



Library Note

Welfare Reform and Work Bill (HL Bill 69 of 2015–16)

The [Welfare Reform and Work Bill](#) contains a number of measures. The Bill would place a duty on the Government to report on its progress towards full employment, its apprenticeships target and the effect of certain support for troubled families. It would also make provision about ‘life chances’ for children; the benefit cap; social security and tax credits; loans for mortgage interest; and social housing rents.

The Bill was introduced in the House of Commons on 9 July 2015 and received its second reading on 20 July 2015. A [Public Bill Committee](#) took [written evidence](#) on the Bill, and examined it over eleven sittings from 10 September 2015 to 20 October 2015. The Bill passed through its remaining stages in the House of Commons on 27 October 2015. A number of government amendments were made to the Bill during its passage through the House of Commons. Divisions took place on a number of opposition amendments, but none of these were carried. Following its first reading on 28 October 2015, the Bill is scheduled to receive its second reading in the House of Lords on 17 November 2015.

The Library Note provides an overview of the Bill’s provisions; examines its background; summarises proceedings on the Bill in the House of Commons; and outlines selected reaction to the child poverty and ‘life chances’ measures in the Bill. It should be viewed as complementary to, and should be read in conjunction with, the Welfare Reform and Work Bill as introduced in the House of Lords and the [Explanatory Notes](#) published by the Department of Work and Pensions to accompany the Bill. The House of Commons Library [Briefing](#) on the Bill provides more detailed background to, and further comment on, individual provisions in the version of the Bill introduced in the House of Commons on 9 July 2015. A further House of Commons Library [Briefing](#) provides detailed information on the Bill’s committee stage in that House. The Government has published a number of [impact assessments](#) on the Bill, together with memoranda concerning [delegated powers](#) and [human rights](#).

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I. Overview of the Bill

The Welfare Reform and Work Bill contains measures which would implement policies either outlined in the Conservative Party manifesto published ahead of the general election held in May 2015, or announced in the Summer Budget in July 2015.¹ The Explanatory Notes to the Bill summarise its aims as follows:

The measures in the Bill are intended to support the Government's commitments to increase employment; slow the growth of the welfare budget to help achieve a more sustainable welfare system; and support the policy of rewarding hard work while increasing fairness with working households.²

The Bill contains 32 clauses and two schedules. Clauses 1–3 concern reporting obligations; clauses 4–6 concern 'life chances' measures, reform of the Social Mobility and Child Poverty Commission and amendment of the Child Poverty Act 2010; clauses 7–15 concern welfare benefits; clauses 16–19 concern loans for mortgage interest; clause 20 concerns social security administration; clauses 21–28 concern social housing rents; and clauses 29–32 concern general matters such as power to make consequential provision, extent, commencement and short title.³

As stated in the Explanatory Notes published by the Department for Work and Pensions, the Bill seeks to introduce the following measures:

- Creating statutory duties for the Government to report on:
 - Progress towards its commitment to achieving full employment.
 - Progress against meeting its target of 3 million new apprenticeships in this Parliament.
 - Progress on the Troubled Families Programme.
- Life chances:
 - Amending the Child Poverty Act 2010 to become the Life Chances Act 2010.⁴
 - Removing income related targets [in the current child poverty measures] and replacing them with new measures to improve the life chances of children.

¹ [Explanatory Notes](#), p 5; Conservative Party, [The Conservative Party Manifesto 2015](#), April 2015; and HM Treasury, [Summer Budget 2015](#), 8 July 2015, HC 264 of session 2015–16.

² [Explanatory Notes](#), p 5.

³ The Explanatory Notes accompanying the Bill, published by the Department for Work and Pensions, provide detailed information on the individual clauses: [Explanatory Notes](#). The House of Commons Library Briefing on the Bill provides detailed information on the clauses in the Bill as it was introduced in the House of Commons: House of Commons Library, [Welfare Reform and Work Bill \[Bill 51 of 2015–16\]](#), 16 July 2015, CBP-7252.

⁴ The House of Commons Library Briefing on the Bill states that “renaming an Act in this way is somewhat unusual but not unheard of”: House of Commons Library, [Welfare Reform and Work Bill \[Bill 51 of 2015–16\]](#), 16 July 2015, CBP-7252, p 40.

