short-term and long-term effects for their health, emotional wellbeing and educational achievement. In the case of the guardian's allowance, a child and a guardian who have already had to cope with the death of a loved one must be protected from the burden of financial hardship falling on them, on top of their loss.

Amendment 33 would remove maternity allowance from the cap to ensure that a woman will not be penalised merely because she has decided to have a child. Amendment 44 would remove the severe disablement allowance from the cap. Although we understand this benefit is undergoing a transition, for those who are still receiving it, it provides extra support for those with particularly severe disabilities. Once again, the effect the cap will have on disabled people claiming benefit will be hugely damaging: not simply because of the inclusion of this benefit in the cap, but the inclusion of many benefits that some disabled people rely on to live life independently.

3.45 pm

If we cannot remove the overall benefits cap, we must at least do our best to look at the benefits individually. We do not believe that we can put one above the other, which is why we have put them individually line by line. It is clear to us that the Government will be taking with both hands. In Scotland we are going to have our block grant cut and then we will have further cuts individually to people's welfare benefits. The Government, who were not voted for in Scotland, are imposing their cuts on Scotland when the SNP was by and large elected in Scotland on an anti-austerity agenda.

Emily Thornberry: I would like to talk to amendment 76, but in doing so perhaps offer a critique of the SNP's amendments. The important thing is that there is a difference between the amendments that have been tabled so far, which would exclude groups, so that if someone is in receipt of a particular benefit, the group would be excluded, but if a particular benefit is to be excluded from the benefit cap, the cap could still hit that group in any event. Let me explain a little better. Take, for example, the bereavement allowance to be excluded from the benefit cap. It would not mean excluding that group because if someone who was bereaved had other benefits that took them on to the other side of the benefit cap, they would still be affected by the cap, despite the bereavement allowance. For my party, it is important to look at the groups as opposed to the benefits. I will throw that into relief in relation to housing benefit.

The housing benefit amendment has been tabled as a probing amendment, but in truth the reason that the cap is even considered is because of the high cost of housing. So if any benefit was to be excluded from the benefit cap, it would be housing. It is housing that causes the so-called trouble. Some people have large families. The Government want to push the benefit cap down even further, but the issue is not even about large families. It can be families that need only two or three bedrooms in some areas, and there will not be a single area in the country that will not be affected by the

benefit cap, because of the amount of money that housing costs. So if any benefit were to be excluded, it should be housing benefit, because that is the essence of the costs. If we look at fairness, it really is not the fault of someone who has a larger family who needs to live in a two, three or four-bedroom flat, or someone who lives in a more expensive area. Housing costs could be taken out of the equation when it comes to benefit caps.

The Government are always saying it is not fair for someone on benefits to be receiving more than the average earnings, but of course it is not they who get the money; it is their landlords. It is because the landlords want to be able to accept more money from the state that the rents continue to go up. That is what the amendment highlights. In the end, we are talking about there not being enough affordable housing in this country, either in London or across the country. The benefit caps that have been introduced so far have adversely affected London and large families within London, but the new benefit cap suggested in the Bill of £23,000 or £21,000 will affect families throughout the entire country.

I refer the Committee to the evidence that was given to us by Shelter, I believe. Shelter said that under the new cap a family with four children would be unable to find a home with the number of bedrooms that they need anywhere in England. That is important—nowhere in England without hitting the benefit cap.

The size of the shortfall is also remarkable. The cheapest place to rent the four-bedroom home that the family would need is Bradford, where a home at the lower end of the market costs £123 a week. Even there, a family would face a shortfall of £81 a week. The problem is not only a London one. The way in which the Government are going about introducing the benefit cap and pushing it down and down will affect families throughout the country, including in the constituencies of Conservative Members.

The issue is important. Some people might have been tempted to think that there are Londoners who believe that they should continue to live in London, even though house prices are going up, and that frankly we should leave it to the Russian oligarchs to live in central London and the rest of us ought to move somewhere else. The truth, however, is that there will be nowhere else in the country where a family can live without being affected by the benefit cap—unless we take housing costs out of the cap.

If we take housing costs out and look at the needs of families, we might find that there would not be the same regional variation as we have at the moment. The reason for the variation is the varying housing costs, so the amendment probes that issue. Perhaps the Government will consider the kernel of truth, that the poorest people in this country are being penalised by the Bill and the benefit cap for something that is not their fault; frankly, it is the fault of generations of politicians, Labour and Conservative, who have not built enough affordable housing. It is not the fault of those in my constituency with a family of two living in private rented accommodation that prices are so high. It is not the fault of the family of four in Bradford that house prices will be on the other side of the cap. It is our fault for not ensuring sufficient affordable housing.

I know that the Minister will get up and tell us that the Government are building lots of affordable housing—we'll get on and build it! Once they have built it, they will

not need to have the benefit cap, because people will be able to live on reasonable amounts of money, which will save the country a great deal of money. The time was when Governments used to spend, for every £10 spent on building homes, £1 on benefits that would assist people to live. Now the whole thing is tipped on to its head, so that for every £1 we spend on building homes, we spend £10 on housing benefit.

The answer could be, “Let’s just cut housing benefit! Let’s not let people have enough money to pay rent.” We could do it that way, but that would be draconian, inhumane, cruel and wrong. The other way to do it would be to spend the money on building affordable homes—truly large amounts of affordable homes. We need radical solutions for such a profound problem. The solution is not to turn on the poorest and most marginalised people in this country; the solution is to build more affordable homes and to go for it. If the Government were to do that, they would have the complete support of the Opposition. That is true affordable homes, not the nonsense affordable homes dreamt up for the Greater London Authority by the Mayor of London, with 80% market rent somehow or other an affordable home. We want real affordable homes that cost a reasonable amount of money and that people can genuinely afford to live in.

That in essence is the solution to the problem and what is highlighted in the amendment. I ask the Minister to address herself to the issue raised by the amendment.

Priti Patel: I will not run through the various exemptions called for in the amendments. I will come on to housing shortly, because I will basically rerun some of the points that have been made previously.

The amendments would omit various welfare benefits from those that are currently within the benefit cap. We believe that the current exemptions are the best ones to support our aims of increasing incentives to work and fairness, and to support the most vulnerable.

In our last sitting, we spoke about support for carers and about carers balancing the needs of their care and work responsibilities. I appreciate that the hon. Lady has called for a wide range of amendments to omit child benefit, child tax credit and guardian’s allowance from the benefit cap.

Emily Thornberry: I have a question for the Minister and I would be grateful if she were able to answer it, perhaps with the assistance of her officials. I believe she said that many carers combine work with caring responsibilities, but people can claim carer’s allowance only if their caring responsibilities take up more than 35 hours a week. To work enough hours to exempt themselves from the cap, they would need effectively to work 51 hours a week. If that is right, does she accept that that would be an inappropriate amount of time for people to be working in order to be exempted from the cap?

Priti Patel: I put that in the context of the some of the other benefits within the household, which would therefore exempt the carer from the benefit cap.

The hon. Lady calls for a range of exemptions. She will not be surprised—I made the point on the previous group of amendments—that we believe that, to incentivise work, the cap does not apply to those households in

receipt of working tax credits. We outlined a range of exemptions in the last sitting when we discussed the previous group of amendments.

The hon. Lady touched on the only area on which there is a degree of consensus on the Bill and in the debate: the role of housing. She spoke to amendment 76, which would remove housing benefit from the benefit cap. I understand it to mean not that households in receipt of housing benefit would be exempt from the cap, but that their housing benefit payment would be disregarded from the calculation of the total household benefits to which they are subject. The removal of housing benefit from the benefits that are subject to the cap would simply undermine the principle of the cap.

Emily Thornberry: Exactly.

Priti Patel: As the hon. Lady and other hon. Members know, housing benefit is usually the single largest benefit, therefore the cap would no longer have the intended effect of limiting high levels of total benefits.

In addition, the amendment does not refer to housing costs in relation to universal credit. It would therefore mean different treatment for households in receipt of housing benefit and those on universal credit, which is surely not the intention. The inclusion of housing benefit in the cap is specific to the principles of the cap. Obviously the Government support it through discretionary housing payments, for example. As we discussed earlier, there is now more funding for those payments. As I said, we have announced additional funding that will continue, with £800 million being made available for discretionary housing payments over the next five years. Given that, it would not be right to exclude housing benefit from the cap.

