



**BRIEFING PAPER**

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# Welfare Reform and Work Bill 2015-16 Committee Stage Report

By Steven Kennedy  
Wendy Wilson  
Feargal McGuinness  
Mark Sandford

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Contributing Authors:

Steven Kennedy, Welfare Benefits, sections 4-8  
 Feargal McGuinness, Poverty, sections 1 & 2  
 Wendy Wilson, Housing, sections 3 & 9  
 Mark Sandford, Troubled families, section 1.3

## Summary

Full background and comment on the Bill's provisions can be found in the House of Commons Library paper: [Welfare Reform and Work Bill \[Bill 51 of 2015-16\]](#).

This paper summarises debate and amendments to the Bill during its committee stage in the House of Commons.

**Reports:** clauses 1-3 were debated in the [Committee's fourth sitting](#) on 15 September 2015. These clauses require the Secretary of State to report on progress towards full employment, towards the Government's target of 3 million apprenticeship starts and progress on the troubled families programme. The clauses were not amended in Committee. Opposition amendments to clause 1 (which concerns reporting on progress towards full employment) were defeated on division.

**Life chances:** clauses 4-6, which remove most of the duties and provisions set out in the *Child Poverty Act 2010* and require the Secretary of State to report annually on new 'life chances' indicators, were debated in the [Committee's fifth sitting](#) on 17 September 2015. Aside from some technical Government amendments, the clauses were not amended in Committee. Opposition amendments, to retain the measures and targets in the Child Poverty Act 2010 and to include data on children living in low-income working households among the life chances indicator, were rejected on division.

**Benefit Cap:** clauses 7 and 8 were debated in the [Committee's sixth sitting](#) on 17 September 2015. These clauses provide for regulations to be made to determine the level of the Benefit Cap and for a review of the threshold to be carried out at least once during a Parliament. Technical Government amendments were made to clause 7. Several Opposition amendments to both clauses were pressed to a vote but none were successful.

**Four year benefit freeze:** Clauses 9 and 10 and the linked Schedule were considered at the [Committee's sixth sitting](#) on 17 September 2015. They provide for a freeze in most working-age benefits and tax credits at 2015-16 rates for four years. Labour and SNP amendments were considered but no amendments were agreed.

**Tax credits and Universal Credit:** clauses 11 and 12 – which provide for the per child element in tax credits and Universal Credit to be limited to two children for new claims and births after April 2017, and for abolition of the family element in tax credits and UC to be abolished for new claims after this date. – were considered at the [Committee's seventh sitting](#). Labour and SNP amendments were considered but no amendments were agreed.

**Abolition of the ESA Work-Related Activity Component:** Clause 13, which abolishes the "Work-Related Activity Component" for new ESA claims from April 2017, and clause 14, which makes corresponding changes to Universal Credit, were considered at the [Committee's eighth sitting](#) on 13 October 2015. Labour and SNP amendments were considered but no amendments were agreed.

**Conditionality for 'responsible carers' in Universal Credit:** Clause 15 makes changes to the work preparation and work-related requirements for lone parents and other "responsible carers" in receipt of Universal Credit, who have younger children. The clause was considered at the [Committee's eighth sitting](#). Labour and SNP amendments were considered but no amendments were agreed.

**Loans for mortgage interest:** a series of Government amendments were agreed at the Committee's [eighth](#) and [ninth sittings](#) which, among other things, replaced references to

loans with references to “owner-occupier payments,” allow payments to be made for “non-traditional” and to claimants with “non-standard” financing arrangements; and make transitional arrangements. Labour amendments were considered but none were agreed.

**Social housing rent reductions:** the clauses to require social landlords to reduce their rents by 1% every year for four years were discussed during the [Committee’s tenth sitting](#). A substantial number of Government amendments were made to these provisions, including the addition of four new clauses and a new schedule. No Opposition amendments were pressed to a vote.

# 1. Reports

**Clauses 1-3** were debated in the [Committee's fourth sitting](#) on 15 September 2015. These clauses were not amended in Committee.

## 1.1 Full employment

**Clause 1** of the Bill requires the Secretary of State to report on progress towards full employment during the current parliament.

An SNP amendment, supported by Labour, sought to extend the duty to report on full employment beyond the current parliament but was defeated on division. SNP Members also argued that the Secretary of State should have to report to devolved administrations and that the Bill should include some measure of quality of work.

Full employment is not defined in the Bill, a point that was taken up by Labour Members. Stephen Timms, Labour's then Shadow Minister for Work and Pensions, argued it should mean an employment rate of 80% but his amendment was defeated on division. The Minister for Employment, Priti Patel, explained the clause supported the Government's ambition "to achieve the highest level of employment in the G7".

Kate Green, for Labour, sought to amend the Bill to include a duty to report on halving the disability employment gap (the gap in employment rates between disabled and non-disabled people). Ms Patel responded the amendment was unnecessary since full employment would only be achieved if there was progress on halving the disability employment gap and because an update on progress would be included in the Secretary of State's annual report. Ms Green pressed the amendment to a vote where it was rejected.

## 1.2 Apprenticeships

**Clause 2** requires the Secretary of State to report on progress towards achieving the Government's target of 3 million apprenticeship starts in England between 2015 and 2020.

Concerns were raised in Committee that the ambitious target could mean the quality of apprenticeships might suffer. An amendment moved by Stephen Timms specified that the Secretary of State's report should include information on uptake of apprenticeships among different groups and starts by sector, qualification and level. Minister for Employment, Priti Patel, explained much of the information is already published and noted the role played by Ofqual and Ofsted in maintaining apprenticeship quality. The amendment was withdrawn without division.

