

To: Office of Rt Hon Ed Miliband MP
From: Roderick McInnes
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Impact on new mothers of benefit, tax credit and tax changes

You asked for an analysis of the impact on new mothers of changes to tax credits and family/pregnancy/maternity benefits announced since 2010.

I have used a specific scenario of a full-time-working couple with one child and usual combined gross earnings of £23,960, where the mother becomes pregnant with a second child in 2013-14, gives birth at the beginning of 2014-15 and takes 39 weeks of maternity leave spread over the two years.

The analysis takes into account:

- Increases in income tax personal allowance
- Tax credits (all changes)
- Child Benefit (frozen at 2010-11 rates until 2013-14; 1% uprating thereafter)
- Statutory Maternity Pay (1% uprating from 2013-14 to 2015-16)
- Health in Pregnancy Grant (abolished)
- Sure Start Maternity Grant (restricted to first child only)

The detailed comparison of the family's net income in the actual and baseline is set out in the accompanying Excel file (1301-453.xlsx).

Compared with the baseline (policy inherited from the previous government left unchanged until 2014-15), the couple are:

- £695 (2.8%) worse off in 2013-14 and
- £1,069 (3.5%) worse off in 2014-15.

Total net income over the two years is **£1,764 (3.2%) less** than in the baseline scenario.