Vol. 767
No. 84

Monday
14 December 2015

PARLIAMENTARY DEBATES
(HANSARD)

HOUSE OF LORDS
OFFICIAL REPORT

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Abbreviation	**Party/Group**
CB	Cross Bench
Con	Conservative
DUP	Democratic Unionist Party
GP	Green Party
Ind Lab	Independent Labour
Ind LD	Independent Liberal Democrat
Ind SD	Independent Social Democrat
Ind UU	Independent Ulster Unionist
Lab	Labour
LD	Liberal Democrat
LD Ind	Liberal Democrat Independent
Non-afl	Non-affiliated
PC	Plaid Cymru
UKIP	UK Independence Party
UUP	Ulster Unionist Party

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House of Lords

Monday, 14 December 2015.

2.30 pm

Prayers—read by the Lord Bishop of Chester.

Introduction: Baroness Watkins of Tavistock

2.37 pm

Mary Jane Watkins, having been created Baroness Watkins of Tavistock, of Buckland Monachorum in the County of Devon, was introduced and took the oath, supported by Baroness Emerton and Lord Kestenbaum, and signed an undertaking to abide by the Code of Conduct.

Sunday Trading
Question

2.42 pm

Asked by ***Baroness Deech***

To ask Her Majesty's Government whether they have plans to reform Sunday trading laws.

The Parliamentary Under-Secretary of State, Department for Business, Innovation and Skills and Department for Culture, Media and Sport (Baroness Neville-Rolfe) (Con): My Lords, over the summer the Government consulted on proposals to devolve the power to extend Sunday trading hours to local areas. We are carefully considering the responses to the consultation and will publish our plans in due course.

Baroness Deech (CB): Do the Government not believe in cutting red tape and devolving powers to local authorities? Does the Minister agree that we are a multicultural society and England should be as liberal as Scotland in Sunday trading laws? Will she assure the House that she is not going to put the interests of the SNP before the convenience of English and Welsh consumers and the economy of England and Wales?

Baroness Neville-Rolfe: My Lords, the noble Baroness is right to mention the Scots, who already have deregulated Sunday trading hours, but I emphasise again that we are looking at this carefully in light of the consultation. Our proposal is to make the decision a local one.

Lord Lexden (Con): My Lords, is it wise to tamper with what has been described as the great British compromise which the current Sunday trading law represents?

Baroness Neville-Rolfe: My Lords, I think my noble friend was saying that he likes the current compromise, which does have a balance. Equally, there have been a number of changes in recent years, not least the enormous number of sales over the internet, which continue to grow—by 15% this year. The Government are rightly looking at the issue again to see if there should be more local choice, not least to encourage sales to tourists.

Lord Anderson of Swansea (Lab): My Lords, the Minister will recall that the last time a Conservative Government yielded to the supermarkets, the main points of controversy were protecting the terms and conditions of employment of workers in the retail industry, and protecting those who have a conscientious objection to working on a Sunday. What provision will be made in respect of these two matters?

Baroness Neville-Rolfe: My Lords, we have made it clear in our consultation that shop workers who want to work on Sundays will have greater choice to work more hours, but that those who do not wish to work on Sundays will continue to be protected. This important point comes through from the consultation.

Baroness Burt of Solihull (LD): My Lords, the Liberal Democrats understand the Government's considering allowing this decision to be made at a local level. However, we are concerned that this power, if given, could be seen as a boon to out-of-town traders. Will the Minister reassure us that any devolution will come with strict caveats on its use to ensure that local authorities focus on benefiting small independents and not out-of-town shopping malls?

Baroness Neville-Rolfe: My Lords, under our proposals, this would be a matter for local authorities. I know that they have different views on how to benefit their local economies and SMEs, but actually, this measure could be good for SMEs, particularly in areas with great tourism potential, where the footfall would help small companies—not only retail shops but restaurants and leisure outlets, for example.

The Lord Bishop of Chester: My Lords, would a useful reform be to go back to the good old days when people were paid double time for working on Sunday; then, shops, in the main, would not want to open? If I introduced a Private Member's Bill, would the Government support me?

Baroness Neville-Rolfe: My Lords, we have not taken decisions yet in relation to our proposals, or on what legislative vehicle would be appropriate.