An amendment moved by Neil Coyle, a Labour Member, would mean the apprenticeships target is only met if a specific proportion of apprenticeships are entered into by people with special educational needs or disabilities. Jess Phillips, also for Labour, moved an amendment that would mean 20,000 apprenticeships are taken up by children and

young people leaving care. Ms Patel noted the 3 million target would provide more opportunities for everyone and that full funding for apprenticeship training is already provided for entitled 19-23 year old care leavers. Neither amendment was pressed to a vote.

### 1.3 Troubled families

**Clause 3** introduces a requirement for the Secretary of State to report to Parliament annually on progress within the Troubled Families programme. Beginning in 2012, the programme was intended to address 'families with multiple problems' in a holistic fashion, reducing the number of different points at which such families access public services and hence reducing pressure on public sector resources.

Stephen Timms, for the Labour Party, tabled an amendment that would have required the annual report on the progress of the programme to include an indication of how many families included members who had secured additional employment. He noted that the Government's evaluation of the programme indicated that relatively few family members had secured jobs, though more progress had been made in other matters. He tabled a further amendment that would have required the annual report to state how much money had been spent on the programme, and noted competing claims on the total amount spent across England.

The Minister indicated that information on both these matters would be expected to appear in annual evaluation reports on the programme, which would form the basis of the annual report to Parliament. Neither amendment was pressed to a vote.

## 2. Child poverty and life chances

**Clauses 4-6** were debated in the [Committee's fifth sitting](#) on 17 September 2015.

The clauses remove most duties and provisions set out in the *Child Poverty Act 2010*, in particular four targets for child poverty which were to be met by 2020-21. The Bill introduces a new duty for the Secretary of State to report annually on "life chances": in practice, on the proportion of children living in workless households and educational attainment at the end of Key Stage 4 (age 16). The name and remit of the Social Mobility and Child Poverty Commission is changed so that it becomes the Social Mobility Commission.

The clauses were not amended in Committee apart from some technical amendments intended to improve clarity and make the wording of the Bill more consistent.

A Labour amendment sought to include a requirement to report on low-income children living in working households among the other "life chances" measures in the Bill. Kate Green, the then Shadow Minister for Work and Pensions, pointed out that while the Bill requires the Secretary of State to report on worklessness, two-thirds of children in poverty live in households where someone is in work. The Minister for Employment, Priti Patel, rejected the introduction of a measure involving low income on the basis that income-based poverty measures are flawed. Ms Green pressed the amendment to a vote but it was defeated on division by 10 votes to 3.

In response to Labour amendments to report on educational attainment at key stage 1, 2 and 3 (as well as key stage 4) and to report on key health indicators, Ms Patel stated the information was published elsewhere. She argued that improving children's life chances was "best achieved through a tight focus on work and education" as set out in the Bill. These amendments were not pressed to a vote.

Labour and SNP Members argued in favour of retaining the targets and measures in the Child Poverty Act 2010. Kate Green argued, "...the critique of the Child Poverty Act and its measures and targets as being somehow deficient is completely false." She pointed out that the Act uses four different poverty measures (rather than rely on a single indicator) and includes a requirement for strategies in relation to child health, children's education, parental employment, debt and parenting. Priti Patel replied that the Bill was replacing flawed income-based targets with a commitment to report on root causes of poverty. Ms Green pressed the amendment to a vote but it was rejected by 9 votes to 5.

### 3. Benefit cap

**Clauses 7 and 8** were debated in the [Committee's sixth sitting](#) on 17 September 2015. These clauses provide for regulations to be made to determine the level of the Benefit Cap and for a review of the threshold to be carried out at least once during a Parliament.

The following Government amendments to **clause 7** were made:

- amendment 88 to 'tidy up' existing legislation;
- amendment 89 consequential on amendment 88; and
- amendment 90, a technical amendment to allow the Government to put in place, if needed, transitional provisions to support the phased introduction of changes to the Benefit Cap.<sup>1</sup>

Labour and the SNP moved a number of amendments to clause 7, several of which were pressed to a vote. None of the amendments were agreed.

Hannah Bardell, for the SNP, moved amendment 25 which was considered alongside amendments 26, 27, 71 and 38. The aim of the SNP's amendments was to retain the current national level of the Benefit Cap (£26,000 for families and £18,200 for single people).<sup>2</sup>

Emily Thornberry spoke to Labour's amendment 71, which would have retained the link between the level of the cap and estimated average earnings.<sup>3</sup> She also moved amendment 104, which was considered alongside amendments 67, 68, 69, 70, 72 and 107. These amendments would have exempted certain specific groups of people from the Benefit Cap:

- amendment 104 to exempt persons responsible for the care of a child under 2; a non-resident carer for a person in receipt of DLA, PIP or AA who is receiving Carers Allowance; and persons in temporary accommodation following an incident of domestic violence. Emily Thornberry described these groups as 'the most acutely vulnerable and perhaps the least able to change their circumstances.'<sup>4</sup>
- amendment 67 to exempt all homeless households in temporary accommodation;
- amendment 68 to exempt jobseekers claiming JSA who 'have not had a reasonable offer of employment';<sup>5</sup>
- amendment 69 (and consequential amendment 72) to exempt anyone in receipt of a benefit 'that by its definition recognises that work is not an option';<sup>6</sup>
- amendment 70 to apply the same exemptions to Universal Credit; and

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<sup>1</sup> [PBC 17 September 2015 c250](#)

<sup>2</sup> [PBC 17 September 2015 c213](#)

<sup>3</sup> [PBC 17 September 2015 c214-18](#)

<sup>4</sup> [PBC 17 September 2015 c235](#)

<sup>5</sup> [PBC 17 September 2015 c235](#)