- Creating a statutory duty on the Secretary of State to lay before Parliament an annual report containing data on children living in workless households in England and the educational attainment of children in England at the end of Key Stage 4.
- Reforming and renaming the Social Mobility and Child Poverty Commission as the Social Mobility Commission (“the Commission”).
- Removal of most other duties and provisions in the Child Poverty Act 2010 including certain duties relating to the devolved administrations.
- Reducing the benefit cap to £20,000, except for £23,000 in Greater London.
- Freezing certain social security benefits and certain tax credit amounts for four tax years.
- Limitation in the amount of support provided by Child Tax Credit for families who become responsible for a child born on or after 6 April 2017.
- Limiting the child element of Universal Credit to a maximum of two children, and removing the distinction between the first and subsequent children in the rate of the child element.
- Removing the work-related activity component in Employment and Support Allowance [ESA] and the limited capability for work element in Universal Credit.
- Changes to conditionality for responsible carers in Universal Credit.
- Replacing current support for mortgage interest payments for benefit claimants with the offer of a recoverable interest-bearing loan.
- Changes to social housing rents.
- Allowing the Government to recover certain administrative costs incurred in relation to the Motability Scheme—and any such scheme that is equivalent in purpose.⁵

Territorial Extent and Application

The provisions in the Bill would apply differently across the UK. In summary, the following provisions would apply across the whole of the UK:

- The duty to report annually on progress towards the Government’s objective of full employment.
- Freeze of tax credits and Child Benefit.

⁵ [Explanatory Notes](#), pp 4–5. The Motability Scheme “enables disabled people to lease a new car, scooter or powered wheelchair, using their [...] mobility allowance” (Motability, ‘[Understanding the Scheme](#)’, accessed 3 November 2015).

- Changes to Child Tax Credit.⁶

The following provisions would apply to England, Scotland and Wales (Northern Ireland is responsible for its own social security system):

- Changes to benefit cap.
- Freeze of certain social security benefits.
- Changes to child element of Universal Credit.
- The removal of the work-related activity component in Employment and Support Allowance and the limited capability for work element in Universal Credit.
- Conditionality for responsible carers in Universal Credit.
- Loans for mortgage interest.
- Expenses of paying sums in respect of vehicle hire, etc.⁷

The following provisions would apply to England only:

- Apprenticeships duty (extends to England and Wales, but only applies in England).
- The duty to report annually on the progress of the Troubled Families Programme (the delivery of similar programmes in Wales, Scotland and Northern Ireland is a devolved matter).
- Changes to social housing rents.⁸

In addition, the Explanatory Notes state the following in respect of the territorial extent and application of the 'life chances' provisions in the Bill:

- The duty to report annually on measures of children living in workless households and the educational attainment of children will apply to England only.
- There will no longer be a duty for either a UK strategy or a Scottish strategy. The relevant Northern Ireland department will retain a duty to produce a strategy to ensure, that as far as possible, children Northern Ireland do not experience socio-economic disadvantage.
- The relevant Northern Ireland department will no longer have a duty to describe in its strategy the progress it intends to make to contribute to the meeting of the targets of relative low income, combined low income and material deprivation, absolute low income and persistent poverty which this Bill removes.

⁶ [Explanatory Notes](#), p 15.

⁷ *ibid.* This relates to the Motability Scheme.

⁸ *ibid.*

- The duty on the renamed Social Mobility Commission in relation to promoting social mobility and advising ministers, if requested, on how to improve social mobility, applies to England only.
- The duty on the Commission to report on progress made towards improving social mobility applies to the UK.
- The duty on the Commission in relation to reporting annually on the progress made to ensure, that as far as possible, children do not experience socio-economic disadvantage, only applies to Northern Ireland.
- The power of a Minister of the Crown to direct the Commission to carry out any other activity relating to improving social mobility applies to England and Northern Ireland only.
- There is a convention that Westminster will not normally legislate with regard to devolved matters without the consent of the devolved legislature concerned. Consent has been sought from the Scottish Parliament for the removal of duties on Scottish ministers in relation to producing a strategy and consent has been sought from the Scottish Parliament and National Assembly for Wales in relation to certain changes to the Commission. The Bill does not contain any other provision which gives rise to the need for a legislative consent motion.⁹

2. Background

The Conservative Party manifesto published during the 2015 general election campaign included a number of pledges on welfare reform:

We will find £12 billion from welfare savings, on top of the £21 billion of savings delivered in this [2010–15] Parliament [...]

We will keep a check on the growth of welfare spending, enabling us to provide a system that is fair to those who need it, and fair to those who pay for it too. Our overall welfare cap will limit the amount that government can spend on certain social security benefits in the five years from 2015–16. We will freeze working age benefits for two years from April 2016, with exemptions for disability and pensioner benefits—as at present—as well as maternity allowance, statutory maternity pay, statutory paternity pay, statutory adoption pay and statutory sick pay. We will deliver Universal Credit, in order to provide the right incentives for people to work; target support at those who need it most; reduce fraud and error; and streamline administration of the welfare system. We will work to eliminate child poverty and introduce better measures to drive real change in children’s lives, by recognising the root causes of poverty: entrenched worklessness, family breakdown, problem debt, and drug and alcohol dependency [...]