Lord Skelmersdale (Con): My Lords, will not such devolution result in a postcode lottery? Can one imagine, for example, a chain of garden centres across the country—in which, incidentally, I have no interest to declare—being allowed to open in local authority A and not local authority B?

Baroness Neville-Rolfe: My Lords, I think you would indeed get differences, and that would reflect different councils and the different views of different elected representatives. I am glad that my noble friend mentioned garden centres because the Horticultural Trades Association is one of the bodies that is particularly keen to see reform, so that people can buy their plants and pots on a Sunday.

Lord Stevenson of Balmacara (Lab): My Lords, we look forward to hearing the results of the consultation, which must be one of the longest being carried out by the Government at present. However, for the avoidance of all doubt, I would be grateful if the Minister confirmed that the Enterprise Bill currently before your Lordships' House, or any other Bill currently before either House, will not be used to bring forward such regulations in this Parliament.

Baroness Neville-Rolfe: My Lords, no decisions have been taken in relation to our proposals or to the legislative vehicle. I cannot help the noble Lord.

Lord Cormack (Con): Will my noble friend accept that those of us who opposed the relaxation of Sunday trading restrictions many years ago forecast that Sunday would become another high street Saturday? That prophecy has been fulfilled. Will she please try to persuade her ministerial colleagues not to take it further?

Baroness Neville-Rolfe: My Lords, of course, this is a matter of balance and we feel that there is opportunity for change. We are looking at the arguments. My own view is that Sunday does remain special. Society has changed but some of us still go to church.

Lord Christopher (Lab): My Lords, will the noble Baroness be certain to consult Sports Direct before she concludes this?

Baroness Neville-Rolfe: My Lords, there is a consultation. We are looking at all the responses. I do not know whether Sports Direct has been involved.

Lord Lawson of Blaby (Con): My Lords, may I urge the right reverend Prelate the Bishop of Chester to promote his Private Member's Bill? This issue obviously needs discussion and I cannot think of a better way of launching that discussion.

Baroness Neville-Rolfe: My Lords, I take note of this point, which is now gathering support, and will report it to the usual channels.

Baroness Farrington of Ribbleton (Lab): My Lords, can the Minister explain exactly how, under the Government's consultation proposals, workers are actually protected—not just protected at law, but protected from losing their jobs if they exercise their right not to work on Sunday?

Baroness Neville-Rolfe: My Lords, I am happy to take the noble Baroness through it in detail but it is unlawful to discriminate in the way that she seems to suggest might be possible. Shopworkers' rights would be even better communicated if we were to change the law but, at the moment, people have a right—and if that right is broken, they can go to ACAS and an employment tribunal.

Transport for London

Question

2.50 pm

Asked by ***Lord Sherbourne of Didsbury***

To ask Her Majesty's Government how regularly ministers and officials meet representatives of Transport for London.

The Parliamentary Under-Secretary of State, Department for Transport and Home Office (Lord Ahmad of Wimbledon) (Con): My Lords, various government departments have regular meetings with representatives of Transport for London. The Secretary of State, along with other Ministers, meets the Mayor of London several times a year. My ministerial colleagues and I also have regular meetings with the commissioner and other senior staff at Transport for London, as do our officials.

Lord Sherbourne of Didsbury (Con): Given that smoking and the consumption of alcohol are now banned on the Tube, should not Transport for London follow the lead of some American cities, such as Washington DC, and consider banning the consumption of hot food on Tube trains? Many passengers in congested carriages find that very offensive; it creates litter and, when left lying around carriages, can create a health hazard. Will my noble friend the Minister raise this when he next meets Transport for London and suggest that it considers this proposal, and perhaps undertakes a passenger survey to find out what passengers would like?

Lord Ahmad of Wimbledon: My Lords, my noble friend raises an important area of concern to many commuters across London. There are no current plans at TFL to introduce such a ban but there is a current policy, under the guise of Travel Better London, which helps Londoners to think about travel etiquette and seeks to address passenger behaviours that can lead to improvements in services. I will of course put on the agenda of our next meeting with the commissioner, which will happen shortly, the specific issue which my noble friend raises.