<sup>6</sup> [PBC 17 September 2015 c229](#)

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- amendment 107 to exempt anyone who meets the definition of employment used by the Office of National Statistics.<sup>7</sup>

Amendment 104 was pressed to a vote – it was defeated by 10 votes to 5.<sup>8</sup> The Committee also divided on amendments 26, 27, 67, 68, 69 and 71.<sup>9</sup>

Hannah Bardell moved amendment 28, which was taken with amendments 29, 30, 31, 32, 33, 34, 35, 36, 37 and 76. The aim of these amendments was to ‘remove some of the most vulnerable groups’<sup>10</sup> from the Benefit Cap by removing certain benefits from counting towards the cap, including:

- Funeral Allowance (amendment 28);
- Carer’s Allowance (amendment 29);
- Child Benefit (amendment 30);
- Child Tax Credit (amendment 31);
- Guardian’s Allowance (amendment 32);
- Maternity allowance (amendment 33);
- Severe Disablement Allowance (amendment 34);
- Widow’s Pension (amendment 35);
- Widowed Mother’s Allowance (amendment 36);
- Widowed Parent’s Allowance (amendment 37); and
- Housing Benefit (amendment 76).

Amendments 28 to 37 were pressed to a vote where they were defeated by 10 votes to 2.

On **clause 8**, which provides for a review of the Benefit Cap threshold, Emily Thornberry moved amendment 12 to place a duty on the Secretary of State to review the level of the cap every year.<sup>11</sup> This amendment was taken with New Clause 1 to require the Secretary of State to publish and lay before Parliament a report on the impact of the cap reductions before the end of the 2016/17 financial year.<sup>12</sup> Amendment 12 was pressed to a vote where it was defeated by 10 votes to 5.<sup>13</sup>

Neil Coyle (Labour) moved amendment 94 to require an assessment of the impact of the Benefit Cap on disabled people and carers when reviewing the cap threshold. This was taken alongside amendments 73, 13, 14, and 105 which ‘sought to flesh out the Secretary of State’s ultimate discretion.’<sup>14</sup>

- amendment 73 sought to require the Secretary of State to set the cap with reference to average earning and regional variations to adjust for housing costs;
- amendment 13 would have required the Social Security Advisory Committee (SSAC) to make an annual report on the level of the

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<sup>7</sup> [PBC 17 September 2015 c234](#)

<sup>8</sup> [PBC 17 September 2015 c240](#)

<sup>9</sup> [PBC 17 September 2015 cc241-3](#)

<sup>10</sup> [PBC 17 September 2015 cc243-4](#)

<sup>11</sup> [PBC 17 September 2015 c251](#)

<sup>12</sup> Ibid.

<sup>13</sup> [PBC 17 September 2015 c254](#)

<sup>14</sup> [PBC 17 September 2015 c258](#)

cap which the Secretary of State would have had to take into account;

- amendment 14 would have required the SSAC to publish an annual report on the level of the cap including an assessment of its impact on discretionary housing payments; and
- amendment 105 would have required the Secretary of State, when reviewing the cap, to take account of any reports by the Children’s Commissioner for England, Scotland, and Wales on the impact of the cap on the wellbeing of children. There was similar provision for Northern Ireland in the event of the cap being implemented in NI.

Minister for Employment, Priti Patel, said that any reduction in the cap levels arising from a future review would be subject to regulations passed under the affirmative procedure.<sup>15</sup> Mr Coyle withdrew amendment 94 and pressed amendment 73 to a vote – it was rejected by 10 votes to 5.<sup>16</sup>

A Government amendment (91) to clause 8 was agreed to provide that the Department does not have to consult the local authority associations on commencement regulations if the cap level is revised in the future.

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<sup>15</sup> [PBC 17 September 2015 c262](#)

<sup>16</sup> *Ibid.*

## 4. Four year benefits freeze

**Clauses 9 and 10** and the **Schedule** to the Bill (now Schedule 1) were considered at the [Committee's sixth sitting](#) on 17 September 2015. They provide for a freeze in most working-age benefits and tax credits at 2015-16 rates for four years.

For Labour, Emily Thornberry moved amendments to provide that the four year freeze be subject to annual reviews taking into account the rate of inflation and the national economic situation. Responding to claims that the welfare spending had got out of control, she pointed to analysis by the Office for Budget Responsibility which had shown that welfare spending as a percentage of GDP had remained reasonably steady until 2008, and that the largest contribution to increases since then had been the uprating of state pensions. Ms Thornberry said that a four year freeze would mean the poor would continue to get poorer, and that Labour was against the clauses.<sup>17</sup>

These amendments were considered alongside SNP amendments requiring annual uprating in line with the Consumer Price Index (CPI), and amendments tabled by Neil Coyle (Labour) to exempt disabled people from the freeze.

Replying for the Government, the Exchequer Secretary to the Treasury, Damian Hinds, said that accepting the amendments "would mean rejecting the need to tackle the deficit through sensible reductions in welfare spending," adding that without the freeze, deeper cuts would be needed elsewhere.<sup>18</sup> The Government had originally announced a two-year freeze, but in light of lower forecasts for inflation it had been decided to extend the freeze to four years to generate the same level of savings.<sup>19</sup>

Hannah Bardell said that the SNP would not press its amendments to a vote but would vote against the clauses themselves. She said that her party categorically rejected the Minister's arguments about the deficit, adding that there was "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."<sup>20</sup> She said that the benefits system did not keep up with the economic conditions of the country, the poorest would be let down.

Emily Thornberry did not press the Labour amendments to the vote, but said that the matter would be revisited on Report.<sup>21</sup>

The clauses were agreed by 9 votes to 2, with the SNP Members voting against and Labour Members abstaining.