We will lower the maximum amount that a single household can claim in benefits each year from £26,000 to £23,000, so we reward work. We will continue to have exemptions from the cap for those receiving Disability Living Allowance or the Personal Independence Payment.¹⁰

⁹ [Explanatory Notes](#), pp 15–16.

¹⁰ Conservative Party, [The Conservative Party Manifesto 2015](#), April 2015, pp 8–28.

Following the general election, the new Conservative Government announced in the Queen's Speech on 27 May 2015 that legislation would be brought forward to "help achieve full employment and provide more people with the security of a job".¹¹ The speech also made reference to "new duties" that would require "ministers to report annually on job creation and apprenticeships", and to additional welfare and employment measures:

To give new opportunities to the most disadvantaged, my Government will expand the Troubled Families Programme and continue to reform welfare, with legislation encouraging employment by capping benefits and requiring young people to earn or learn.¹²

The Cabinet Office background briefing published following the Queen's Speech included a foreword by the Prime Minister, David Cameron, in which he outlined the Government's position on welfare reform:

The second big focus of this Queen's Speech is championing social justice [...] We will also continue our welfare reforms that help people into jobs, reducing the benefit cap further, to £23,000. Our reforms will incentivise work—so people are always better off after a day at the office or factory than they would have been sitting at home. That's true social justice—not handing people benefit cheque after benefit cheque with no end in sight, but turning workless households into working households; the misery of unemployment into the purpose and dignity of employment; and the welfare system into a lifeline, not a way of life.¹³

On 1 July 2015, one week before the Summer Budget, the Department for Work and Pensions issued a press release in which it stated that the Government intended to "introduce a new and strengthened approach to tracking the life chances of Britain's most disadvantaged children".¹⁴ The release continued:

Improving people's life chances will be central to the Government's 'one nation' approach to the next five years and ministers want a much more effective measure focused on the real causes of poverty.

The current child poverty measure—defined as 60 percent of median income—is considered to be deeply flawed and a poor test of whether children's lives are genuinely improving.

This was shown when the number of children in poverty went down significantly as the economy shrank during the recent recession, when in reality there was little change to those children's lives.

The Government will bring forward legislation to correct that with new measures focused on levels of work within a family and improvements in education attainment, two key areas in terms of improving social mobility.¹⁵

¹¹ HL *Hansard*, 27 May 2015, [col 5](#).

¹² *ibid.*

¹³ Cabinet Office and Prime Minister's Office, *The Queen's Speech 2015*, 27 May 2015, pp 5–6.

¹⁴ Department for Work and Pensions press release, '[Government to Strengthen Child Poverty Measure](#)', 1 July 2015.

¹⁵ *ibid.*

The release also included information on the proposed new measures on child poverty to replace those currently used:

New legislation to replace the Child Poverty Act 2010 will use:

- The proportion of children living in workless household[s] as well as long-term workless households.
- The educational attainment of all pupils and the most disadvantaged pupils at age 16.

The Government will also develop a range of other measures and indicators of root causes of poverty, including family breakdown, debt and addiction, setting these out in a children's life chances strategy.¹⁶

The Summer Budget, published on 8 July 2015, included a number of welfare reform measures.¹⁷ An HM Treasury news article published on the date of the Budget listed the following “key announcements” on welfare:

The welfare system will be reformed to make it fairer for taxpayers who pay for it, while continuing to support the most vulnerable. Changes include:

- Working-age benefits, including tax credits and Local Housing Allowance, will be frozen for 4 years from 2016–17 (this doesn't include Maternity Allowance, maternity pay, paternity pay and sick pay).
- The household benefit cap will be reduced to £20,000 (£23,000 in London).
- Support through Child Tax Credit will be limited to 2 children for children born from April 2017.
- Those aged 18 to 21 who are on Universal Credit will have to apply for an apprenticeship or traineeship, gain work-based skills, or go on a work placement 6 months after the start of their claim.
- Rents for social housing will be reduced by 1 percent a year for 4 years, and tenants on higher incomes (over £40,000 in London and over £30,000 outside London) will be required to pay market rate, or near market rate, rents.¹⁸

Delivering the Financial Statement in the House of Commons on 8 July 2015, the Chancellor of the Exchequer, George Osborne, set out the approach behind the welfare measures announced:

If we are to build a more productive economy, and our country is to live within its means, we have to make this fundamental change: we have to move Britain from a low-wage, high-tax, high-welfare society to a higher-wage, lower-tax, lower-welfare

¹⁶ Department for Work and Pensions press release, '[Government to Strengthen Child Poverty Measure](#)', 1 July 2015.

