

House of Lords debate on tax credits, 26 Oct 2015

The Bishop of Portsmouth spoke in the House of Lords debate about tax credits. He proposed a formal 'motion of regret', which would have formally conveyed the Lords' dissatisfaction with the government's proposed changes. In the end, his motion wasn't voted on, as alternative motions were passed.



This is the full text of his speech, as delivered:

My Lords, I deeply regret that the Government's regulations lead me, and others in this House for whom politics is not a vocation, to be part of a debate with constitutional and political implications. I am of course aware of Her Majesty's Government's manifesto commitment to eradicate the deficit, including through reduced welfare payments, and of the studied lack of detail about how this was to be achieved. It is impossible to claim now that we should somehow have anticipated these proposals when they were not detailed. Indeed, we were assured that a sharing of the burden was appropriate and that work should pay.

My primary concern with these regulations is with their short-term impact on some of our poorest families. We have been encouraged to consider these measures as part of a package that includes increases in the minimum wage towards the national living wage, childcare provision and raising the income tax threshold. We are told that this is a five-year programme on a journey towards a higher-pay, lower-tax and lower-welfare economy. This argument will be scant consolation to the 3 million and more low and moderate-income working families who will see a very large reduction, as we have heard, in their tax credits from next April. To be assured that you will be better off in five years' time will not help these families to pay the rent, or gas and electricity bills. The Government are boldly confident that this will be so within five years. Their confidence for the future sounds like extraordinary optimism today for the working families, including 4 million children who will pay such a huge price and bear such a heavy burden immediately on the introduction of these changes.

Of course, I welcome the pledge incrementally to increase the minimum wage, which will benefit some next year and might give small amelioration to those on the minimum wage, but only for them unless and until, as time passes, there might just be some knock-on, rollover impact on wage levels for those on a very modest wage, just above the present minimum. The likeliest knock-on effect in the short term will be indebtedness, which will have a negative effect on parents' mental health and children's education and future life chances.

In addition then to a sudden drop in income of up to 10%, many will face a marginal 80% hit on income whether from increased hours or a rise in wages; it will be even higher in some instances when other benefits are factored in. If that were a marginal tax rate, there would be howls of protest. What reward is that for those willing to work

hard? It is all so grossly insensitive to the many parents who already work full-time or struggle to balance their work with childcare and other responsibilities in order to provide for their families' financial and other needs.

While the increase in the minimum wage and the rise in the income tax threshold are being phased in over the years, the changes to the income thresholds for tax credit and the increase in the taper rate take immediate effect. Of course, employers should pay decently and not rely on the rest of us to subsidise their low rates of pay, but while they may expect to be rewarded for better practice with changes in company taxation, those receiving tax credits will bear the impact immediately—a carrot for some, a stick for others.

I say to the Government that these proposals are morally indefensible. It is clear to me and, I believe, many others, that these proposals blatantly threaten damage to the lives of millions of our fellow citizens. This must not be the way to achieve the Government's goals at a cost to those who, if we believe the rhetoric, the Government intend to encourage and support. To many in my diocese and beyond, this seems punishing rather than encouragement. I hope that we can hear this afternoon an assurance, a commitment to consult and to listen and a willingness to revisit these proposals in the coming weeks.

I believe that our first duty is to speak and in a variety of ways to act. That will involve, as many noble Lords know, the very many who participate in charitable organisations and support on the ground. I commit that those in my diocese will do our very best. I myself shall be listening to the rest of this debate before I determine how I shall vote on the amendments before us.

I return to those commitments that I asked the Government to make over the coming weeks. I ask the noble Baroness if she can make those commitments on behalf of the Government. During the past few days, I have wrestled long and hard with the question of how to vote and speak today. Partly the dilemma has been because of the anger, the party-political point scoring and the raising of the issues around constitutional matters. That has obscured what ought to be a measured and careful consideration as to the best interests of the poorest workers in our society.

I am appalled by the Government's proposals. I emphatically did not table this amendment because of party-political pressures. I am aware of the conflicting views on constitutional matters. This amendment offers an alternative and an opportunity—whatever happens with the other three amendments—for this House clearly to register its disapproval of these proposals and its expectation that our reservations will be addressed. Your Lordships' House must, in my judgment, make that clear. I will listen carefully to further contributions this afternoon and intend to vote with, at my heart, the interests of those who have most to lose through these regulations. Should other amendments fail or fall, then I present mine as a respectful but firm message to the Government that the regulations are not acceptable in their current form, and that significant work is required for us to be satisfied that the needs of those working for the lowest incomes will be met.