Lord Rosser (Lab): My Lords, there is an advertisement from Transport for London and the Mayor of London on Westminster station which states that Transport for London does not make a profit because,

"we reinvest all our income to run and improve your services".

Since Transport for London is directly responsible, through a subsidiary, for running the London Underground would the Government, at their next meeting with its representatives, like to express their support for Transport for London and the Mayor of London for this approach that, as a train operator, TfL should reinvest all its income in running and improving the services that it operates?

Lord Ahmad of Wimbledon: We have wide-ranging discussions with Transport for London across a variety of issues. I will be pleased to discuss any matters that noble Lords wish to raise, put them on the agenda and report back. However, I would add that a great deal of investment goes into transport in London and that over the last 10 years, we have certainly seen great improvements.

Lord Higgins (Con): My Lords, in view of the success of the conference on climate change over the weekend, will my noble friend have urgent discussions with Transport for London about the appalling increases in congestion and pollution caused by the introduction

of bicycle lanes, which are in use in large numbers only in the peak period? Will he at least ensure that other traffic can use those lanes during the course of the day? In the present situation on Lower Thames Street, for example, they are likely to die from carbon monoxide or other poisoning from pollution any moment now.

Lord Ahmad of Wimbledon: I think that all noble Lords would acknowledge the benefits of cycling across London. I stress that the Mayor of London has primary responsibility for planning in London, along with the air quality strategy. The introduction of cycle lanes is partly to encourage more sustainable forms of travel across the capital.

Lord Tope (LD): My Lords, when the Minister raises the subject of smelly food at his next meeting with TfL, what will his answer be when TfL says to him that cutting the government revenue grant to TfL from £639 million this year to nothing at all in a little over two years' time leaves it with no choice but to let more of its premises and underground stations? This will inevitably lead to the letting of more, not fewer, fast food outlets in underground stations and consequently more smelly food on tube trains, not less.

Lord Ahmad of Wimbledon: What is smelly food to some may not be smelly to others, but let us not go into that particular issue. The important thing to remember is that there has been a tough spending round, but in our discussions London government has a substantial settlement for the next spending review period of £11 billion. We are working together to improve London's quality of transport across the board.

Lord Dubs (Lab): The Minister will be aware that there is a Private Bill working its way through this House to do with, among other things, disposal of assets by Transport for London. When meeting Transport for London, will he ensure that it and the local authorities in which these developments will take place have a proper proportion of social housing coming out of them, not just housing for the very rich?

Lord Ahmad of Wimbledon: My list grows for my meeting with Transport for London. Of course I take anything I hear from noble Lords seriously and I will put it on the agenda and discuss it. The important thing to remember, however, is that the Government work hand in glove to ensure that, although there is delegation and devolution in London on issues of transport, we provide the best transport for the best city in the world.

Lord Lawson of Blaby (Con): My Lords, we all know the Mayor of London's addiction to cycling, but is my noble friend Lord Higgins not absolutely right that what is happening now has done more damage, and is doing more damage, to London than almost anything since the Blitz? Is it not also hugely age discriminatory? There is a huge section of the population of a certain age, well represented in this House—I declare an interest—for whom cycling is not a practical option.

Lord Ahmad of Wimbledon: I suggest to my noble friend that it is never too late to start.

Baroness Hussein-Ece (LD): My Lords, when the Minister meets Transport for London with his shopping list of requirements, could he also raise the issue of the growing number of hate crimes, particularly Islamophobic hate crimes, that are taking place on tubes and buses, particularly in London? There are reports of the driver, or whoever is responsible, doing absolutely nothing until passengers eventually intervene to try to stop these crimes. What responsibility does Transport for London have when it comes to these sorts of crimes?

Lord Ahmad of Wimbledon: The noble Baroness raises a very important point. She knows I totally agree with her on the importance of this issue. All kinds of hate crime, whoever the perpetrator and whoever the victim, must be eradicated, including on our transport system here in London. Additional policing measures have been put in place to address the specific issue of hate crime. As the noble Baroness will also be aware, in terms of Islamophobia, anti-Muslim hatred will be a specifically recorded hate crime from April next year.