¹⁷ HM Treasury, [Summer Budget 2015](#), 8 July 2015, HC 264 of session 2015–16.

¹⁸ HM Treasury news story, '[Summer Budget 2015—Key Announcements](#)', 8 July 2015.

economy. For Britain is home to 1 percent of the world's population, generates 4 percent of the world's income, and yet pays out 7 percent of the world's welfare spending. It is not fair to the taxpayers who are paying for it, and it needs to change.

Welfare spending is not sustainable and it crowds out spending on things such as education and infrastructure that are vital to securing the real welfare of the people. We legislated for savings of over £21 billion in the last Parliament, capped benefits for out-of-work families and started to introduce Universal Credit. Universal Credit will transform the lives of those trapped in welfare dependency and deliver real social justice. It is the result of the Herculean efforts of my right honourable Friend the Secretary of State for Work and Pensions [Iain Duncan Smith].

However, to live within our means as a country and better protect spending on public services, we need to find at least a further £12 billion of welfare savings.¹⁹

The Chancellor proceeded to outline four principles that informed the Government's views on welfare reform, namely that the welfare system "should always support the elderly, the vulnerable and disabled people"; that "those who can work will be expected to look for work and take it when it is offered"; that the "whole working-age benefit system has to be put on a more sustainable footing"; and that the "benefits system should not support lifestyles and rents that are not available to the taxpayers who pay for that system".²⁰

3. House of Commons Stages

3.1 Second Reading

The Welfare Reform and Work Bill received its second reading in the House of Commons on 20 July 2015. Short synopses of the positions on the Bill taken by the Government and opposition parties are provided below.

Opening the second reading debate, the Secretary of State for Work and Pensions, Iain Duncan Smith, reiterated the Government's reasons for bringing forward the Bill, stating that it "lays the ground" for the Government's aim to "move from a high tax, high welfare and low wage society to a low tax, lower welfare and higher wage society".²¹ He continued:

This is a Bill for working Britain, and it is underpinned by three key principles: first, work is the best route out of poverty, and being in work should always pay more than being on benefits; secondly, spending on welfare should be sustainable and fair to the taxpayer while protecting the most vulnerable; and, thirdly, people on benefit should face the same choices as those in work and those not on benefits.²²

Mr Duncan Smith added:

It will ensure that the right support and incentives are in place so that people are always better off in work rather than trapped on welfare. Yes, there are difficult decisions, but it would be wrong to turn a blind eye, as the [Labour] Opposition did for so many

¹⁹ HC *Hansard*, 8 July 2015, [col 332](#).

²⁰ *ibid*, [cols 332–5](#).

²¹ HC *Hansard*, 20 July 2015, [col 1256](#).

²² *ibid*, [col 1258](#).

years, and not face up to these difficulties. The Bill puts work first and puts welfare spending on a more sustainable footing for the future, while protecting the vulnerable and those most in need. I commend the Bill to the House.²³

In response, the then Labour Shadow Secretary of State for Work and Pensions, Stephen Timms, moved an amendment that would have had the effect of declining to give the Bill a second reading. The text of the Labour amendment read as follows:

That this House, whilst affirming its belief that there should be controls on and reforms to the overall costs of social security, that reporting obligations on full employment, apprenticeships and troubled families are welcome, and that a benefits cap and loans for mortgage interest support are necessary changes to the welfare system, declines to give a Second Reading to the Welfare Reform and Work Bill because the Bill will prevent the Government from continuing to pursue an ambition to reduce child poverty in both absolute and relative terms, it effectively repeals the Child Poverty Act 2010 which provides important measures and accountability of government policy in relation to child poverty, and it includes a proposal for the work-related activity component of Employment and Support Allowance which is an unfair approach to people who are sick and disabled.²⁴

Mr Timms began his contribution to the debate by setting out the measures in the Bill with which the Labour Party agreed, and those which it opposed:

We support a number of measures in the Bill. We welcome the reporting obligations on full employment, apprenticeships and troubled families. We are committed to a cap on household benefits to help make families better off in work. We support reforms to mortgage interest support that will strengthen work incentives and deliver savings. But this Bill does some very bad things as well. It abolishes the duty of government to tackle or even to report on child poverty, it breaks promises that the Conservative Party made before the election to protect sick and disabled people, and it comes alongside a ruthless reduction in the support to working families through tax credits that will reduce work incentives and undermine the goals of Universal Credit [...] a reform which, even though it is running four years late, we still want to succeed.²⁵

Mr Timms added:

We want progress towards full employment. We want demanding targets for apprenticeships and help for troubled families. We want a household benefit cap, and to make sure that families are always better off in work. We want support for mortgage interest and reductions in social rents that will deliver savings to the taxpayer. We want better economic opportunities, and we want social security to be fairer and more affordable.

