

North Tyneside Council

Report to Council

Date: 19 November 2015

ITEM 5

Title: Motions

Notice has been received of the following motions from Members of the Council to be put to the Council meeting.

1. Motion signed by Councillors C Davis, M Thirlaway and J O'Shea

There can no longer be any doubt that Tax Credit reductions will leave many low-income working families struggling to make ends meet. The Government is right to say that the National Living Wage will benefit some low-income workers, and be a very welcome step towards an economy with lower need for welfare. But independent research from organisations like the Institute for Fiscal Studies, the Centre for Social Justice and the Resolution Foundation have found that, overall, many families will be out of pocket as a result of the tax credit cuts due to be implemented in April 2016.

Lone parents, those with more than two children and families with one main breadwinner will see their living standards stagnate or even fall. It is important to note that only 6 per cent of low income families with children have two-parents in full-time work, and the average across the population is 1.6 full-time workers per family. This raises a question around how these plans pass the Government's 'family test', which pledges to consider how new policies will support strong family relationships.

Tax Credit cuts cannot be easily balanced simply by raising wages. The National Living Wage was developed to boost the income of individual workers and make sure that businesses reward their workforce fairly. Tax Credits were introduced to support working families by recognising the extra expenses of raising a family, a role businesses cannot be expected to fill, and are paid to households rather than to individual workers.

We need to consider how poverty affects whole households and communities. Looking at the issue as a simple matter of raising incomes across the board ignores the huge impact that individuals' circumstances have on their needs, and so will leave many families behind. As a benefit which is paid to households rather than individuals, Tax Credits are a vital piece of support for many families who need to bridge the gap between low-paid work and the costs of raising a family.

Child poverty costs the UK £29 billion each year, giving the state and the taxpayer a direct interest in supporting parents and children. Stagnant productivity makes it more difficult for individuals to climb the career ladder and increase their earnings, as well as affecting businesses' bottom lines.

If welfare, including Tax Credits, is reduced without measures to tackle the underlying drivers of poverty, the impact on low earners will be disastrous.

This council opposes the implementation of these cuts without full transitional protection for a minimum of three years for all low income families and individuals currently receiving tax credit. This council also requests that officers to report back to the council the overall effect of welfare bill will have for the residents of North Tyneside.

Financial Implications:

Tax credit reductions are likely to give rise to financial implications for North Tyneside Council and some residents of the borough. However, as the details of any tax credit changes and any transitional protection will not be released until the Spending Review and Autumn Statement 2015 on 25 November 2015, the financial impact is not known at this time. Once the details are released, the financial impact of the proposals will be assessed.

Legal Implications:

There are no direct legal implications for the Authority arising from this motion.