The hon. Lady was right—I am going to make the point that more is being done on building homes. That is not for the Bill, because it is not for the Department for Work and Pensions, but building homes is about the Government working with local authorities to focus on doing more in that space. There is no doubt that we all want more affordable housing. The Government have so far committed £38 billion of both public and private investment to help to ensure that 275,000 new affordable homes are built between now and 2020.

The hon. Lady pointed out that we need to get on with it. That is exactly what we are committed to do. I ask local authorities to work with us to achieve that common aim. That is fundamental to supporting people not just in respect of housing need, but in respect of giving them a quality of life. That is right and proper. It is also fundamental to dealing with the issues of rent, housing costs in general and homes standards, which have also been aired in the debate.

Because we have touched on many of the exemptions in debates on previous clauses, I will not rehearse them. Given that we have a vast number of exemptions from the benefit cap, it would not be appropriate or right to extend them to the exemptions proposed in this group of amendments, so I urge hon. Members not to press them.

4 pm

Hannah Bardell: I would like to respond to the hon. Member for Islington South and Finsbury. As she well knows, these amendments are only a compromise on

[Hannah Bardell]

our earlier amendments, on which I am glad that the Labour party was able to join the SNP. The amendments would ring-fence individual benefits, so that those in receipt would be specifically protected to mitigate their circumstances.

I hear what the hon. Lady says about housing, which is a devolved matter. The Scottish Government have met their targets for building affordable housing. This is about progressive politics. We have picked up the mantle and have filled the gap left for us by previous Scottish Administrations and the Westminster Government, and we have driven forward an ambitious house-building programme within our limited financial framework. With all that in mind, I want to press amendments 28 to 37 to a vote.

The Chair: I thank the hon. Lady for that forewarning. We will deal with amendment 28 first and then with the rest of the group.

Question put, That the amendment be made.

The Committee divided: Ayes 2, Noes 10.

Division No. 19]

AYES

Bardell, Hannah Wilson, Corri

NOES

Atkins, Victoria Opperman, Guy
Churchill, Jo Patel, rh Priti
Heaton-Jones, Peter Scully, Paul
Hinds, Damian Shelbrooke, Alec
Milling, Amanda Whately, Helen

Question accordingly negated.

Amendments proposed: 29, in clause 7, page 9, line 11, leave out paragraph (b).

This amendment would remove carer's allowance from the benefit cap.

Amendment 30, in clause 7, page 9, line 13, leave out paragraph (c).

This amendment would remove child benefit from the benefit cap.

Amendment 31, in clause 7, page 9, line 15, leave out paragraph (d).

This amendment would remove child tax credit from the benefit cap.

Amendment 32, in clause 7, page 9, line 21, leave out paragraph (f).

This amendment would remove guardian's allowance from the benefit cap.

Amendment 33, in clause 7, page 9, line 33, leave out paragraph (k).

This amendment would remove maternity allowance from the benefit cap.

Amendment 34, in clause 7, page 9, line 35, leave out paragraph (l).

This amendment would remove severe disablement allowance from the benefit cap.

Amendment 35, in clause 7, page 9, line 38, leave out paragraph (n).

This amendment would remove widow's pension from the benefit cap.

Amendment 36, in clause 7, page 9, line 40, leave out paragraph (o).

This amendment would remove widowed mother's allowance from the benefit cap.

Amendment 37, in clause 7, page 9, line 42, leave out paragraph (p).—(Hannah Bardell.)

This amendment would remove widowed parent's allowance from the benefit cap.

Question put, That the amendments be made.

The Committee divided: Ayes 2, Noes 10.

Division No. 20]

AYES

Bardell, Hannah Wilson, Corri

NOES

Atkins, Victoria Opperman, Guy
Churchill, Jo Patel, rh Priti
Heaton-Jones, Peter Scully, Paul
Hinds, Damian Shelbrooke, Alec
Milling, Amanda Whately, Helen

Question accordingly negated.

Priti Patel: I beg to move amendment 88, in clause 7, page 9, line 43, at end insert—

“(4A) Subsection (11) (benefits that regulations may not prescribe as welfare benefits) is omitted.”

This amendment to omit section 96(11) of the Welfare Reform Act 2012 is consequential on the amendment of the definition of “welfare benefit” in section 96(10) by clause 7(4).

The Chair: With this it will be convenient to discuss Government amendments 89 and 90.

Priti Patel: Government amendment 88 simply tidies up the existing legislation. Section 96(11) of the Welfare Reform Act 2012 refers to regulations under subsection (10). As regulations will no longer be made under subsection (10), the reference is obsolete and needs to be removed. Amendment 88 inserts a new subsection (4A) into clause 7 to achieve that.

Amendment 89 is consequential on that, removing a reference to section 96(11) of the Welfare Reform Act 2012 from schedule 12 to the Pensions Act 2014 by inserting a new subsection (5A) into clause 7. To be clear, there is no change to the benefits that are subject to the cap. Indeed, the provisions in the Bill move the list of capped benefits into primary legislation, providing greater certainty as to the extent of the cap. The benefit cap applies to working-age benefits. Retirement benefits are not subject to the cap.

Amendment 90 is a technical amendment to clause 7(6), which allows us to put in place, if needed, transitional provisions that will support a phased introduction of the changes we are making to the benefit cap. The amendment extends those transitional provisions to subsection (4) and the new subsections (4A) and (5A). It is necessary to ensure that the cap is rolled out effectively in a way that works for everybody.

We continue to develop our implementation plans for the new benefit cap, and we will work with key partners in doing so. We want to repeat the success we had when we originally rolled out the cap, so we will be working

closely with Jobcentre Plus and local authorities to ensure a joined-up delivery approach, which previously provided claimants with notice and support, enabling them to respond to the cap and move into employment. The amendment will give us the flexibility to develop and deliver an implementation plan that achieves the aims of the cap, meets the needs of delivery partners and provides the appropriate supports for claimants.

Amendment 88 agreed to.

Amendments made: 89, in clause 7, page 9, line 45, at end insert—

“(5A) Paragraph 52 of Schedule 12 to the Pensions Act 2014 is omitted.”.

This amendment provides for the repeal of provision amending section 96(11) of the Welfare Reform Act 2012 and is consequential on amendment 88.

Amendment 90, in clause 7, page 10, line 2, leave out “and (3)” and insert “to (4A) and (5A)”.—(*Priti Patel.*)

This amendment enables transitional provision under clause 7(6) to disregard the effect on section 96 of the Welfare Reform Act 2012 of the amendments made by clause 7(4) and clause 7(4A) and (5A), added by amendments 88 and 89.

Question put, That the clause, as amended, stand part of the Bill.

The Committee divided: Ayes 10, Noes 5.

Division No. 21]

AYES

Atkins, Victoria	Opperman, Guy
Churchill, Jo	Patel, rh Priti
Heaton-Jones, Peter	Scully, Paul
Hinds, Damian	Shelbrooke, Alec
Milling, Amanda	Whately, Helen

NOES

Bardell, Hannah	Thornberry, Emily
Coyle, Neil	
Green, Kate	Wilson, Corri

Question accordingly agreed to.

Clause 7, as amended, ordered to stand part of the Bill.

Clause 8

REVIEW OF BENEFIT CAP

Emily Thornberry: I beg to move amendment 12, in clause 8, page 10, line 22, leave out “in each Parliament” and insert “a year”.

To require the Secretary of State to review the level of the benefit cap every year to determine whether it is appropriate to change the level of the cap.

The Chair: With this it will be convenient to discuss new clause 1—*Report on impact of benefit cap reductions*—

“(1) The Secretary of State must publish and lay before Parliament before the end of the financial year ending with 31 March 2017 a report on the impact of the benefit cap reductions introduced by this Bill.

(2) The report must include an assessment of the impact on each of the measures of child poverty defined in the Child Poverty Act 2010.”

This new clause requires the Secretary of State to review impact of lower benefit cap after 12 months.