However, children who are growing up in poverty—as we have heard, the growing majority of them are in working households—need a government committed to improving their position. People who because of illness and disability are found by the Government’s own tests to be not fit to work, as can happen to anybody, need social

²³ HC *Hansard*, 20 July 2015, [col 1264](#).

²⁴ *ibid*, [cols 1264–5](#).

²⁵ *ibid*, [col 1265](#).

security to assure them of a decent basic standard of living. Families who are doing the right thing and going out to work, often when they are already struggling with low or stagnant wages and increasing insecurity and uncertainty about their future, need a government who are on their side, not one who will pull the rug out from under them, as the tax credits announcements in the [Summer] Budget will do.

These are not just matters of morality and social justice, although they most certainly are; this is also about how we secure our future prosperity and stability, ensuring that everybody in Britain can play their part, make the most of their talents and make the most of the ambitions of all.²⁶

Speaking on behalf of the Scottish National Party, the then shadow SNP Westminster group leader for fair work and employment, Hannah Bardell, urged the House not to give the Bill a second reading.²⁷ Ms Bardell argued:

The Bill is an attack on civil society. It is an attack on our poorest families. It is a regressive Bill that takes us back in time with cuts that will hit women and children the hardest. It will stigmatise and marginalise women who have been raped, and put conditions on the most needy in our society. At a time when we should be looking outward and forward, when we should be progressive and look to give our people a bright future and something to hope for, this government are instead looking inward to attack their own people and turn them against each other in a way that even Thatcher's government would not have dared. The people of Scotland will not stand for this and neither will its democratically elected politicians. If the Bill and the Budget succeed, going our own way in Scotland and building a society that is progressive and for everyone, not just the rich, will be increasingly attractive. I urge the House to reject the second reading of the Bill.²⁸

The Liberal Democrats also outlined their objections to the Bill. Newly-elected leader of the Liberal Democrats, Tim Farron, said:

We are very clear: we cannot and will not support the Bill. If it did what it said on the tin, there might be much to commend it, but it does not. The Government pledge a living wage that even they know is not one, they want a welfare state that is anything but good for our country's welfare, and they use the guise of economic necessity to cover up ideologically driven cuts. Tonight, we will vote against the Bill because we know that the depth and character of the proposals are unfair, unwise and inhuman, and anything but economically necessary.²⁹

Spokespersons for a number of other parties represented in the House of Commons, including Plaid Cymru, the Democratic Unionist Party and the Social Democratic and Labour Party, also spoke against the Bill.³⁰

²⁶ HC *Hansard*, 20 July 2015, [cols 1273–4](#).

²⁷ *ibid*, [col 1278](#).

²⁸ *ibid*, [cols 1283–4](#).

²⁹ *ibid*, [cols 1288–9](#).

³⁰ *ibid*, [cols 1304–25](#).

Concluding the debate on behalf of the Government, the Minister for Employment, Priti Patel, repeated the Government's reasons for bringing forward the Bill:

The Bill, alongside other measures, will ensure that the welfare system is fair to taxpayers while supporting the most vulnerable, and, as all honourable Members on the Government Benches have said, ensuring that work always pays more than a life on benefits. It will ensure that the economy is based on higher pay, lower taxes and lower welfare [...]

Unlike the views of the Opposition, our proposals resonate with the British public. When three in four people—and the majority of Labour voters—think that Britain spends too much on welfare, the right approach must be one that enshrines the fundamental principle that it is better to earn a higher income from work than receive a higher income from welfare. This Bill will help people do just that. It will establish the principle of economic security, so that those who work hard and do the right thing are able to get on in life. It will ensure that the welfare system is fair to taxpayers and it will build an economy based on higher pay, lower taxes and lower welfare. I commend this Bill to the House.³¹

The House divided on the amendment put forward by the Labour Party, which was defeated by 308 votes to 208.³² The House then divided on whether to give the Bill a second reading, which it did by 308 votes to 124.³³

3.2 Committee

The Bill's committee stage in the House of Commons took place over eleven sittings between 10 September and 20 October 2015. The Public Bill Committee took written evidence on the Bill from a wide range of outside bodies.³⁴

The House of Commons Library Briefing, *Welfare Reform and Work Bill 2015–16 Committee Stage Report*, provides detailed information on the Bill's committee stage in the House of Commons.³⁵ The Briefing summarised those proceedings as follows:

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.