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<sup>17</sup> [PBC Deb 17 September 2015 c266](#)

<sup>18</sup> [PBC Deb 17 September 2015 c267](#)

<sup>19</sup> [PBC Deb 17 September 2015 c268](#)

<sup>20</sup> [PBC Deb 17 September 2015 c271](#)

<sup>21</sup> [PBC Deb 17 September 2015 c272](#)

## 5. Tax credits and Universal Credit

**Clauses 11 and 12** were considered at the [Committee's seventh sitting](#) on 13 October 2015. The clauses provide for the per child element in tax credits and Universal Credit to be limited to two children for new claims and births after April 2017, and for abolition of the family element in tax credits and UC to be abolished for new claims after this date.

For the SNP, Hannah Bardell moved an amendment to clause 11 to retain the current support for children born before April 2022. The SNP wholeheartedly condemned the intentions behind the clause which, she said would exclude many of the poorest children in society from support and which was “based on the falsehood that all children are planned and that it is possible to plan financially for children.” Ms Bardell said that the provisions were “nothing more than a move to socially engineer society into a form the Tory Government have dreamt up—one where the right to have a third child is a luxury reserved for the rich.”<sup>22</sup>

For Labour, Emily Thornberry said that the “two child policy” was “not going to end well,” adding that the proposal would see the current Administration “that inauspicious rank of people who at one time or other have imposed state-sanctioned limits on the number of children a family can have.”<sup>23</sup> She noted that there was no equality impact assessment, and said that the changes would have a disproportionate impact on black and Asian families, and on women.<sup>24</sup>

Damian Hinds said that the Government believed that the two-child limit for support through tax credits and UC was “fair and proportionate.” The Government had, he said, given clear assurances about exemptions in cases of multiple births. In cases involving children conceived as a result of rape, the Government would take a “careful and sensitive approach” – more detail would be given in due course.<sup>25</sup>

Hannah Bardell said that it was clear from what had been said that there had been “no consultation and consideration on the most serious parts of the Bill, including the issue of the third child and the matter of rape,” and that getting the country’s finances into surplus should not come at the cost of the poorest. The amendment was put to the vote, and was defeated by 11 votes to 9.<sup>26</sup>

Corrie Wilson moved a further series of SNP amendments to retain entitlement to support for families with more than two children. These were considered along with probing amendments (New Clauses 5 and 6) tabled by Labour (also supported by the SNP) to provide that the calculation of Housing Benefit and equivalent support in Universal Credit take into account each child in a family, regardless of the

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<sup>22</sup> [PBC Deb 13 October 2015 cc277-9](#)

<sup>23</sup> [PBC Deb 13 October 2015 c279](#)

<sup>24</sup> [PBC Deb 13 October 2015 cc280-1](#)

<sup>25</sup> [PBC Deb 13 October 2015 cc284-5](#)

<sup>26</sup> [PBC Deb 13 October 2015 cc285-6](#)

number.<sup>27</sup> Emily Thornberry explained that the New Clauses were intended to probe the impact of the corresponding changes to Housing Benefit, which would be made via regulations.<sup>28</sup>

For the Government, Damian Hinds said that the two-child limit for support was being introduced because the level of spending on tax credits had become “unsustainable and carries a risk to our public services.” He noted that the average number of children in families in the UK in 2012 was 1.7.<sup>29</sup> In response to Labour’s concerns about Housing Benefit, Mr Hinds said:

The only related changes to housing benefit, which will follow in regulations, are to ensure that a claimant’s housing benefit award is no higher than it would have been if the tax credit changes were not introduced. Obviously, without those changes, the tax credit change would have the unintended effect of awarding claimants with more than two children a higher amount of housing benefit, which would reduce the savings from the tax credit change.<sup>30</sup>

The SNP amendments were defeated by 11 votes to 9.<sup>31</sup>

Emily Thornberry moved a Labour amendment to exempt households with disabled children from the two child limit. This was discussed alongside a further Labour amendment providing exemptions in various other circumstances, including multiple births, where children are being fostered or adopted, where claimants become unemployed, on the death of a parent, following the breakdown of a relationship, and in the case of couples where the limit would not apply were the partners to be living in separate households.<sup>32</sup> The amendments had SNP support.

Speaking to the amendments, Emily Thornberry said that the Government had not provided details on what might be considered “exceptional circumstances.”<sup>33</sup>

For the Government, Damian Hinds said that for third and subsequent children with disabilities, an additional amount for disability could continue to be paid. With regard to exemptions, Mr Hinds said:

We will set out exemptions in regulations after discussions with stakeholders and careful consideration. Using regulations to set out exemptions provides the Government with greater flexibility to adjust exemptions in the future without needing to secure primary legislation. That is more appropriate because we may wish to act relatively quickly in the light of operational experience.<sup>34</sup>

Emily Thornbury said that exemptions should be set out in primary rather than secondary legislation. The amendment was put to the vote, and was defeated by 11 votes to 9.<sup>35</sup>

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<sup>27</sup> [PBC Deb 13 October 2015 cc286-6](#)

<sup>28</sup> [PBC Deb 13 October 2015 cc289-291](#)

<sup>29</sup> [PBC Deb 13 October 2015 c292](#)

<sup>30</sup> [PBC Deb 13 October 2015 c293](#)

<sup>31</sup> [PBC Deb 13 October 2015 c295](#)

<sup>32</sup> [PBC Deb 13 October 2015 cc295-6](#)

<sup>33</sup> [PBC Deb 13 October 2015 c300](#)

<sup>34</sup> [PBC Deb 13 October 2015 c303](#)

<sup>35</sup> [PBC Deb 13 October 2015 c304](#)

Clause 11 was agreed to by 11 votes to 9.<sup>36</sup>

Labour moved an amendment to clause 12, to limit support to two children in Universal Credit only to children born after April 2017, rather than also applying to entirely new claims for UC.<sup>37</sup> For the Government, Damian Hinds said that the amendment would increase UC expenditure by £245 million in 2019-20. He continued:

We have committed to protecting universal credit claimants at the point of change and new claimants who have been in receipt of universal credit or tax credits in the previous six months. The policy will therefore apply only to claimants who have been supporting themselves entirely outside the benefits and tax credits system for more than six months and who will therefore not see a cash loss.