Emily Thornberry: Amendment 12 would leave out the provision that the benefit cap should be reviewed in each Parliament and instead state that it should be reviewed each year. The reason for that is obvious. We hear from the Government all the time about how well they are doing, how many people are getting into work and how well the economy is doing. If all of that is true, the level of inflation may well go up. For that reason, it seems entirely reasonable, responsible and fair to review the benefit cap every year. There has been a tradition of benefits being reviewed every year. The amendment would be consistent with what has been settled practice in terms of fairness in the past. If the benefit cap really is about fairness, surely there should be no problem with ensuring that the benefit cap is reviewed each year instead of in each Parliament.

That brings me to new clause 1, which states that the Secretary of State must report to Parliament by 31 March 2017 on the impact of the benefit cap reductions introduced in the Bill and that the report must include an assessment of the impact on each measure of child poverty, as defined by the Child Poverty Act 2010. That takes us back to the mantra that Ministers will hear throughout the parliamentary debate on this Bill, which is evidence, evidence, evidence. Not prejudice, not *Daily Mail* headlines but evidence.

If the alleged high-minded principles behind the Bill are a true ambition, the Government will not be frightened of an assessment to ensure that they are not being cruel, or randomly dishing out unfairness, but are truly pursuing the policies they claim to be trying to promote. If they are truly confident that their ambitions will be fulfilled as a result of the Bill, they will not run away from new clause 1 but embrace it. As they come up to the next general election, they will want to say, “Thanks to the Labour party, we have been able to measure the real success of our Bill. We have not been unfair on anyone. Everyone is back in work. Look at the way in which the streets of London flow with milk and honey.” Indeed, we will support them, and applaud them, if what they say they want to do really happens, but we will not know what has happened, other than from the weeping people coming into our surgeries, if we do not measure it properly.

The Government have resources to measure this properly, so why run away? Why not go ahead and measure the so-called success that will result from the Bill? If the Government are not prepared to measure it, those watching the debate will know that the reason they do not want to measure it is because they know what is really going to happen: the poor are going to get poorer. The Government are picking on the poorest in order to pay off the deficit, which is unfair.

Priti Patel: This group contains two proposals. As we have heard, amendment 12 would introduce a requirement for the Secretary of State to review the level of the benefit cap annually, and new clause 1 would require the Secretary of State to publish and lay before Parliament a report on the impact of the changes.

On amendment 12, the Bill requires the Secretary of State to review the level of the cap at least once in every Parliament, but it also provides him with powers to review the benefit cap at any other time he considers appropriate. That provides the most effective means of ensuring that the cap stays at the appropriate level while

[Priti Patel]

providing the stability that households on benefits require. The cap's current provisions require the level to be reviewed annually, but that is specifically to review the relationship with average earnings, on which the level of the current cap is based. To date, there has been no need to change the level of the cap following those annual reviews.

Earlier, we touched on some of the evidence showing that households affected by the cap are 41% more likely to go into work. Our provisions already include powers allowing the Secretary of State, if appropriate, to review the cap at any time in the Parliament, which means that the Government will not be constrained from reviewing the cap, particularly in light of any significant economic events. The clause, as drafted, will therefore provide a sufficient safeguard, and the level of the cap remains at the appropriate level.

On new clause 1, during the passage of the Welfare Reform Act 2012, the Government committed to a full evaluation of the benefit cap to explore its effectiveness. The then Minister with responsibility for employment announced that DWP would publish a review of the cap after its first year of operation. The review was published in December 2014 and explored the progress from policy development to implementation and delivery. The report evaluated the effectiveness of three specific aims that underpinned the introduction of the benefit cap. These were to focus on work incentives, introduce greater fairness and, of course, to make the system more affordable by encouraging positive support for individuals who needed it, particularly in getting back to work.

The cap has been in place for about two years, and evidence shows that it has been successful. We intend to build on that success. Since its introduction, more than 16,000 capped households have moved into work. As I mentioned, capped households are more likely to go into work than those that are uncapped. This has been achieved without a legislative requirement for reports and evaluations. We do not feel that it is necessary to commit in legislation to delivering any future evaluations. We have not decided on approaches yet but, as before, an evaluation of the new cap would be most appropriate after implementation, when we can see the cap's full effect and the behavioural changes it causes, and they can be reviewed accordingly.

The Government's record on providing a review of the cap should be recognised. Also, a number of independently commissioned pieces of research and analysis, peer reviewed by a range of organisations, has been published. That, with the introduction of the life chances measures, means that, contrary to what is suggested in the amendment, we do not need legislation to report on the impact of the benefit cap. I urge the hon. Member for Islington South and Finsbury to withdraw the amendment.

4.15 pm

Emily Thornberry: I withdraw new clause 1, but not amendment 12.

The Chair: We will deal with new clause 1 later.

Question put, That the amendment be made.

The Committee divided: Ayes 5, Noes 10.

Division No. 22]

AYES

Bardell, Hannah	Thornberry, Emily
Coyle, Neil	
Green, Kate	Wilson, Corri

NOES

Atkins, Victoria	Opperman, Guy
Churchill, Jo	Patel, rh Priti
Heaton-Jones, Peter	Scully, Paul
Hinds, Damian	Shelbrooke, Alec
Milling, Amanda	Whately, Helen

Question accordingly negated.

Neil Coyle: I beg to move amendment 94, in clause 8, page 10, line 30, at end insert—

“(aa) the impact of the benefit cap on disabled persons and carers.”

This amendment requires the Secretary of State to consider the impact of the benefit cap on disabled people, and carers, when reviewing the level of the benefit cap.

The Chair: With this it will be convenient to discuss the following:

Amendment 73, in clause 8, page 10, line 31, leave out paragraph (b) and insert—

“(b) The relationship between the level of the cap and average earnings, and

(c) Regional variations in the cost of housing.”

To remove the provision allowing the Secretary of State to set the level of the benefit cap by reference to “any other matters [he] considers relevant” and to instead require that the cap should be set by reference to average earnings and regional variations to adjust for differences in the cost of housing.

Amendment 13, in clause 8, page 10, line 31, at end insert—

“(c) an annual report made by the Social Security Advisory Committee on the level of the benefit cap.”

To require the Secretary of State to take into account an annual report by the Social Security Advisory Committee on the level of the benefit cap when undertaking his review of the benefit cap.

Amendment 14, in clause 8, page 10, line 31, at end insert—

“(3A) The report made by the Social Security Advisory Committee on the level of benefit cap, under subsection 3c, must include an assessment of the impact of the benefit cap on the Discretionary Housing Payments Funds administered by local authorities.”

To require the Social Security Advisory Committee's annual report on the level of the benefit cap to include an assessment of the impact of the benefit cap on Discretionary Housing Payments.

Amendment 105, in clause 8, page 10, line 31, at end insert—

“(c) any reports on the impact of the benefit cap on the wellbeing of children made by the:

- (i) Children's Commissioners for England;
- (ii) Children's Commissioner for Wales;
- (iii) Scotland's Commissioner for Children and Young People; and
- (iv) Commissioner for Children and Young People, Northern Ireland, following the introduction of the benefit cap in Northern Ireland.”

To require the Secretary of State, when reviewing the level of the benefit cap, to take into account any reports made by the Children's Commissioners for England, Scotland, Wales on the impact of the benefit cap on the wellbeing of children. Should the benefit cap be introduced in Northern Ireland the Secretary of State shall also be required to take account of any similar reports made by the Children's Commissioner for Northern Ireland. This amendment does not require the Children's Commissioners to make such report but does require the Secretary of State to consider any such reports if they are made.

Neil Coyle: I rise to speak to amendment 94, which is in my name; the consequential amendment 13, which focuses on the Social Security Advisory Committee and its reports; amendment 14, on the effect on discretionary housing payments; and amendment 105 on reports by the Children's Commissioners. We support the amendments.

Amendment 94 would require the Secretary of State to assess the impact on disabled people and their carers when considering the cap threshold. This comes back to the earlier discussion about the fault-line between the parties on this issue. Our party believes that disabled people and carers should be protected, and that, as a minimum, the Government should be monitoring the impact of their policies on these significantly disadvantaged groups. Our policy comes from an evidence base, and it reflects the fact that, over the past few years, whether deliberately or by accident, the Government have penalised disabled people and carers.

