

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT

First Delegated Legislation Committee

## DRAFT TAX CREDITS, CHILD BENEFIT AND GUARDIAN'S ALLOWANCE UP-RATING REGULATIONS 2020

*Monday 9 March 2020*

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**not later than**

**Friday 13 March 2020**

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

*Chair:* MARK PRITCHARD

† Afriyie, Adam (*Windsor*) (Con)  
 † Barker, Paula (*Liverpool, Wavertree*) (Lab)  
 † Bradley, Karen (*Staffordshire Moorlands*) (Con)  
 † Bruce, Fiona (*Congleton*) (Con)  
 Cooper, Rosie (*West Lancashire*) (Lab)  
 † Coutinho, Claire (*East Surrey*) (Con)  
 † Cowan, Ronnie (*Inverclyde*) (SNP)  
 Daly, James (*Bury North*) (Con)  
 Hollobone, Mr Philip (*Kettering*) (Con)  
 † Norman, Jesse (*Financial Secretary to the Treasury*)  
 Osamor, Kate (*Edmonton*) (Lab/Co-op)

† Phillips, Jess (*Birmingham, Yardley*) (Lab)  
 † Reynolds, Jonathan (*Stalybridge and Hyde*) (Lab/  
 Co-op)  
 † Rutley, David (*Lord Commissioner of Her Majesty's  
 Treasury*)  
 † Smith, Jeff (*Manchester, Withington*) (Lab)  
 † Smith, Royston (*Southampton, Itchen*) (Con)  
 † Spencer, Dr Ben (*Runnymede and Weybridge*) (Con)  
 Zoë Grünewald, *Committee Clerk*  
 † **attended the Committee**

# First Delegated Legislation Committee

Monday 9 March 2020

[MARK PRITCHARD *in the Chair*]

## Draft Tax Credits, Child Benefit and Guardian's Allowance Up-Rating Regulations 2020

4.30 pm

**The Financial Secretary to the Treasury (Jesse Norman):** I beg to move,

That the Committee has considered the draft Tax Credits, Child Benefit and Guardian's Allowance Up-Rating Regulations 2020.

As hon. Members will know, the Government are committed to delivering a fair welfare system for claimants and taxpayers while providing a strong safety net for those who need it the most. The regulations will ensure that tax credits, child benefit and guardian's allowance will increase in line with the consumer price index, which set inflation at 1.7% in the year to September 2019.

The effect is to meet the Government's manifesto commitment to end the benefits freeze, with most elements and thresholds of tax credits and both rates of child benefit being increased. The Government will spend an additional £800 million to support tax credit, child benefit and guardian's allowance claimants. The proposed legislation increases the rates of those benefits in line with prices. I hope hon. Members will join me in supporting the regulations.

4.31 pm

**Jonathan Reynolds** (Stalybridge and Hyde) (Lab/Co-op): It is a pleasure to serve with you in the Chair, Mr Pritchard. This statutory instrument will finally bring to an end, in April, the freeze on working-age benefits that has been in place for four years and in that time has caused significant hardship to families. It follows what was, in our view, a deeply politically motivated and unnecessary choice to freeze those benefits in 2015.

To offer some context, in 2017, the Joseph Rowntree Foundation said that it believed the benefits freeze was "the single biggest policy driver behind rising poverty in the UK."

As a result of the four-year freeze, families living in poverty have been left a total of £560 a year worse off on average—equivalent to three months' food shopping for an average low-income family. It is no surprise that there has been a corresponding and shameful increase in the use of food banks throughout the country in that period. The cost of living has not been frozen for four years. Between 2016 and 2020, the benefits freeze will have affected more than 27 million people, including 11 million children.

The Opposition will not vote against the statutory instrument as to do so would be to oppose the uprating, but I state on the record our belief that the rise is long

overdue and will not reverse the damage caused by this especially pernicious strand of austerity. That is not just our opinion. In 2019, Shelter said:

"While the Government may have finally called time on its benefits freeze, the proposed rise in support is so tiny it won't make a dent in the damage already done."

Have the Government have made any assessment of the overall impact of the benefits freeze over the last four years? If not, how will they help working-age families begin to recover from the last painful four-year period?