We also need to remember that child benefit will remain in payment for all eligible children, continuing to provide support beyond the child element of universal credit.<sup>38</sup>

The amendment was withdrawn.

Clause 12 was agreed by 11 votes to 9.<sup>39</sup>

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<sup>36</sup> [PBC Deb 13 October 2015 c305](#)

<sup>37</sup> [PBC Deb 13 October 2015 cc305-6](#)

<sup>38</sup> [PBC Deb 13 October 2015 c306](#)

<sup>39</sup> [PBC Deb 13 October 2015 c308](#)

## 6. Abolition of ESA Work-Related Activity Component

**Clause 13** abolishes the “Work-Related Activity Component” for new ESA claims from April 2017, and **clause 14** makes corresponding changes to Universal Credit (abolition of the “Limited capability for work” element). The clauses were considered at the [Committee’s eighth sitting](#) on 13 October 2015.

Neil Coyle (Labour) moved an amendment requiring the Secretary of State to make additional specialist employment support for disabled people. Mr Coyle explained:

We have heard from the Minister that the Government plan to invest in additional employment support for disabled people, starting at £60 million a year from 2016-17 and rising to £100 million a year by 2021. That is positive and welcome, but it is important to understand how it will be used and how its efficacy will be measured. As yet we have heard no detail on how that investment will be directed or implemented, or how many people it is designed to support.<sup>40</sup>

Hannah Bardell said that the SNP fully opposed the proposals within clauses 13 and 14, adding that to reduce the rate of ESA to that of JSA “completely immoral and makes absolutely no sense to us.” She said that ESA claimants received a higher rate than those on JSA “because they typically take longer to move back into work, as they face additional barriers.” Ms Bardell added:

Returning to employment is not an option for many people with disabilities. Those unable to work should receive an income replacement benefit to ensure a fair income.<sup>41</sup>

The new Shadow Minister for Disabled People, Debbie Abrahams, said that Labour wanted to prevent the cuts to the Work-Related Activity Component, which they believed “unjust and unfair to disabled people.” She suggested that the Government was “putting the cart before the horse” by cutting support for disabled people before giving details of additional support to help people into work. Ms Abrahams urged Members of the Committee to vote against clause 13.

Replying for the Government, the Minister for Employment, Priti Patel, detailed the support already available to help disabled people into work, and said that the Government would set out further details in the Autumn, following discussions with, and evidence from, stakeholders, including the Disability Benefits Consortium.<sup>42</sup> In response, Mr Coyle welcomed the commitment to engage with stakeholders, and hoped the relations would be more constructive than in the recent past.<sup>43</sup>

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<sup>40</sup> [PBC Deb 13 October 2015 c312](#)

<sup>41</sup> [PBC Deb 13 October 2015 c314](#)

<sup>42</sup> [PBC Deb 13 October 2015 cc319-320; 323](#)

<sup>43</sup> [PBC Deb 13 October 2015 c324](#)

The amendment was withdrawn, and clause 13 was agreed by 9 votes to 8.<sup>44</sup>

In the debate on whether clause 14 should stand part of the Bill, Debbie Abrahams raised a number of issues, including how the cuts would affect claimants with long-term conditions such as lung disease, cancer or stroke, and the expected costs to the NHS. She also asked about the number of disability employment advisers in Jobcentre Plus, how the Government proposed to address the attitudinal issues faced by disabled people trying to get into work, support for employers, and the adequacy of Access to Work.<sup>45</sup> Priti Patel said that she could not cover all the points raised, but promised to write to Ms Abrahams.

Clause 14 was agreed by 9 votes to 8.<sup>46</sup>

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<sup>44</sup> [PBC Deb 13 October 2015 c324](#)

<sup>45</sup> [PBC Deb 13 October 2014 cc324-5](#)

<sup>46</sup> [PBC Deb 13 October 2015 c326](#)

## 7. Conditionality for ‘responsible carers’ in Universal Credit

**Clause 15** provides that lone parents and other “responsible carers” in receipt of Universal Credit are to be subject to “work preparation” requirements when their youngest child reaches the age of two, and full “work-related requirements” when their youngest child reaches three. The current age thresholds are three and five respectively. The clause was considered at the [Committee’s eighth sitting](#) on 13 October 2015.