I should like to give a personal example relating to the amendment before going into detail. My mum has schizophrenia. She is fortunate now, in that she is over state retirement age and so exempt, and has adequate treatment that sustains her mental health. Had this Government's policy been in place before she was adequately treated, before adequate schizophrenia treatment was available, she might have been forced into homelessness or into being sectioned, at considerable additional cost to the state. She would have been trying to manage the side effects of poor medication, which at times caused vomiting so severe it contributed to loss of teeth. As that was happening, if this policy had been in place, she would also have been losing income and being made even more vulnerable. That is why the Government's proposals are so dangerous and difficult for so many disabled people and their carers and families.

In the last five years, the Government have been either unaware of or uncaring about the cumulative effects of their policies on disabled people and carers. A massive grassroots movement of disabled people in particular and carers as well has put forward the WOW petition asking the Government to assess the impact of their policies on disabled people and carers. The petition secured 104,818 supporters and resulted in a debate in the House. During the debate, a previous Minister undertook to carry out several actions, including asking officials in the Department for Work and Pensions to work closely with Dr Simon Duffy of the Centre for Welfare Reform to make the independent cumulative impact assessment carried out by him as accurate as possible.

Unfortunately, since that debate, the Government have not worked with Dr Duffy to ensure that. The amendment would help address some of the frustration that disabled people and carers feel about the impact of Government policy and about not being taken more seriously. The Government's Social Security Advisory

Committee concluded that the Government could and should provide an analysis of the cumulative impact of their welfare reforms on disabled people, and the Equality and Human Rights Commission and the National Institute of Economic and Social Research recommended that Her Majesty's Treasury

"incorporates breakdowns of the cumulative impact of tax and social security measures according to protected characteristics into its distributional analysis as a matter of course."

The amendment would support the Government in meeting that requirement. I should add that the WOW petition is up and running again in light of the Government's inaction, despite previous commitments, to ensure that policies are better assessed for their impact on disabled people and carers.

During the last Parliament, we saw the rise of the Hardest Hit campaign, a combination of disability, carer and advice and welfare organisations working to ensure that the Government focus better on the impact of their policies. The campaign remains active and concerned about the impact of continued Government policy and reductions in support to disabled people and carers. The Government have continued to claim that disabled people are protected. That is untrue, and increasingly untrue. Of particular concern is the fact that, from October this year, the number of people on disability living allowance being pushed through personal independence payments assessments will increase. As the Government's objective is to remove support from about 600,000 disabled people, it will mean that those disabled people will no longer be exempt from the benefit cap, adding additional weight to the importance of the amendment.

Witnesses to the Committee, including Parkinson's UK, have suggested monitoring the impact of further changes and have said it would be welcome. I am grateful to the Disability Benefits Consortium for supporting my contribution to this debate. The DBC consists of about 60 different disability advice and welfare organisations active on and expert in these issues. It has no ulterior motive other than ensuring that the welfare system works adequately to support disabled people and carers.

The Disability Benefits Consortium has said in briefings to the Committee:

"A third of disabled people live below the poverty line, around 3.7 million people. Furthermore, DWP figures published in June show the number of disabled people living in poverty has increased by 2% over the last year equating to a further 300,000 disabled people living in poverty."

The benefit cap, combined with freezes and cuts to ESA for those in the work-related activity group, will reduce disabled people's incomes significantly. It needs measuring. There are additional costs to Government of getting the policy wrong, and that also needs measuring. The impact on disabled people and carers is not only a human one. The Government must be responsible and consider that. Has a policy had the desired effect? For example, has it had consequences for local authority spending, NHS spending or mental health spending?

In addition, while those in receipt of the support component of employment and support allowance are exempt from the cap, those in the WRAG are not, which we discussed earlier today. That means that about half a million disabled people are affected, and I hope that Members are clear about who is affected and who we are talking about in these groups.

[Neil Coyle]

The statistics on these people are from February this year and they are the Department's own. I will not list them all, Chair; I know that we are tight for time. But 3,420 of these people have infectious and parasitic diseases. That is who we are talking about. In addition, 770 people have diseases of the blood and blood-forming organs, and certain diseases involving the immune mechanism; 244,000 have mental and behavioural disorders, which include learning disabilities; 26,000 have diseases of the nervous system; 2,990 have diseases of the eye and adnexa, which I am sure everyone knows about; 8,110 have diseases of the respiratory system; 2,930 have diseases of the skin and subcutaneous system; and 22,000 have injury, poisoning and certain other consequences or external causes. They are the disabled people who this Government policy would affect directly; they are not protected under the Government's current policy. All that the amendment seeks to do is to ensure that the impact on those people is at least measured and monitored.

The current impact assessment suggests that a new lower-tiered cap has been designed to strengthen work incentives for those on benefits. The Government have yet to provide evidence to back up the claim that cutting the benefits that disabled people receive will incentivise them to work.

The Minister suggested in Tuesday's discussions that there would be additional measures. We would welcome knowing what additional measures are being considered to reassure disabled people, their organisations and their carers that the Government are focusing on their concerns.

The majority of disabled people want to work, but they face substantial barriers, including attitudinal barriers from employers and wider society. We discussed the figures the other day; 48% of working-age disabled people are in work, but only about 10% of those with learning disabilities and 5% of those with significant mental health conditions, such as schizophrenia, are in work.

I will just give a quick example. The impact assessment provides no detail about the impact of lowering the cap on disabled people who are not in receipt of DLA or PIP. That point was made by the National AIDS Trust and HIV Scotland in their briefing for this specific amendment. Amendment 94 would address this issue, and I hope that it will be welcomed by all members of the Committee.

I come to my final comments, Chair. Scope has provided analysis of the estimated higher costs of living with a disability. Baroness Campbell of Surbiton has made the point that the additional costs that she incurs are for things such as coffee, to make sure that her carers and support workers can have a cup of coffee, as well as things such as loo roll and carpet, and costs to cover wear and tear as people sit down on her sofa. Those are additional costs that disabled people have, which go well beyond the perception of disability costs as the cost of a wheelchair or medication.

I hope that hon. Members will have the Scope research in their minds when they consider the high costs of disabled people, as well as the higher incidence of poverty that already exists among disabled people, and

the incidence of low income among disabled people. Low income is a direct result of not being able to work full-time hours.

In ensuring that these measures do not disadvantage disabled people further, it would be worth the Government at least describing how they believe that they are meeting their responsibilities under the Equality Act not to disadvantage these disabled people further. A failure to monitor or impact-assess this policy would be an acknowledgement that the Government know that disabled people and their carers will be made explicitly worse off by their measures.

Emily Thornberry: If one looks at clause 8 in the round, it is about the review of the benefit cap. It says:

"The Secretary of State must at least once in each Parliament review the sums specified"

and:

"The Secretary of State may, at any other time the Secretary of State considers appropriate, review the sums specified...to determine whether it is appropriate to increase or decrease any one or more of those sums."

In deciding when to review, at some random time that he thinks appropriate, the Secretary of State can consider "other matters" he sees as "relevant". That seems to give him absolute carte blanche to do what he likes with the benefit cap, whenever he likes and for whatever reason he likes. Does the Minister wish to give us some idea of what other matters the Secretary of State might consider relevant, what he might think appropriate or when he might decide to review the benefit cap?

4.30 pm

Sceptics—obviously, I do not include myself in this—might say that if, for example, the Government were behind in the polls and believed it popular enough, one thing that they could do to increase their popularity would be for the Prime Minister to come to the House once more and claim that they were penalising only people who refused to work, when actually they are lowering the cap and kicking the poorest and most marginalised once more. Frankly, if this Parliament stands for anything, we ought to be defending such people—certainly the Labour party ought to be.

Amendments 73, 13, 14 and 105 seek to flesh out the Secretary of State's ultimate discretion, because he is not God, and he ought to be exercising discretion within categories that make some sense. Obviously, the numbering would need to be amended if our amendment were successful this afternoon. We live in hope.

Amendment 73 would remove the provision allowing the Secretary of State to set the benefit level by reference to any other matters he considers relevant without giving us any idea of what that is, and instead require him to ensure that the benefit cap be set by reference to average earnings and regional variations, to adjust for differences in the cost of housing. That makes sense. It sounds fair to me, and that is why the amendment has been tabled.