Education: English Baccalaureate

Question

2.58 pm

Asked by ***Baroness Perry of Southwark***

To ask Her Majesty's Government what impact the introduction of the English Baccalaureate has had on the number of young people studying science and mathematics.

The Parliamentary Under-Secretary of State, Department for Education (Lord Nash) (Con): My Lords, all state-funded schools are required to teach science and maths to pupils up to the age of 16 as part of a broad and balanced curriculum. Since the introduction of the EBacc in 2010, the proportion of pupils taking GCSEs in maths has remained stable at 97%. For science counted in the EBacc, the proportion has increased from 63% to 74%. We have also had a substantial increase of 15% or more in the number of pupils taking maths and science at A-level.

Baroness Perry of Southwark (Con): That is very good news indeed. Would my noble friend not agree that given the importance of these STEM subjects to the future careers of young people and, indeed, to the economy, it would be very profitable to continue the expansion of maths and science as compulsory subjects into the 17 and 18 year-old age group?

Lord Nash: I entirely agree with that, and we are ensuring that this happens for those who have not passed at grade C, certainly for maths. Obviously if pupils wish to continue with science, they can do so.

Baroness Nye (Lab): My Lords, the Minister will be aware that the latest figures show that almost one in five secondary teacher training places for September has not been filled, and on non-EBacc courses, less than two-thirds of the number of trainees required

[Baroness Nye]
have been recruited, with design and technology being the hardest hit. Does he think that the concentration on STEM and EBacc subjects will accelerate the decline in the number of art teachers in schools, which has already fallen 11% since 2010?

Lord Nash: The position in relation to teachers is no different from what it has been several times over the past 15 years: a less than 1% shortfall. The substantial increase in the number of pupils taking maths A-levels—18% in maths and 27% in further maths—gives us good hope that we will see more maths teachers in future.

Baroness Sharples (Con): Does my noble friend agree that a rise of 6% to 18% in the proportion of youngsters now entering school with English as their second language has had an effect on the studying of science?

Lord Nash: I agree that it gives schools certain challenges, but evidence suggests that once those pupils have mastered English, they are actually more aspirational than are, sadly, some white working class boys in particular.

Lord Storey (LD): My Lords, the Minister will no doubt be pleased at the increase in the number of pupils studying science and maths. He used the phrase "broad and balanced". He will also be aware that the creative industries are really important to the UK economy. Is he not concerned that we are seeing a decline in the creative and cultural subjects being taught at secondary school? If it continues apace, will he consider recommending that a creative or cultural subject be part of the EBacc offer?

Lord Nash: We are not considering the noble Lord's second point. There is no evidence that EBacc has had a detrimental impact on arts subjects. Since 2007, the percentage of pupils taking at least one arts GCSE has increased by 6%. A number of free schools—School 21, East London Arts & Music academy, Plymouth School of Creative Arts and the LeAF Studio School—specialise in arts and media.

Lord Vinson (Con): My Lords, will my noble friend do everything he can to encourage the use of the baccalaureate? Under the old A plus system, at 15, children had effectively to choose whether to become artists or scientists. The result has given us a great raft of illiterate scientists and unscientific artists. The baccalaureate gives one a broad education up to at least 17 or 18. No one can consider themselves to begin to be educated unless they have a good grounding in both the arts and the sciences, and I hope that he will continue to promote the sort of exams that encourage that.

Lord Nash: I am grateful for my noble friend's comments. Of course, our Progress 8 measure will encourage a wider scope of subjects rather than what Tristram Hunt described as the great crime of the C/D borderline. On average, pupils take 11 subjects in total at key stage 4.

Lord Watson of Invergowrie (Lab): My Lords, I suspect that the Minister did not give us all the information. At A-level, although there has been a welcome increase in the number taking maths and science, what he did not tell the House was that the trend for increased numbers in those subjects significantly predates the introduction of the EBacc in 2010, and the pace of increase since then has actually slowed. Between 2002 and 2009, numbers in maths increased by 58%; since the introduction of the EBacc, they have increased by only a further 13%. In physics, between 2006 and 2010, numbers increased by 18%; since then, by 16%. The Minister also did not reveal that English and modern languages are also EBacc subjects, but take-up has fallen since 2010.