³¹ HC *Hansard*, 20 July 2015, [cols 1329–31](#).

³² *ibid*, [col 1331](#). There was disagreement in the Labour Party, which was in the process of selecting a new leader when the second reading of the Bill took place, on how the Party should react to the proposals in the Bill. For further information, see BBC News website, '[Labour Party Divided Over Future Welfare Cuts](#)', 13 July 2015; '[Labour Changes Welfare Bill Tactics](#)', 16 July 2015; '[Labour Leader Harriet Harman Faces Welfare Bill Revolt](#)', 20 July 2015; '[Welfare Cuts Backed Amid Labour Revolt](#)', 21 July 2015; and '[Labour Made 'a Mess' of Welfare Vote, Andy Burnham Says](#)', 21 July 2015.

³³ *ibid*, [col 1335](#).

³⁴ For more information, see UK Parliament website, '[House of Commons Public Bill Committee on the Welfare Reform and Work Bill 2015–16](#)', accessed 2 November 2015; and House of Commons Public Bill Committee on the Welfare Reform and Work Bill 2015–16, *Written Evidence: Consolidated Evidence*, 4 November 2015.

³⁵ House of Commons Library, *Welfare Reform and Work Bill 2015–16 Committee Stage Report*, 26 October 2015, CBP-7352.

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 Universal Credit to be abolished for new claims after this date—were considered at the Committee’s [seventh sitting](#) [on 13 October 2015]. 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](#) [on 13 October 2015]. 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](#) [on 13 and 15 October 2015, respectively] 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 percent every year for four years were discussed during the Committee’s [tenth sitting](#) [on 15 October 2015]. 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.³⁶

3.3 Report

The Bill's report stage in the House of Commons took place on 27 October 2015.³⁷ A number of amendments and new clauses were considered. During the course of proceedings, the House divided on Labour and SNP amendments relating to the proposed changes to tax credits, the work-related activity component of ESA and Universal Credit. These would have had the effect of requiring a renewable scheme for transitional protection for all families and individuals currently receiving tax credits, preventing reductions to the work-related activity component of ESA and preventing reductions to the limited capability for work element of Universal Credit, respectively, but were not carried.³⁸ A number of government amendments relating to the proposed changes to the current Social Mobility and Child Poverty Commission, the Child Poverty Act 2010 and social housing rents were made to the Bill.³⁹

3.4 Third Reading

The Bill's third reading in the House of Commons also took place on 27 October 2015.

Speaking on behalf of the Government, the Minister for Employment, Priti Patel, set out the Government's case to the House for giving the Bill a third reading. She restated arguments made during the Bill's second reading:

The Bill, alongside other measures, including the national living wage and the increase in the personal allowance for income tax, will ensure that the welfare system is fair to taxpayers while supporting the most vulnerable. It will help ensure that work always pays more than life on benefits. It will continue to build an economy based on higher pay, lower taxes and lower welfare.⁴⁰

With reference to the welfare reform provisions in the Bill, Ms Patel said:

Our welfare reforms are focused on transforming lives by helping people to find and keep work. We are focused on boosting employment and ensuring fairness and affordability, while supporting the most vulnerable, and on making sure that people on benefits face the same choices as those not on benefits and in work [...]

It is our responsibility to ensure that the welfare system is affordable and sustainable. Those on the Opposition Benches who oppose our making difficult decisions on welfare must say what they would cut or which taxes they would put up to pay for their proposals. The Bill will correct many of the unaffordable and disproportionate increases in benefits compared with earnings by freezing most working-age benefits.

³⁶ House of Commons Library, [Welfare Reform and Work Bill 2015–16 Committee Stage Report](#), 26 October 2015, CBP-7352, pp 3–4.

³⁷ Note that the composition of the Labour Party frontbench team was different by the time of the Bill's report stage and third reading, as compared to the composition of the team when the Bill's second reading took place, following the election of Jeremy Corbyn as leader of the Labour Party on 12 September 2015.

³⁸ HC *Hansard*, 27 October 2015, [cols 239–93](#).

³⁹ *ibid*, [cols 207–302](#).

⁴⁰ *ibid*, [cols 302–3](#).

We are absolutely committed to protecting the most vulnerable in society, and the Bill will continue to ensure that the welfare system will support the elderly, the vulnerable and disabled people. We are exempting pensioner benefits, and benefits relating to the additional costs of disability, from the freeze on working-age benefits. We are also exempting the most disabled people from the benefit cap.⁴¹

On the issue of child poverty and ‘life chances’, Ms Patel added:

This Government are committed to working to eliminate child poverty and to improving life chances. Our new approach focuses on transforming lives, which is what the Labour Government failed to do through their arbitrary measures on poverty. We will tackle the root causes of poverty rather than focusing on the symptoms, as existing measures do [...]