The Members who support the amendment all belong to the executive of the London group of Labour MPs. They live with the problems of the current benefit cap on a day-to-day basis when they hear about it in their surgeries and are frightened that under the Bill, the Secretary of State could lower the benefit cap whenever

he wanted. This also raises the question of why such matters are in primary legislation. Of course, it could be argued that one reason is that it is more court-proof and cannot be challenged in the way that it otherwise would be.

Amendment 13 would require the Social Security Advisory Committee to make an annual report on the level of the benefit cap. Again, that would allow someone who is independent of politicians to look at what is fair and not fair. If the Government are so confident that they are being fair, why would they be afraid to hand this over to an independent body that could decide on an appropriate level? Amendment 14 also relates to the Social Security Advisory Committee.

Finally, amendment 105 refers to

“reports on the impact of the benefit cap on the wellbeing of children”

made by the different Children’s Commissioners. This aspect of the benefit cap has been taken as far as the Supreme Court due to our obligations under the UN convention on the rights of the child. The difficulty is that it is an unincorporated treaty. Baroness Hale, for example, said:

“It cannot possibly be in the best interests of the children affected by the cap to deprive them of the means to provide them with adequate food, clothing, warmth and housing, the basic necessities of life.”

However, a majority in the Supreme Court decided that the cap was not in breach of our obligations under the convention, because it is unincorporated.

At the Joint Committee on Human Rights earlier this year, the Minister for Children and Families insisted that the Government were not opposed in principle to the incorporation of the UNCRC into domestic law, but felt that it was unnecessary because he was

“confident that the laws and policies that”

the Government

“has in place already are strong enough to comply with the Convention.”

If the Government are so confident that the policies are in line with our obligations under the treaty, I am sure that they will have no problem at all taking into account reports from the Children’s Commissioners of England, Scotland and Wales on the impact of the benefit caps on the wellbeing of children. If they do have a problem with that, it would be interesting to hear why.

Corri Wilson (Ayr, Carrick and Cumnock) (SNP):

The amendments in this group are intended to limit the scope of the Secretary of State’s power to adjust what is, and what is not, in the review, to ensure that the Government review the impact on disabled people and carers as well as using reports from important organisations tasked with children’s rights on the impact of the cap.

Amendment 94 would require the Secretary of State to consider the impact of the cap on disabled people and carers, because the impact assessment that accompanies the Bill contains no detail about the possible impact on disabled people who are not in receipt of disability living allowance or personal independence payment. We support the amendment, because it would ensure that the Government carry out further assessment of the impact on disabled people, carers and their families.

The disability benefits consortium has called for the Government to review the impact prior to the lowering

of the cap. Those on disability benefits face daily struggles with their health, mobility and wellbeing, and the last thing they need is the prospect of financial hardship, too. I do not believe that anyone chooses to be on benefits, but for those with disabilities, they can be a lifeline, and the means to a better quality of life and independence. Many carers also face daily struggles to make ends meet, as a result of the additional costs of caring combined with the loss of income from giving up work or reducing working hours. What assessment have the Government made of the number of families who will no longer be able to care as a result of the lowering of the cap?

Amendment 73 would remove the provision allowing the Secretary of State to set the cap by reference to any other matters that he considers relevant. Clause 8 does not provide enough assurance that the Government will review the benefits cap with all due process and consideration. The national economic situation and “any other matters” are not exactly the building blocks of a robust and watertight reporting obligation on a matter that establishes the income of hundreds of thousands of people. These factors are too broad to be meaningful, and they run the risk of decision making that is based on political expediency rather than need for some of the most vulnerable households in our community.

We support amendment 13, because the Social Security Advisory Committee would be looking closely at the impact of the changes in the welfare system. Amendment 14 would require the Social Security Advisory Committee to report annually on the level of benefits, and to include an assessment of the impact of the cap on discretionary housing payment, which bridges the gaps that low-income families face because of welfare changes. We support the amendment, because it would ensure close monitoring of the impact of the cap on housing for families across the UK.

The DWP estimates that as many as 90,000 additional households across the UK are subject to the new cap, and vulnerable households, despite already being deemed to be in need of state support, could have their housing benefit substantially reduced even though they do not live in areas considered atypically expensive. Such a policy needlessly risks causing homelessness. Those affected by the cap will increasingly be ordinary-sized families in average-priced areas, who are simply struggling to make ends meet. The new cap will move those families closer to losing their homes.

We welcome amendment 105, which relates to the need for any reports on the impact of the benefit cap on children to be considered in the review of the benefit cap. With 210,000 children in Scotland living in relative poverty after housing costs, we must ensure that any review carried out by the Tory Government looks closely at the impact felt in Scotland by many families and their children. The Child Poverty Action Group has estimated that Scotland’s child poverty rate will increase by up to 100,000 by 2020 as a direct result of the UK Government’s tax and benefit policies. There is real concern that the further reduction of the benefit cap will compromise the wellbeing of more children as housing security is threatened, school life is disrupted and community links are broken. To date, twice as many children have been hurt by the current cap than adults. We do not support the benefit cap as it will cause increased hardship

[Corri Wilson]

for people and we believe that the legislation does not come close to providing protection for our children from poverty.

Priti Patel: The clause introduces new provisions for how the Secretary of State should review the level of the cap in future and what factors he needs to take into account when undertaking such a review. The Bill prescribes that, when reviewing the level of the benefit cap, the Secretary of State must take into account the national economic situation. It also allows him to take into account any other matter he might consider relevant. The amendments would introduce a number of additional specific factors that the Secretary of State would have to take into account when undertaking that review.

On amendment 94, in the course of the debate we touched on specific aspects of support for disabled people and carers. We are mindful of the impacts of policies on those vulnerable groups, and I outlined some of the support in particular that the welfare system continues to provide to protect the poorest and most vulnerable members of society. I remind the Committee that there are exemptions from the cap for households where there is a claimant in receipt of DLA, PIP, attendance allowance or the support component of ESA. I will follow up some of the points made by the hon. Member for Bermondsey and Old Southwark and drop him a line.

Amendment 73 would require the Secretary of State, when reviewing the level of the benefit cap, to take into account the national economic situation and add average earnings, regional variations and the cost of housing. It would also omit the provision that allows him to take into account any other matters that he considers relevant. I think it is fair to say that the proposed powers drawn up are broad, but we do not think it is possible to stipulate in advance the specific economic factors and developments most suitable to set the appropriate level for the cap at the time the review is undertaken.

Emily Thornberry: The Minister admits that the powers are broad and, therefore, presumably she will concede that it is difficult for us to hold the Government to account for what they are doing. In those circumstances, it is difficult for us to be clear. For anyone who may wish to scrutinise this legislation in future, when we as Members of Parliament were scrutinising this legislation, we were unaware and not told in which circumstances the Secretary of State would change the benefit cap. I want to spell that out, because people will read the transcript and we want to be completely clear in case this matter is to go before the courts.

Priti Patel: The hon. Lady specifically mentions the benefit cap in relation to going to the courts. The Supreme Court has confirmed that the benefit cap is lawful. With regard to work required on reporting the benefit cap, the cap has been reviewed annually since its introduction as per current legislation, and those reviews found that no change was required. Obviously, a review of the national economic situation must be thorough, and regular annual reviews could result in the cap being unduly affected by a range of short-term economic fluctuations. At worst, that could lead to significant variations and cap yo-yoing, which would provide no

stability for those in receipt of benefits and those who rely on that income in particular. There will be occasions when economic developments mean that a review of the cap must be undertaken more than once in a Parliament. We have seen considerable changes in recent years through changes to the economy as a whole.

Comments were made about the Social Security Advisory Committee, the long-standing and respected body that has provided an independent voice for many years and many detailed and informed reports on matters across the broad spectrum of welfare and social security. The Government value many of its opinions and the work that it undertakes. The committee already has well-established engagement with a full range of stakeholders with interests in this area on welfare reforms and it ensures that any advice that it provides encompasses a broad range of views. Obviously, we place a great deal of value on the work of the committee, but we do not necessarily think that it is right that in undertaking a review of the level of the cap, the Secretary of State has a statutory requirement to take account of the report of the committee, or that it is appropriate for the Secretary of State to be bound to consult an individual body when reviewing the cap.