For the SNP, Corri Wilson moved a series of amendments “to mitigate the changes and to take the pressure off responsible carers with very young children who receive universal credit.” The SNP wanted “to stop those changes to the work-related requirements as well as roll back the work-related requirement for responsible carers set out in the Welfare Reform Act 2012.”<sup>47</sup> Ms Wilson said that “Forcing a parent to spend more time looking for work means they have no choice if they want to spend more time with the child in its formative years.”<sup>48</sup>

Emily Thornberry said that while she “applauded the sentiment” behind the SNP amendments and that Labour would support them if they were pressed to a vote, she wanted to put on record that this was not unconditional. Some women with young children did want help to return to work, but the choice should not be between “the extreme proposed by the Government and nothing.”<sup>49</sup>

The Minister for Employment, Priti Patel, said that Universal Credit offered significantly better incentives to work than the current system, and that work coaches would also be able to provide personalised support. The Minister also mentioned improvements to childcare provision including free childcare, help with up to 85% of eligible childcare costs through UC, and the fact that help would be available through regardless of the hours worked. She also added that “all work-related requirements are tailored to individual circumstances and compatible with the childcare responsibilities.”<sup>50</sup>

Responding to an amendment tabled by Neil Coyle (Labour) to exempt responsible carers of a disabled child aged 3 or 4 from all work-related requirements<sup>51</sup>, the Minister said that most carers in this situation would fall into the “no conditionality” group, and for others different levels of conditionality would apply according to their circumstances. The Government also wanted to ensure that with regard to free childcare, appropriate provision was made for disabled children.<sup>52</sup>

For the SNP, Corri Wilson said that UC conditionality and the changes for carers “put an unacceptable and unnecessary pressure on

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<sup>47</sup> [PBC Deb 13 October 2015 c328](#)

<sup>48</sup> [PBC Deb 13 October 2015 c328](#)

<sup>49</sup> [PBC Deb 13 October 2015 c329](#)

<sup>50</sup> [PBC Deb 13 October 2015 cc331-2](#)

<sup>51</sup> Later put to the vote and defeated by 10 votes to 8 – see [PBC Deb 13 October 2015 cc352-3](#)

<sup>52</sup> [PBC Deb 13 October 2015 cc333-4](#)

families.”<sup>53</sup> Four SNP amendments were put to the vote; each was defeated by 10 votes to 8.<sup>54</sup>

The motion that the clause stand part of the Bill was agreed by 10 votes to 8.<sup>55</sup>

## 7.1 Lone parent flexibilities

For Labour, Emily Thornberry tabled a series of amendments on “lone parent flexibilities” in Universal Credit, including an amendment to put on a statutory basis the situations where lone parents would not be subject to a work search requirement.<sup>56</sup> Ms Thornberry noted that under the *Welfare Reform Act 2012* the flexibilities set out in the legislation governing Jobseeker’s Allowance had not been carried over to the UC Regulations but are instead covered by “guidance that is too often overlooked.”<sup>57</sup> She explained:

We think that the rules should be put into regulations, and that staff should be trained in what the regulations mean. Those expected to abide by these new rules should be written to, and it should be explained what the position is so that everybody is clear.<sup>58</sup>

For the Government, Priti Patel said that under UC any work-related requirements would be “tailored to the individual’s circumstances and, importantly, ...compatible with childcare responsibilities.”<sup>59</sup> Work coaches were, the Minister said, “using their discretion to tailor appropriate requirements without the need to set the types of support in regulations or to make guidance statutory.” The Department routinely upgraded its guidance, advice and training on flexibilities, and shared this with stakeholders. Accepting the amendments, the Minister said, “would result in an unnecessary, costly and overly bureaucratic imposition. It would not enhance the individual claimant’s choice, opportunities and the support that is made available to them through work coaches.”<sup>60</sup>

Three Labour amendments<sup>61</sup> were put to the vote; each was defeated by 10 votes to 8.<sup>62</sup>

## 7.2 Availability of childcare

Emily Thornberry moved a Labour amendment to ensure that responsible carers of children under five would not be subject to work-related requirements unless appropriate and affordable childcare was in place for their child.<sup>63</sup> Speaking to the amendment, Ms Thornberry said that for many parents, the existing entitlement to 15 hours “free

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<sup>53</sup> [PBC Deb 13 October 2015 c334](#)

<sup>54</sup> [PBC Deb 13 October 2015 cc334-5; 353](#)

<sup>55</sup> [PBC Deb 13 October 2015 cc355-6](#)

<sup>56</sup> [PBC Deb 13 October 2015 cc335-6](#)

<sup>57</sup> [PBC Deb 13 October 2015 c337](#)

<sup>58</sup> [PBC Deb 13 October 2015 c338](#)

<sup>59</sup> [PBC Deb 13 October 2015 c343](#)

<sup>60</sup> [PBC Deb 13 October 2015 c345](#)

<sup>61</sup> Amendments 131, 132 and 133

<sup>62</sup> [PBC Deb 13 October 2015 cc354-5](#)

<sup>63</sup> [PBC Deb 13 October 2015 cc345-6](#)

childcare” for children aged 3 and 4 came with “hidden charges.” The [Childcare Bill \[HL\]](#) gave little information on how the entitlement to 30 hours of week childcare would be delivered, and the funding set aside for it appeared inadequate. Ms Thornberry said:

To put it simply, the Government are asking us in clause 15 simply to trust them. “Trust us,” they say, “We will provide 30 hours of free childcare. It will be available at some point in the future.” Well, we do not trust the Government on that.<sup>64</sup>

For the Government, Priti Patel said that the additional childcare entitlement would be rolled out in some areas in September 2016 with further roll-out in September 2017, but added that it was just one element of a wider package of childcare support.<sup>65</sup>

The amendment was put to the vote, and was defeated by 10 votes to 8.<sup>66</sup>

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<sup>64</sup> [PBC Deb 13 October 2015 c349](#)

<sup>65</sup> [PBC Deb 13 October 2015 cc350-1](#)

<sup>66</sup> [PBC Deb 13 October 2015 c352](#)

## 8. Loans for mortgage interest

**Clauses 16 to 18** of the Bill (as introduced in the House of Commons) provide for Support for Mortgage Interest (SMI) to be replaced by interest bearing loans, secured against the mortgaged property, from April 2018. The clauses were considered at the Committee's [eighth](#) and [ninth sittings](#) on 13 and 15 October respectively.