We are committed to publishing a life chances strategy, which will set out a wider set of measures on the root causes of poverty such as family breakdown and the problems of debt, drug addiction and alcohol dependency. We will report to the House on those measures annually.⁴²

Ms Patel concluded her remarks by repeating the Government’s claim that the Bill would assist in building an “economy based on higher pay, lower taxes and lower welfare” before commending the Bill to the House.⁴³

In response, the Labour Shadow Secretary of State for Work and Pensions, Owen Smith, said:

Labour will be opposing the third reading of the Welfare Reform and Work Bill. Combined with the other measures in the Summer Budget, this package of tax credit and benefit reforms penalises millions of working families and will risk pushing hundreds of thousands of children into poverty. It is a cruel, pernicious Bill that breaks Tory promises in almost every clause and will hit more than 10 million families in Britain. It is also indiscriminate: it hits the young, the old, those unable to work and those working every hour they can.⁴⁴

Mr Smith also accused the Government of “breaking their promises” to various groups, before commenting on the Government defeats in the House of Lords on the Tax Credits (Income Thresholds and Determination of Rates) (Amendment) Regulations 2015 the previous evening and concluding his remarks.⁴⁵ He stated:

The Tories faced a humiliating and deserved defeat last night in the House of Lords, in part due to their failure to outline where cuts will fall and being less than open about their intentions. Just like their cuts to tax credits, this Bill breaks the Conservatives’ manifesto promises—pledges to protect pensioners, to support the young, to help the disabled into work and to back working families. This is a cruel Bill that shows that the Tory manifesto was not worth the paper it was printed on. It penalises children, takes money from low and middle-income workers, drives families from their homes, punishes

⁴¹ HC *Hansard*, 27 October 2015, [cols 303–6](#).

⁴² *ibid.*

⁴³ *ibid.*, [col 306](#).

⁴⁴ *ibid.*

⁴⁵ *ibid.*, [col 307](#).

disabled people and will push hundreds of thousands of children into poverty. We will oppose it tonight.⁴⁶

The shadow SNP Westminster group leader for social justice and welfare, Dr Eilidh Whiteford, also commented on the Government defeats in the House of Lords on tax credits when setting out her party's position on the Bill:

This Bill has been the centrepiece of the Government's austerity agenda, but the Government's package of proposals was holed below the waterline by the vote in the House of Lords yesterday. The Bill's measures are characterised by their arbitrary nature, by a total lack of evidence that they will achieve their intended aims and, above all, by the fact that low-income working households and the sick and disabled have been put on the frontline and are shouldering a wholly disproportionate share of the cuts.⁴⁷

Dr Whiteford concluded by reiterating her party's opposition to the Bill:

This is a deeply regressive Bill. It harms low-income households and makes disadvantaged people carry the can of the Government's economic failure. The SNP will oppose the Bill tonight.⁴⁸

The House divided on whether the Bill should be read a third time. The Bill was passed by 317 votes to 285.⁴⁹

4. Reaction

Comment on the proposals in the Bill has been extensive and wide-ranging. A selection of reaction to the child poverty and "life chances" measures in the Bill is outlined below. The House of Commons Library Briefing on the Bill details comment and reaction on the welfare measures included in the Bill.⁵⁰

Child Poverty and 'Life Chances'

Responding to the Government's proposals on the existing child poverty targets and measures of 'life chances', Alan Milburn, chair of the Child Poverty and Social Mobility Commission, issued a statement on 1 July 2015 in which he stated:

It has long been obvious that the existing child poverty targets are not going to be met. In fact they will be missed by a country mile. The Commission has argued in the past that a more rounded way of measuring poverty—taking greater account of causal risk factors—is sensible. The life chances of children, the poorest especially, depend on many things including good parenting, childcare, education and employment. For that reason we welcome the new legal duties on worklessness and educational attainment. It

⁴⁶ HC Hansard, 27 October 2015, [col 309](#).

⁴⁷ *ibid*, [cols 310–1](#).

⁴⁸ *ibid*, [col 311](#).

⁴⁹ *ibid*, [col 312](#).