4.45 pm

I will conclude on the amendments by reiterating that any review of a reduction in cap levels would be subject to a regulation passed under the affirmative procedure. Therefore, Parliament would have the opportunity to debate any revisions of the cap, providing further checks and balances in the process. I remind the Committee that the benefit cap is a key part of wider welfare reforms, so there is extensive debate on welfare reform. The revised cap levels are being set to create the work incentive that we have spoken about. The clause as drafted provides a better approach than that in the amendments and will allow for any future level of the cap to be set at an appropriate level. I ask the hon. Member for Bermondsey and Old Southwark to withdraw the amendment.

Neil Coyle: In light of the Minister's commitment to provide more information, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendment proposed: 73, in clause 8, page 10, line 31, leave out paragraph (b) and insert—

“(b) the relationship between the level of the cap and average earnings, and

(c) Regional variations in the cost of housing.”—(*Emily Thornberry.*)

To remove the provision allowing the Secretary of State to set the level of the benefit cap by reference to “any other matters [he] considers relevant” and to instead require that the cap should be set by reference to average earnings and regional variations to adjust for differences in the cost of housing.

Question put, That the amendment be made.

The Committee divided: Ayes 5, Noes 10.

Division No. 23]

AYES

Bardell, Hannah

Thornberry, Emily

Coyle, Neil

Green, Kate

Wilson, Corri

NOES

Atkins, Victoria	Opperman, Guy
Churchill, Jo	Patel, rh Priti
Heaton-Jones, Peter	Scully, Paul
Hinds, Damian	Shelbrooke, Alec
Milling, Amanda	Whately, Helen

Question accordingly negated.

Priti Patel: I beg to move amendment 91, in clause 8, page 11, line 13, at end insert—

“() Section 176 of the Social Security Administration Act 1992 (consultation with representative organisations) does not apply in relation to regulations under subsection (4).”

This amendment provides that regulations that change the level of the benefit cap do not require consultation with local authority associations under section 176(1) of the Social Security.

The amendment aims to replicate a similar provision that has been inserted into clause 7, carrying forward the existing arrangements under which my Department is not required to consult with local authority associations on the commencement of housing benefit regulations, specifically in this case when the revised benefit cap is introduced. Historically, commencement orders have not been consulted on and have not been caught by consultation obligations regarding housing benefit regulations. However, commencement orders in the Bill have been superseded by commencement regulations.

As mentioned, to maintain the status quo, a provision in clause 7 has been inserted into the Bill to remove any new requirement for the Department for Work and Pensions to consult with local authority associations on the commencement regulations for introducing the benefit cap. The amendment inserts a similar provision into clause 8, so that there is no obligation to consult on commencement regulations should the benefit cap be changed in future.

The Committee should be aware that any change to lower the benefit cap will be subject to debate.

Hannah Bardell: I would like clarification, if possible. Will the amendment restrict any previous consulting powers that the Government have with Scotland?

Priti Patel: I will provide the hon. Lady with full clarification on that point.

Any change to lower the benefit cap will still be subject to debate under the affirmative procedure in both Houses of Parliament.

The Department will continue to liaise with local authority associations to ensure the successful implementation of the new cap and that claimants are fully supported ahead of the introduction from around autumn next year.

Amendment 91 agreed to.

Question put, That the clause, as amended, stand part of the Bill.

The Committee divided: Ayes 10, Noes 5.

Division No. 24]**AYES**

Atkins, Victoria	Hinds, Damian
Churchill, Jo	Milling, Amanda
Heaton-Jones, Peter	Opperman, Guy

Patel, rh Priti
Scully, Paul

Shelbrooke, Alec
Whately, Helen

NOES

Bardell, Hannah	Thornberry, Emily
Coyle, Neil	
Green, Kate	Wilson, Corri

Question accordingly agreed to.

Clause 8, as amended, ordered to stand part of the Bill.

Clause 9

FREEZE OF CERTAIN SOCIAL SECURITY BENEFITS FOR
FOUR TAX YEARS

The Chair: The Committee has agreed to take all the amendments to this clause together.

Emily Thornberry: I beg to move amendment 15, in clause 9, page 11, line 32, leave out from “relevant sums” to end of subsection and insert

“are to be reviewed by the Secretary of State having given regard to—

(a) the rate of inflation, and

(b) the national economic situation.”

To subject the four year freeze in the social security payments set out in paragraph 1 of Schedule 1 to an annual review of the levels by the Secretary of State. This review will consider both the rate of inflation and the national economic situation.

The Chair: With this it will be convenient to discuss the following:

Amendment 16, in clause 9, page 11, line 35, leave out from “child benefit” to end of subsection and insert

“are to be reviewed by the Secretary of State having given regard to—

(a) the rate of inflation, and

(b) the national economic situation.”

To subject the four year freeze in child benefit to an annual review of the levels by the Secretary of State. This review will consider both the rate of inflation and the national economic situation.

Amendment 17, in clause 10, page 12, line 21, leave out from “relevant amounts” to end of subsection and insert

“are to be reviewed by the Secretary of State having given regard to—

(a) the rate of inflation, and

(b) the national economic situation.”

To subject the four year freeze in the tax credits set out in paragraph 2 of Schedule 1 to an annual review of the levels by the Secretary of State. This review will consider both the rate of inflation and the national economic situation.

New clause 2—Local Housing Allowance—

“(1) For each of the tax years ending with 5 April 2017, 5 April 2018, 5 April 2019 and 5 April 2020, the amount paid to claimants of the Local Housing Allowance is to be reviewed by the Secretary of State.

(2) In reviewing these sums the Secretary of State shall have regard to—

(a) the rate of inflation,

(b) the national economic situation, and

(c) the levels of market rent.”

This new clause requires the Secretary of State to review the level of the Local Housing Allowance annually, in light of the rate of inflation, levels of market rent and the national economic situation.

Amendment 39, in clause 9, page 11, line 32, leave out from “relevant sums” to end of subsection and insert

“is to increase in line with the consumer price index.”

This amendment would see relevant benefits increasing in line with the consumer price index.

Amendment 40, in clause 9, page 11, line 35, leave out from “child benefit” to end of subsection and insert

“are to increase in line with the consumer price index.”

This amendment would see child benefit increasing in line with the consumer price index.

Amendment 41, in clause 9, page 11, line 37, leave out subsections (3) and (4)

This amendment is consequential to the amendments 39 and 40.

Amendment 42, in clause 10, page 12, line 21, leave out from “relevant amounts” to end of subsection and insert

“is to increase in line with the consumer price index.”

This amendment would see tax credits increasing in line with the consumer price index.

Amendment 95, in clause 9, page 11, line 33, at end insert—

“(1a) Notwithstanding subsection (1), for each of the tax years ending with 5 April 2017, 5 April 2018, 5 April 2019 and 5 April 2020, the amount of each of the relevant sum claimable by persons with a disability, as defined by the Equality Act 2000, is to increase in line with inflation.”

This amendment exempts disabled people from the four year benefits freeze.

Amendment 96, in clause 10, page 12, line 22, at end insert—

“(1a) Notwithstanding subsection (1), for each of the tax years ending with 5 April 2017, 5 April 2018, 5 April 2019 and 5 April 2020, the amount of each of the relevant amounts claimable by persons with a disability, as defined by the Equality Act 2000, is to increase in line with inflation.”

This amendment exempts disabled people from the four year tax credits freeze.

Clause stand part.

Clause 10 stand part.

Emily Thornberry: The principle that we have such difficulties with in relation to clauses 9 and 10 can be encapsulated quite simply. For years, benefits have gone in attendance with need. The idea is that the welfare state should be a safety net, that it should be there for those who need it and that we should look first at need. I am not saying that we should have limitless amounts of benefits, but is important that those who are the most vulnerable are assisted.

Much has been said about the popularity of the measures, but if we look at public opinion, in a recent poll 88% of people upheld this British value: it is important to have a benefits system to provide a safety net to anyone who needs it. The clauses not only freeze social security benefits for a year; they do it for four years and they do it from now. We do not know what the state of our economy will be like in four years’ time. We do not know to what extent there may be inflation and who will be affected in what way. I will be brief because I am going to rely on the good sense of the Joseph Rowntree Foundation, which stated:

“While this will make a significant contribution to progress with eliminating the deficit (assuming inflation returns to the target level), it is likely to have a serious detrimental impact upon working-age households reliant upon state support to top-up their income”.