A series of Government amendments were agreed which, among other things-

- replace the description of the payments for which loans may be made with a reference to "owner-occupier payments" (to be defined in regulations);
- allow payments to be made for "non-traditional" homes such as houseboats and caravans;
- ensure that payments can be made to claimants with "non-standard" financing arrangements;
- ensures that regulations about requiring security for a loan may make provision for situations where there is no pre-existing mortgage over the person's home;
- make it clear that regulations under clause 17(3) may make provision about entering into agreements with persons receiving loans, and the Secretary of State may determine the contents of such agreements;
- introduce a New Clause ("Transitional provisions") enabling the Secretary of State to make regulations providing for the roll-out of loans and the migration of existing SMI recipients to the new system; and
- make other consequential and technical amendments.

Labour tabled a number of mainly probing amendments, but Emily Thornberry indicated that her party was against replacing SMI with loans on principle:

We do not believe that interest-bearing loans have a place in the social security system at all, but we have sought to highlight some of the most serious flaws in the proposal in the hope that the Government might reassure us that the consequences of the changes have been adequately thought through because, at first blush, it seems to us that they have not.<sup>67</sup>

Labour and SNP Members voted against motions that the clauses making provision for loans for mortgage interest stand part of the Bill.

A Labour amendment (with SNP support) to prevent the waiting period (13 weeks since 2009) from reverting to 39 weeks, on the grounds that it could lead to an increase in repossessions and homelessness, was not put to the vote, although Emily Thornberry said that the Government should "go back to the drawing board and think again."<sup>68</sup>

Labour also moved an amendment to require that the regulations setting out the detailed rules for the loans scheme be subject to the

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<sup>67</sup> [PBC 15 October 2015 c367](#)

<sup>68</sup> [PBC 15 October 2015 cc367-372](#)

affirmative rather than the negative procedure. Emily Thornberry explained:

As drafted, the Bill will allow the Government to implement significant changes to the scheme, including such important details as the loan provider, the rate of interest payable on the loan itself, the terms of repayment and any additional charges and fees, without the need to seek parliamentary approval. That is pretty extraordinary.<sup>69</sup>

For the Government, DWP Minister Shailesh Vara said that the amendment was unnecessary since “the fundamental principles we wish to achieve will have been clearly laid out during the Bill’s passage and debated in Parliament,” and the majority of responses to the December 2011 call for evidence on reform of SMI were positive as regards the proposal to replace SMI with loans.<sup>70</sup> Mr Vara also said:

Requiring the affirmative resolution procedure would have a negative impact on implementation planning and the development of contracting arrangements with third party providers, and in so doing delay the savings that can be achieved by this measure.<sup>71</sup>

The amendment was withdrawn, on the grounds that it was a probing amendment intended to get further details from the Government.<sup>72</sup>

Further Labour amendments were moved-

- To require that those applying for a loan must have access to free and impartial advice which is independent of the lender to whom the application is made;<sup>73</sup>
- To provide for a 12-month grace period for existing SMI claimants before loans would apply;<sup>74</sup> and
- To maintain the existing SMI system for claimants in receipt of Pensions Credit.<sup>75</sup>

Only the final amendment (continuation of SMI for Pension Credit claimants) was put to the vote. The amendment was defeated by 11 votes to 9.

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<sup>69</sup> [PBC 15 October 2015 c372](#)

<sup>70</sup> [PBC 15 October 2015 c374](#)

<sup>71</sup> [PBC 15 October 2015 c375](#)

<sup>72</sup> [PBC 15 October 2015 c375](#)

<sup>73</sup> [PBC 15 October 2015 cc376-7](#)

<sup>74</sup> [PBC 15 October 2015 cc377-9](#)

<sup>75</sup> [PBC 15 October 2015 cc380-5](#)

## 9. Reduction in social housing rents

The clauses to require social landlords to reduce their rents by 1% every year for four years, were discussed during the [Committee's tenth sitting](#).

A substantial number of Government amendments were made to these provisions, including the addition of four new clauses and a new schedule.

Subsections (4) to (6) of **clause 19** (now clause 21) have been removed.<sup>76</sup>

**Clause 20** (clause 22 of the current Bill) was amended<sup>77</sup> to expand the exceptions from rent reductions with the aim of protecting the value of the stock to ensure that private registered providers will still be able to use their assets as security for borrowing where; for example, a mortgagee takes possession of a property.<sup>78</sup> Amendment 149 “clarifies that events for which the regulations may provide may include periods when the rent payable by a social tenant is temporarily reduced or waived” e.g. where the landlord is making substantial repairs to a tenant’s property.<sup>79</sup>

**Clause 21** (clause 23 of the current Bill) was amended to introduce flexibility into the exemption process in relation to clause 19:<sup>80</sup>

Amendments 154 and 161 allow a direction to be made in relation to only some of the social housing that a private registered provider or a local authority have, ensuring that exemption can be targeted. Amendment 155 enables the regulator of social housing, the Homes and Communities Agency, to publish guidance on steps that a private registered provider should take before seeking an exemption. Amendments 156 and 162 give the Secretary of State power to prescribe conditions other than serious financial difficulties in which an exemption may be granted to a local authority. Amendment 154, 155 and 161 recognise that exemption is a tool of last resort and, if needed, should be used in as targeted a way as possible. Amendments 156 and 162 provide for greater flexibility in the exemption regime.<sup>81</sup>

**Clause 22** (clause 24 of the current Bill) was amended to provide that failure, or risk of failure, to comply with clause 19 (now clause 21), will not be, on its own, grounds for exercising certain powers under the *Housing and Regeneration Act 2008*.<sup>82</sup>

New clause 19 (**clause 25** of the current Bill) together with the new schedule (schedule 2 to the current Bill), “alter the provision for

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<sup>76</sup> Amendment 172.