⁵⁰ House of Commons Library, [Welfare Reform and Work Bill \[Bill 51 of 2015–16\]](#), 16 July 2015, pp 44–103. For further information, see the written evidence submitted to the House of Commons Public Bill Committee examining the Bill: UK Parliament website, '[House of Commons Public Bill Committee on the Welfare Reform and Work Bill 2015–16](#)', accessed 2 November 2015; and House of Commons Public Bill Committee on the Welfare Reform and Work Bill 2015–16, [Written Evidence: Consolidated Evidence](#), 4 November 2015.

is not credible, however, to try to improve the life chances of the poor without acknowledging the most obvious symptom of poverty, lack of money. Unless the government sets out a clear target for improving the life chances of the poorest families, its agenda for healing social division in our country will lack both ambition and credibility.⁵¹

Mr Milburn continued:

Abolishing the legal targets doesn't make the issue of child poverty go away. It remains a deep scar in the fabric of our nation. The key issue is less how child poverty is measured and more how it is tackled. Far more needs to be done to make sure that the poorest families share in the proceeds of economic growth. When two in three poor children are nowadays in families where someone is in work, the priority has to be to tackle in-work poverty. That's why we look to the Government to champion the living wage and to ensure that welfare cuts do not fall exclusively on the working poor. The risk is otherwise that child poverty—regardless of how it is measured—will go on rising, not falling.

We welcome the Government's commitment to continued independent scrutiny of progress in relation to social mobility, life chances and poverty. Ultimately, it is a matter for Parliament to determine the basis on which the Commission operates, but in the meantime the Social Mobility and Child Poverty Commission will continue to function on its present basis. We will publish our annual 'State of the Nation' report in the autumn as usual.⁵²

In a letter to the *Guardian*, Javed Khan, chief executive of Barnardo's, criticised the proposals in the Bill on measuring child poverty:

The most worrying element [in the Bill] is the decision to ditch the Government's duty to end child poverty by 2020. Instead this bill would redefine "poverty", scrapping income as the way we measure being poor and replacing it with worklessness. Given that two-thirds of our poorest children already live in "working" families, this is a completely unacceptable way to measure hardship.

This bill would make the government dramatically less accountable for its policies, leaving poor families worse off and limiting children's life chances.⁵³

In contrast, the Centre for Social Justice issued a report in June 2015 on reforming the Child Poverty Act 2010 in which it advocated the removal of income-based targets in favour of measures relating to worklessness, family breakdown, educational failure, addiction and serious personal debt.⁵⁴ The report concluded:

The Child Poverty Act [2010] is very likely to fail in its attempt to oblige governments to eliminate relative low income. It is time to stop playing a game that pretends otherwise. The limitations of this sort of legislation must be recognised and the

⁵¹ Social Mobility and Child Poverty Commission press release, '[Response to Government Child Poverty Statement](#)', 1 July 2015.

⁵² *ibid*

⁵³ *Guardian*, '[The Welfare Reform and Work Bill Will Make Poor Children Poorer](#)', 19 July 2015.

⁵⁴ House of Commons Library, '[Welfare Reform and Work Bill \[Bill 51 of 2015–16\]](#)', 16 July 2015, p 43.

opportunity must be taken to reframe the argument about what problems government and should—and, practically, can—solve.

Reframing the Child Poverty Act [2010] to push government towards tackling the root causes of poverty, rather than just to focus on the short-term redistribution of money, would lead to government implementing policies that will improve the lives of poor families, and strengthen British society as a whole. The next Government will need to act swiftly, ideally within its first year in power. It may find itself susceptible to judicial review once the 2015 Spending Review is published—it will certainly be more open to legal action after the 2017 Poverty Strategy appears. But more importantly, it should want to seize the opportunity to refocus future administrations' efforts on tackling poverty's root causes, not simply its symptoms.⁵⁵

Equality and Human Rights

The Equality and Human Rights Commission made a submission to the House of Commons Public Bill Committee examining the Bill, in which it stated:

We welcome the policy aim of the Welfare Reform and Work Bill which is to encourage and help more people in to work (where they can, and are able to), and acknowledge the Government's commitment to reduce the deficit and reform the welfare system. However, we have some concerns that some of the Bill's clauses could exacerbate existing inequalities.⁵⁶

The Commission added that it had concerns relating to the equality and human rights impact of the proposed legislation:

The Commission is concerned that the impact assessments and human rights memorandum which accompany the Bill do not fully assess the impact on equality and human rights. This may make it difficult for parliamentarians to properly consider the implications of the measures in the Bill.⁵⁷

⁵⁵ Centre for Social Justice, [Reforming the Child Poverty Act](#), 24 June 2015, p 8.

⁵⁶ Equality and Human Rights Commission, [Welfare Reform and Work Bill Public Bill Committee: Response to Call for Written Evidence](#), October 2015, p 2.

⁵⁷ *ibid.*