Last year, the director-general of the CBI said that, "we have no debate at all about the 14-18 curriculum—only a debate about exams … we need curriculum reform, not just exam reform".
Was not he right?

Lord Nash: I am delighted that the noble Lord supports our belief in the importance of those subjects.

Lord Wallace of Saltaire (LD): My Lords, the Minister will be aware that those concerned with music education are worried about the impact of the EBacc on music education in schools. That is partly because schools faced with hard choices on budget priorities are less concerned about recruiting music teachers. Is he willing to speak to people from the music education industry about those concerns?

Lord Nash: I would be delighted to do that.

Lord West of Spithead (Lab): The Minister will be aware of the huge shortage of engineers in this country and, particularly, in the Navy, Air Force and Army. What is being done to translate that increase in science and maths into engineering and to try to encourage that?

Lord Nash: I know that we have a number of UTCs specialising in that, including one where I know that the Royal Navy is actively engaged.

Lord Grocott (Lab): Having failed to answer my noble friend Lord Watson in his first attempt, could the Minister now try again?

Lord Nash: I do not really think that time would allow me to do so.

Noble Lords: Oh!

Schools: Faith Schools

Question

3.05 pm

Asked by ***Baroness Pinnock***

To ask Her Majesty's Government whether, if a faith school is rated inadequate and is required to become an academy, they will enforce the transfer of church land to the academy trust.

The Parliamentary Under-Secretary of State, Department for Education (Lord Nash): The Education and Adoption Bill would require failing church schools to become academies, but land will not be removed from the

church. Dioceses or their schools will sponsor the majority of failing church schools; where a non-church trust sponsors a church school, the religious character of the church school will be protected. The diocese would continue to own the land and make it available to the sponsor while it is a school, as happens with existing academies, solely for the purpose of a church school.

Baroness Pinnock (LD): I thank the Minister for the clarity of his response. However, to provide reassurance to all faith groups, I ask that he add an amendment to the Education and Adoption Bill. In addition, what safeguards can he provide that the particular ethos of faith schools can be retained within a non-faith academy trust?

Lord Nash: The noble Baroness raises an extremely good point. We are very anxious to ensure that the faith ethos is maintained. We have gone further than the noble Baroness outlines, in that we have had extensive discussions with the churches and there is a revised memorandum of understanding with them, which I believe is now largely, if not entirely, agreed. These have much more extensive provisions as to precisely how a school's religious character will be protected.

The Lord Bishop of Ely: My Lords, can the Minister expand on the nature and character of the safeguards being provided, given that the prime issue around this land is not the land itself but that it has been given by parishes and generations of generous citizens to guarantee the religious character of those schools?

Lord Nash: I would be delighted to expand on that as the right reverend Prelate mentions. We intend to insert within the articles of association a faith object, which requires the trust to ensure that the character of the church school is maintained. There will be an entrenchment clause, which requires written consent of the diocese for changes to the articles relating to the maintenance of the church school's religious character—for instance, those relating to local governing bodies or the church's power to appoint staff. There is a requirement that members and trustees are appointed to provide proportionate diocese representation on the MAT, and to establish a local governing body, and for the creation of a scheme of delegation relating to the religious character of the school agreed between the MAT and the diocese. This will be protected.

Lord Watson of Invergowrie (Lab): My Lords, I hope that the Minister will have time to answer this question from me. I am sure that he will be aware of media reports over the weekend concerning Highfield Humanities College in Blackpool, where parents were very concerned about its conversion to an academy by the Tauheedul Education Trust, which already runs 10 Muslim faith academies—yet only 2% of the pupils at Highfield are Muslim. Will the Minister provide an assurance that there will always be full parental and community consultation when an academy changes from not having a religious character to having one—and, indeed, when it changes between faiths?

Lord Nash: I am grateful for the noble Lord's shorter question. I am very much aware of the case to which he refers. Of course, Tauheedul has had three of its schools inspected and they are all outstanding. We shall ensure, as our amendment to the Bill makes clear, that in all these cases in future, as has generally happened in almost every case in the past, parents are communicated with about the details of the change in status.