It is serious, and the Joseph Rowntree Foundation recommends:

“Retention of the annual review of benefit levels to allow the Chancellor to link strong economic performance with the maintenance of living standards at the bottom end of the income spectrum”.

If the Government really mean that no one should be left behind and that we are all in it together, we should all be in it together. If the economy picks up, why would those on benefits be four years behind? It is a simple point. They talk about fairness. Here is an opportunity to do something about it. The Chancellor should continue to have a flexible approach to uprating benefits to offset increased costs, particularly for essential goods and services. There is great concern about that.

The argument is that the welfare spend has got out of control and that we need to get back to a more sustainable type of welfare spending. Again, I rely on the Child Poverty Action Group’s excellent briefing, which points out what we all know: that in 1980 working-age welfare spending accounted for 8% of national spending, whereas now it is 13%. However, analysis by the Office for Budget Responsibility questions whether spending on social security is in fact increasing at an unsustainable rate. As the evidence shows, spending on welfare as a percentage of GDP remained reasonably steady until 2008. The OBR finds that the largest contribution to the increase since then was the uprating of state pensions, rather than working-age welfare spending.

In case anybody did not know this, the poor are getting poorer. With this freezing of benefits for four years, they will continue to get poorer. We need to go into this with our eyes open. Government Members should not support the clause without allowing an annual review, so that we can see what is fair. Are we prepared to leave the poorest and most marginalised behind, while the rest of the economy does or does not do well? We are against these two clauses.

Neil Coyle: Amendment 95 and 96 are in my name. In the interests of time, I will be as brief as possible. I hope there will be an opportunity to come back to these issues on Report if my questions are not answered. Fundamentally, this comes back to the same issue. Disabled people are directly affected by this measure—in particular, by ESA. This is about the full component, not just the £30 support group component. The full ESA payment needs to be taken into consideration, and we have concerns about those who are directly affected. The real question is about the Conservative manifesto commitment. Page 28 of the manifesto states:

“We will freeze working age benefits for two years from April 2016, with exemptions for disability and pensioner benefits”.

The amendments would help to ensure that that manifesto commitment is delivered. I hope to come back to this issue on Report if it is not dealt with sooner.

The Exchequer Secretary to the Treasury (Damian Hinds): Things have accelerated, Mr Owen.

It is a pleasure to respond to this concatenated set of amendments. As these are probably the last words that will be said in this Committee before we break for the

party conferences, I want to pay tribute to the hon. Member for Stretford and Urmston and the right hon. Member for East Ham, who is my cloakroom neighbour. They are both impassioned campaigners whose dedication and intentions can never be doubted. They will be very much missed from this Committee. Of course, we warmly welcome the hon. Member for Islington South and Finsbury to her new position.

This has been a full debate on a range of important issues. In responding to the amendments, I will reiterate the rationale behind our proposed changes and set out why we are not persuaded that the amendments should be accepted. However, before I do so, I want to recap the purpose of the Bill and in particular clauses 9 and 10.

The Bill seeks to move this country from a low-wage, high-tax and high-welfare society, to a higher-wage, lower-tax and less welfare-reliant one. That means ensuring that work always pays and focusing support on those on the very lowest incomes. Crucially, it means ensuring that the system is fair to those who pay for it, as well as those who benefit from it. Combined with the national living wage and the changes to the income tax personal allowance, the summer Budget ensured that a typical family working full time on the national living wage will be better off by the end of the Parliament, with eight out of 10 working households better off by 2017-18.

The Bill builds on this Government's achievements in delivering for working people, whether that is the 1,000 jobs created every day—2 million since 2010—the 2.9% growth in wages this year, a 9% increase in total hours worked since 2010, or the fact that, according to the OBR, living standards are projected to be higher in 2015 than in any previous year. These clauses, which freeze the main rates of working-age benefits, child benefit and the majority of tax credits, are a central element of the Bill and are key to this Government's ambition of putting welfare on a fairer and more sustainable footing. The exemptions for benefits, which help with the additional costs of disability, ensure that we continue to protect the most vulnerable.

5 pm

Amendments 15 to 17 relate to the freezing of certain working-age benefits, child benefit and the relevant amounts of tax credits. They seek to remove the provision to freeze those benefits, instead making them subject to an annual mandatory review by the Secretary of State. Amendments 39 to 42 simply remove the freeze. Those changes would prevent the savings from being locked in for four years, which is a vital precondition to bringing the welfare bill under control. Accepting the amendments would mean rejecting the need to tackle the deficit through sensible reductions in welfare spending. In total, the measures to freeze benefits and tax credits stand to contribute £3.5 billion of savings by 2019-20. The Bill will lock those savings in, meaning that we will be making a significant and lasting reduction to the welfare bill.

Without the freeze, deeper cuts would be needed elsewhere. The Government have a clear mandate to reduce spending by £12 billion. The amendments would be a rejection of that mandate and of the will of the public. Those considering supporting the amendments would need to be clear on where those extra savings might come from, whether from departmental budgets

or from deeper cuts to other benefits. Those who support the amendments also need to consider fairness to those who pay for the system. Since the financial crisis began in 2008, average weekly earnings have risen by 12%, whereas most working-age, out-of-work benefits, such as jobseeker's allowance, have risen by 21% or more.

Neil Coyle: I have one quick point about those who contribute. Some of the benefits that we are discussing, employment support allowance in particular, are paid to those who contributed to the system when they have been able to work. It is deeply unfair and unjust to suggest that this is somehow about protecting those who work and do the right thing when the very people that we seek to support have contributed and have then developed health conditions.

Damian Hinds: The hon. Gentleman is absolutely right that people in receipt of a number of benefits will have contributed to the system. It remains the case that we fund benefits out of current contributions. It remains the case that we have a budget deficit of 5% of national income. It remains the case that we need to get that down to start paying down the national debt. In order to do that, we need to find £12 billion of welfare savings.

The freeze has been extended to four years due to the current low-inflationary environment to ensure that it makes a significant contribution to the £12 billion reduction that I just mentioned. When originally announced as a two-year freeze, it was forecast to save £3 billion and to lead to a real-terms reduction in benefit rates of 4%. Due to the current environment, it would now save less than £1 billion. The Government have therefore extended the freeze to ensure that it generates at least the same level of savings, and more, than announced last autumn.

Emily Thornberry: Just to be clear, the Minister is not attempting to put forward a moral case. It is simply about saving money. It is about saving money from the poorest.

Damian Hinds: I am not quite sure how the hon. Lady managed to infer what she just said from what I just said. I was explaining—

Emily Thornberry: Do explain if I have misunderstood.

Damian Hinds: I will be delighted to. I was explaining why what was originally a two-year freeze has been extended to a four-year freeze because of the current low-inflationary environment and the need to make the savings that form a substantial part of the £12 billion that we have been discussing.

While the Government have a clear mandate for the reforms, it is imperative that we protect the most vulnerable. We are protecting pensioners, with pension credit, the pension additions in other benefits, and the basic state pensions—they are all excluded from the freeze. We are also exempting benefits relating to the additional costs of disability, such as attendance allowance, disability living allowance, and personal independence payments. We have exempted the support group component of ESA, the limited capability for work and work-related activity component of universal credit, as well as additions

[*Damian Hinds*]

and premiums in JSA, ESA and tax credits related to disability. Statutory payments, including statutory maternity, paternity and adoption pay, statutory shared parental pay and statutory sick pay are also all exempt. Those exemptions ensure that the most vulnerable in society are protected from the benefit freeze.

Let me speak directly for a moment to amendments 95 and 96, which seek to exempt disabled people from the freeze by ensuring that any of the relevant sums of working-age benefits and tax credits are increased in line with inflation, if they are claimed by a person who is disabled. In bringing forward our policy to freeze benefits and tax credits, we have been extremely mindful of the protections that we believe it is right to put in place to support the most vulnerable.