I conclude with an insight from the Resolution Foundation following research published in October last year. It said:

"the real value of basic out-of-work support in 2019-20 is lower than it was in 1991-92, despite GDP per capita having grown by more 50 per cent since then. Even more starkly, child benefit for a second child or beyond is worth less in 2019-20 than when it was (fully) introduced back in 1979."

Those are astonishing figures and proof that, although the Government may talk of their intention to create a fair system, a rising tide no longer lifts all boats.

4.33 pm

**Ronnie Cowan** (Inverclyde) (SNP): The uprating is welcome, but it is too little, too late. If austerity were really over, the UK Government would restore lost value from the benefit freeze and scrap the two child limit and the rape clause. A 1.7% increase in child benefit does not make up for damage caused by the four-year freeze. If child benefit had been uprated in line with CPI, payments would have risen by 6.5% in nominal terms by 2019-20. Instead, child benefit was subjected to the four-year freeze and payments did not increase over that period.

We in the Scottish National party completely oppose the two child limit on tax credits and the associated rape clause. Some 8,500 Scottish families have already had their income cut by the two child limit, and that figure will reach 40,000 upon the full roll-out of universal credit, bringing up to 20,000 children into poverty. It is abhorrent that, to receive benefits, at least 510 women have been forced to disclose that they were raped. I ask the Minister to reconsider both those items.

4.35 pm

**Jesse Norman:** I am very grateful to the hon. Member for Inverclyde and of course I understand the concerns that he has placed on the record. They do not bear directly on this uprating, which I think he will support, but he has made his position clear and it is well understood.

May I focus on the more substantive comments made by the hon. Member for Stalybridge and Hyde? He suggested that the original benefits freeze was politically motivated. Nothing could be further from the truth. The fact is that the economy had a very long period of recovery—I am pleased to say that it has recovered under this Government and their predecessors—and the view was taken that the whole of Government spending ought to be constrained. The reason for that was that between 1997 and 2010 welfare spending had risen by 65%—£84 billion in real terms—and unfortunately, combined with the mishandling of the financial sector that caused the damage from the crisis, when it took place, to be so bad, it cast a very long and quite painful shadow.

The hon. Gentleman mentioned food banks, but may I offer two or three reminders? One is that poverty, as I am sure he would agree—he is a very thoughtful man—is a complex issue. It is not just a matter of income; it is also a matter of costs, such as fuel costs and housing costs, and of childcare. The approach that the Government have taken in many cases is to pinpoint specific concerns—childcare being an obvious example. I am pleased to see that work is being done to assess whether the correct measure of poverty has been adopted, because there is a question not just about the level but about the composition. The Government are looking quite closely at that.

On food banks, let me simply point out that Germany, which on many accounts we would regard as having not merely a much richer Exchequer and more robust economic growth over the last few years—although not at the moment—than this country, and which has a more generous benefits system, has an escalating food bank problem that is every bit as bad as the one that we find in this country.

**Jess Phillips** (Birmingham, Yardley) (Lab): Will the right hon. Gentleman give way?

**Jesse Norman:** Of course.

**The Chair:** Order. Although food banks are obviously related to poverty, I remind all hon. Members of the narrowness of the instrument we are debating. I do not want us all to be tempted into a very worthy, but probably lengthy beyond the time allocated to us, debate on poverty and the definition of it. Can we keep to the narrow confines of the regulations, please?

**Jesse Norman:** Thank you, Mr Pritchard. I am delighted to give way to the hon. Lady, who I know has views on these issues.

**Jess Phillips:** I do not know whether I have to declare an interest as somebody who, in the era that we are talking about, lived on tax credits. With regard to the Minister's assertions about Germany as a comparator, does he think that the people who come to my office every single day to ask for food bank vouchers would get much comfort from hearing, "It's worse in Germany"?

**Jesse Norman:** Of course not, but the point that I was making was that there is no simple link between income, poverty and food bank usage, and Germany is the example that gives the lie to that claim.

As for an assessment, legislation is of course given an impact assessment when it is introduced, and that is the case here as elsewhere. I remind the hon. Member for Stalybridge and Hyde that more than 700,000—I think it is 730,000—fewer children are living in workless households than were in 2010, and that there are more than 1 million fewer people in workless households overall? The Government's focus on employment and the benefits of employment has delivered that achievement, which is a very important improvement not merely to economic wellbeing, but to people's social and emotional wellbeing.

*Question put and agreed to.*

4.39 pm

*Committee rose.*