Lord O'Shaughnessy (Con): My Lords, a 2011 report by the London School of Economics found that by becoming a sponsored academy the school not only raises its attainment but raises the attainment of neighbouring schools. I declare my interest as managing director of a trust that operates two free schools. Does my noble friend agree with me that, while the ownership of church land is clearly very important, what really matters is the quality of the education that goes on in the schools that sit on it?

Lord Nash: I entirely agree with my noble friend. It is very good to see more evidence emerging of a rising tide lifting all boats. I agree with the point he makes, and it is true that church schools have consistently outperformed local authority maintained schools.

Baroness Farrington of Ribbleton (Lab): My Lords, I declare an interest as a former chair of education in Lancashire, which has the largest number of church schools. I can tell the Minister that those church schools do not like glib references slurring one side or the other. Will the Minister give the House a total assurance that all church schools will be treated equally financially? At the moment, some schools run directly by the Government get more money—more capital and more revenue—than some local authority and voluntary aided sector schools. Can we have a guarantee that there will be no bribery?

Lord Nash: I assure the noble Baroness that there will be no bribery—I believe it is a criminal offence. Ongoing funding for all schools is done on an equal basis. When some schools are started, there are some diseconomies, and some very small schools get extra money. I point the noble Baroness to the latest figures based on 2014 key stage 2: at Church of England schools, 82% of pupils achieved the required level 4, compared to 79% of pupils at local authority maintained schools.

Baroness Gardner of Parkes (Con): My Lords, I was not clear on the answer given to the right reverend Prelate. I thought that part of his question referred to the property position and whether the church owning the land would be forced to part with it or have it compulsorily purchased. It seems a bit equivalent to a housing association, where the property was also often given by someone a long time ago. Can the Minister clarify the property position for me? If he does not know it offhand, which I would not necessarily expect, it could come through in an answer. I would like clarification about the property aspect raised in this Question.

Lord Nash: I can confirm to my noble friend now that the church would not be forced to part with the land, and nor would it be compulsorily purchased.

Baroness Humphreys (LD): Protecting the ethos of particular schools is not confined to church schools. There is a widespread feeling that multiacademy chains make new academies in their own image. How will the Minister ensure that locally developed values, nurtured over the years, can be maintained?

Lord Nash: The noble Baroness makes an extremely good point. It is very important that sponsors coming into schools are very conscious of what the noble Baroness calls "locally developed values" and make sure that schools' traditions, which I am very well aware of in relation to one school that I sponsor, are maintained.

House Committee and Liaison Committee

Membership Motion

3.13 pm

Moved by ***The Chairman of Committees***

That Lord Hunt of Kings Heath be appointed a member of the following committees, in place of Baroness Smith of Basildon: House and Liaison.

Motion agreed.

European Union Referendum Bill

Commons Reason

3.13 pm

Motion A

Moved by ***Lord Faulks***

That this House do not insist on its Amendment 1, to which the Commons have disagreed for their Reason 1A.

1: Clause 2, page 2, line 7, at end insert "and persons who would be so entitled except for the fact that they will be aged 16 or 17 on the date on which the referendum is to be held,"

Commons Disagreement and Reason

The Commons disagree to Lords Amendment No. 1 for the following reason—

1A: Because it would involve a charge on public funds, and the Commons do not offer any further Reason, trusting that this Reason may be deemed sufficient.

The Minister of State, Ministry of Justice (Lord Faulks) (Con): My Lords, this afternoon we return to the question of the voting age. Since we last debated the Bill, only two weeks ago, it has been considered in the other place. It agreed to all of the amendments made by your Lordships, with the sole exception of Amendment 1, which would lower the voting age to 16.

This House has now discussed the question of the voting age many times since the election in relation to this Bill and the Cities and Local Government Devolution Bill, so this is now well-trodden ground. The Government's position is therefore well known. We do not believe that it is appropriate to lower the voting age to 16 and, even if it were, this Bill would not be the place to make such a change. That applies as much to the amendment before the House today in the name of the noble Baroness, Lady Morgan of Ely. I recognise that she has done what she can to minimise the charge on the public purse but that does not change the principle of the Government's position.

Before I turn to the substantial arguments, I will set out the Government's position on financial privilege and procedure. Along with the decision to disagree with Amendment 1, the other place has sent us its reason:

"Because it would involve a charge on public funds".