<sup>77</sup> Amendments 176 and 177.

<sup>78</sup> [PCB 15 October 2015 c410](#)

<sup>79</sup> Ibid.

<sup>80</sup> [PCB 15 October 2015 c420](#)

<sup>81</sup> Ibid.

<sup>82</sup> [PCB 15 October 2015 c422](#)

determining the amount of rent payable in respect of the first relevant year (or a later relevant year) in cases not covered by clause 19(1)."<sup>83</sup>

The new schedule (schedule 2 to the current Bill) "sets out the details of how rent should be set for different types of new tenancies starting after 8 July 2015. It also provides for exceptions, exemptions and enforcement of the schedule."<sup>84</sup> Shailesh Vara, for the Government, said that regulations setting out the 'social rent rate' will define a 'formula rate' and that "regulations will mirror the formula set out in the rent standard guidance and the Government's guidance on rent." He confirmed that supported housing would continue to be allowed to set rents at up to 10% above formula.<sup>85</sup> He confirmed that providers whose rents have historically been set higher than the formula rent would not lose more than 1% year-on-year in rent reductions "which would have been the case if rents for all new tenancies were set with reference to the social rent rate."<sup>86</sup>

The amendments make provision for 1% rent reductions in relation to affordable rent tenancies (with rents of up to 80% of market levels).

New clause 20 (**clause 26** of the current Bill) gives the Secretary of State a power to make regulations concerning the maximum amount of rent payable by a tenant in various different circumstances. Mr Vara said that the Government intends to exempt 'high income' tenants from the rent reduction provisions.<sup>87</sup> He described the new clause as "giving the Secretary of State power to provide in regulations for an exemption regime if a provider needs it."<sup>88</sup>

New clause 21 (**clause 27** of the current Bill) gives the regulator of social housing powers to set and revise standards relating to levels of rent. These standards may not be inconsistent with the Bill's provisions on social rents.<sup>89</sup>

New clause 22 (**clause 28** of the current Bill) defines various terms in relation to social housing rents in the Bill. In particular, the clause clarifies when a tenancy begins, when a tenancy is to be treated as continuing if a new tenancy is granted, and when an assigned tenancy should be treated as ending.

Amendments 175, 178 and 179 were described as 'minor technical amendments' consequential on new clause 22, and new clause 21 in the case of amendment 175.<sup>90</sup>

Amendments 181 – 183 were described as 'technical amendments' relating to the date on which the various provisions will come into force. The intention is that provisions exempting a registered provider from the

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<sup>83</sup> [PCB 15 October 2015 c396](#)

<sup>84</sup> Ibid.

<sup>85</sup> Ibid.

<sup>86</sup> [PCB 15 October 2015 c397](#)

<sup>87</sup> [PCB 15 October 2015 c398](#) – the *Housing and Planning Bill 2015-16* contains provisions which will require social landlords to charge certain high income tenants a market or near market rent.

<sup>88</sup> [PCB 15 October 2015 c398](#)

<sup>89</sup> [PCB 15 October 2015 c398](#)

<sup>90</sup> Ibid.

rent reduction measures will come into force on Royal Assent. Regulations will come into force on other appointed dates – the intention is to bring the Bill's provisions into force on 1 April 2016.<sup>91</sup>

Debbie Abrahams, for Labour, moved amendment 21 to clause 19 to require the Secretary of State to produce a plan to off-set the impact of lower rent levels on social landlords' provision of affordable housing.<sup>92</sup> This was considered alongside:

- amendment 85 requiring a report on the impact of rent reductions on the availability of accessible and supported housing;
- amendment 184 to include a 'sunset clause' in the Bill to end the rent reduction policy in 2020.<sup>93</sup>

Amendment 21 was withdrawn.

Ms Abrahams sought to amend clause 20 (exceptions) to exempt 'specified accommodation' from the 1% reductions.<sup>94</sup> She expressed concern that certain supported housing units would be subject to rent reductions with the result that schemes would become unviable.

Mr Vara provided the following assurances:

First, in the light of this new policy, we will look to align as far as possible exceptions under the new policy with those that apply under the existing rent policy for social housing. That means that we intend to except from the rent reduction requirement the types of housing that are excepted from the rent standard. Those include specialised supported accommodation, which provides support for the most vulnerable people and which is developed in partnership with councils or the health service. Also excepted will be residential care homes and nursing homes. Clause 20(2) gives the Secretary of State for Communities and Local Government a power to set further exceptions should they be needed, to except that accommodation from rent reductions. Clause 20(3) further clarifies the cases and circumstances that regulations may provide for, which include groups of tenants and types of accommodation.

[...]

We have tabled amendments that provide the Secretary of State with powers to allow, by regulation, rent setting for new tenancies in supported housing at up to 10% above the formula. That is similar to the existing rent policy and standard practice. We believe that should help providers of supported accommodation for vulnerable people to continue to provide that important housing. We also acknowledge that there might be some circumstances in which the financial viability of a private registered provider or a local authority could be jeopardised—something the hon. Member for Bermondsey and Old Southwark mentioned. In those cases, the providers could apply to be exempt from rent reductions.<sup>95</sup>

Amendment 109 was withdrawn.

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<sup>91</sup> [PCB 15 October 2015 c398](#)

<sup>92</sup> [PCB 15 October 2015 c399](#)

<sup>93</sup> Ibid.

<sup>94</sup> [PCB 15 October 2015 c411](#) amendment 109

<sup>95</sup> [PCB 15 October 2015 cc416-17](#)

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