We are exempting all the benefits relating to additional costs of disability, as I just listed. Similarly, we are protecting the disability premiums and additions in working-age benefits, tax credits and pension-age benefits. The support group component in employment and support allowance and the limited capability for work and work-related activity element of universal credit are also protected. Those elements are paid to those with the most severe work-limiting health conditions in recognition of the fact that they are less likely to be able to increase their income by moving into work and may have additional needs as a result. Those are vital protections alongside the very acute need to make savings.

Neil Coyle: The Minister is accepting that the majority of the payment received by disabled people in the employment and support allowance group who are judged unfit to work—full stop—will not be protected. He is making the Prime Minister's commitment to protect disabled people false. Of the payment of roughly £100 that those people would be expected to receive, £30 or so will be protected, whereas £70 will not. Will the Minister confirm that that is accurate?

Damian Hinds: What we have said is that those in the support group will be exempt, but not those in the work-related activity group. The main rates of working-age benefits are there to provide basic support for claimants who are not in work. Those rates are common across all claimants who receive out-of-work benefits. Introducing new higher rates of payments specifically for disabled people has the potential to discourage claimants from taking steps to get back to work where they can and would introduce significant complication into the system, leading to possible confusion for claimants.

Hannah Bardell: The Minister says he is going to be protecting disabled people. Will he explain why people on the severe disablement allowance will be included in the benefit cap? Surely that will make those most vulnerable people even poorer.

Damian Hinds: The hon. Lady will forgive me, I know, if we do not talk again at length about the benefit cap. We had a big debate about that in the earlier group of amendments that referred to the benefit cap. I repeat all the exemptions that are being made in the freeze—well, I am not going to repeat them all, but she heard them.

There are all the exemptions that the Government are making for those specific benefits and elements of benefits that refer to the additional costs of disability.

The Government are committed to ensuring that disabled people are able to participate absolutely fully in society and have set out their ambition to halve the disability employment gap, which I think is something that Members on both sides of the Committee and the House would agree on.

Neil Coyle: Will the Minister give way?

Damian Hinds: Will the hon. Gentleman forgive me if I do not, just in the interests of time?

Most people with disabilities and health conditions want to work and we will support them to prepare them for work and to move closer to the labour market, and when they are ready, to move back into work. We believe that the freeze is a necessary and fair way of putting welfare spending on a more sustainable footing, but that it is vital to offer protection to the most vulnerable. The best way of doing that is by supporting people who can to move closer to the labour market and by continuing to protect those benefits relating to the additional costs of disability.

Neil Coyle: Let me try a different tack. Does the Minister expect this range of cuts to be as successful as the last set of cuts, which were projected to save billions on ESA and DLA but actually resulted in higher spending of £10 billion?

Damian Hinds: We are debating a group of amendments about a four-year freeze to certain benefits. Do I expect that to be successful in delivering the £3.5 billion that it is projected to? Yes, I do, and it is clearly a mathematical point about the rate of inflation and so on. We have the independent forecasts of how the economy is going to grow and of inflation, and I believe that our measure will deliver.

The Scottish National party amendments replace the freeze and the duty to review with the removal of the freeze altogether. That would remove the certainty we have about legislating directly for a freeze, and move us from the position where we have a clear plan reflecting the electoral mandate of the Government to one where the taxpayer could not be sure, year on year, as to the level of benefits.

Certainty for individuals, to help them plan ahead, is a key feature of the Government's economic policies. It is also why we have introduced a national living wage, and pre-announced the anticipation that it will rise to £9 an hour by 2020 and the ambition to increase the tax-free personal allowance to £12,500 by the end of the decade. Legislating now to freeze for four years, along with those other measures, provides clarity to benefits recipients, giving them fair notice and the opportunity to make positive changes. Anyone supporting the amendments before us would have to spell out how they would instead give the public that certainty about the level of spend and identify where else they would make cuts.

I turn briefly to new clause 2 on the local housing allowance. The measure announced in the summer Budget to freeze local housing allowance rates for four years will contribute savings of £1 billion towards the

Government's commitment to reduce the welfare bill by the £12 billion I mentioned. It is not included in the Bill, as the Secretary of State already has the powers in primary legislation to change the way in which LHA rates are set. Those powers were included in the Welfare Reform Act 2012.

It may help, however, if I clarify how the freezing of LHA rates will work during the four-year period. The rates will still be reviewed each year and rent officers will calculate, as they have been doing previously, a rate calculated by reference to the 30th percentile value from a list of rents for properties of a given size in that area. Each list of rents must include achieved rental values from the distribution and range within each area. In line with the Government's measure to freeze rates, they will then set the new LHA rates based on the lower of either the April 2015 rate or the 30th percentile of listed rents. The Government recognise that some areas will see particularly high increases in rents, so we have made specific provision for those areas.

Over the Parliament, 30% of the savings generated from this measure will be used to create more targeted affordability funding, building on the £140 million already distributed since 2014. Alongside that, local authorities are able to provide support to the most vulnerable claimants affected by housing benefit reform through an enhanced package of £800 million of discretionary housing payment funding, which is significantly more than was provided over the previous Parliament.

I reassure hon. Members that, alongside the LHA rates, we will continue to publish, as we have previously, the 30th percentile of market rents in each area. We believe that the freeze to the main rates of the majority of working-age benefits, child benefit and tax credits are a necessary and fair way of putting welfare spending on a more sustainable footing. I urge the hon. Member for Islington South and Finsbury to withdraw the amendment.

Hannah Bardell: We will not press our amendments, on the basis that we will be voting against the clause. I would like to make some points on those amendments. The Minister made a point about reducing the deficit. We reject that wholeheartedly. There is a huge amount of academic research that says the austerity agenda is going to fail, and that investing in people and investing in benefits will stimulate the economy. For all those reasons, we categorically reject what he is saying. Our amendments speak to the fact that the benefits system has to keep up with the economic conditions of the country, otherwise we are letting the poorest people down.

The UK Government are proposing to extend the freeze on working-age benefits from two years to four years, which will end in 2020. That would end the link with prices and earnings, effectively cutting the benefits that support those people who are most in need, and ensure that the lowest-income households continue to

get poorer over the years between now and 2020. For example, child benefit is projected to lose 28% of its value, according to the Child Poverty Action Group. That will have a devastating impact on child poverty rates in Scotland.

5.15 pm

Although the causes of child poverty are complex, the IFS has made it clear that projected increases in rates of child poverty are largely a result of changes to the UK social security system. Increasingly, the cost of many items that are required to provide the basic standard of living for children are rising faster than inflation. CPAG undertook research on how the cost of essentials has risen in comparison with benefits and found that, although the value of benefits was largely protected through the 1990s and early 2000s by relatively low rises in the cost of food, fuel and lighting, since 2008 the cost of those essentials has risen much faster than the uprating of benefits.

On clause 10, we feel very strongly that the impact of a freeze on child tax credits must be viewed alongside the Government's threshold squeezes. It is going to make some of the poorest families throughout Scotland and the UK even poorer, which is why we will be voting against it.

Emily Thornberry: We will not press the amendment to a vote this afternoon, but this matter will be revisited on Report. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Question proposed, That clauses 9 and 10 stand part of the Bill, and that the schedule be the schedule to the Bill.

The Committee divided: Ayes 9, Noes 2.

Division No. 25]

AYES

Atkins, Victoria	Opperman, Guy
Churchill, Jo	Patel, rh Priti
Heaton-Jones, Peter	Shelbrooke, Alec
Hinds, Damian	Whately, Helen
Milling, Amanda	

NOES

Bardell, Hannah	Wilson, Corri
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Question accordingly agreed to.

Clauses 9 and 10 ordered to stand part of the Bill, and schedule agreed to.

Ordered, That further consideration be now adjourned.—(Guy Opperman.)

5.18 pm

Adjourned till Tuesday 13 October at twenty-five minutes past Nine o'clock.

Written evidence reported to the House

WRW 34 Low Incomes Tax Reform Group

WRW 35 Shelter

WRW 36 Barnardo's

WRW 37 Action for Children

WRW 38 Inclusion London

WRW 39 RNIB

WRW 40 The Children's Society

WRW 41 Association of Retained Council Housing

WRW 42 4Children

WRW 43 National Federation of ALMOs