This is a reference to the financial privilege of the House of Commons. There has been a great deal of discussion and speculation on this issue, so I will endeavour to set out the Government's position. When this House amends a Bill sent to us by the House of Commons, our amendments are assessed by the clerks in another place in order to establish whether they engage the financial privilege of the House of Commons. That important process is carried out under the authority of the Speaker, and the Government—any Government—have no say in it.

The fact that a Lords amendment to a Bill has been deemed to engage the financial privilege of the House of Commons is announced to that House before it considers the amendment, but it does not prevent the House of Commons from agreeing to that Lords amendment and thereby waiving its privilege: indeed, this happens routinely. However, should it disagree to the Lords amendment, financial privilege is the only formal reason that it can give for doing so.

It should come as no surprise that the original amendment that we sent to the House of Commons, lowering the voting age, was deemed to engage the House of Commons's financial privilege. The Government estimate that extending the franchise to 16 and 17 year-olds for the referendum would cost at least £6 million. But, as my honourable friend the Minister for Constitutional Reform, John Penrose, explained to the House of Commons last week, that is not the reason why the Government invited the House of Commons to disagree to this House's amendment. The Government disagree with the principle. We disagree with the proposal to extend the franchise to 16 and 17 year-olds for the referendum for the reasons I made clear to this House when we considered the original amendment, and which I will again set out briefly this afternoon.

I turn now to those arguments. Given the number of times your Lordships have considered this, I of course do not intend to rehearse every part of the argument. However, I will set out briefly why we firmly believe that the voting age should remain at 18 for the referendum. Society has drawn numerous lines for when a young person is able to take various decisions. A 16 year-old may join the army but not use a sunbed. An 18 year-old may be deployed in a war zone but not drive a bus. Only a 21 year-old can supervise a learner driver or adopt a child. For many activities, parental consent is required; in England and Wales, joining the Armed Forces and getting married

require the agreement of a young person's parents. It would hardly be appropriate to require parental consent to cast a vote.

The state also requires that young people in England remain in education or training until the age of 18, and in Scotland young people will soon apparently enjoy the protection of a state-appointed guardian until the age of 18. Indeed, the United Nations Convention on the Rights of the Child defines a child as a person under the age of 18, unless national laws set a lower age of majority. The Committee on the Rights of the Child goes further and recommends that if a country's age of majority is below 18 it should be reviewed, and that levels of protection be increased for all people younger than 18. Similarly, the Independent Inquiry into Child Sexual Abuse, led by Dame Lowell Goddard, has defined "child" to mean anyone under the age of 18.

These distinctions are, in the final analysis, a matter of judgment. There is no single answer to the question of when a young person should be able to take one decision or another. But it is at 18 that society generally views a young person as becoming an adult. The line has to be drawn somewhere, and we suggest that 18 is the logical, consistent place to choose.

Lord Foulkes of Cumnock (Lab): The Minister knows that in Scotland in the Scottish referendum, 16 and 17 year-olds were allowed to vote. I spoke to many of them during the course of that referendum and found them intelligent, well-informed and exercising their right to vote with great enthusiasm and sense. Therefore, it was a successful experiment. Why does the Minister not agree that it was successful and why does he think there was something wrong with doing that?

Lord Faulks: I do not suggest that it was unsuccessful, nor do I for a moment cast aspersions on the intelligence of 16 and 17 year-olds in Scotland or in England and Wales. Enthusiasm is of course to be welcomed at any age. Equally, there may be 15 year-olds who are very well informed and intelligent, whether they are in Scotland or in England and Wales. But, although Scotland took the view that it did about the voting age because of the devolution arrangements, most democratic societies have made the same judgment as this Government makes. In every EU member state but Austria, the voting age is 18 for national elections, and referendums where they take place. The 1975 referendum proceeded on that basis, as did the referendum on AV—and, as your Lordships may remember, the EU Act 2011would in the event of a transfer of power on competences have triggered a referendum according to the franchise that is used for general elections.

Lord Purvis of Tweed (LD): Before the Minister moves on from the point that the noble Lord, Lord Foulkes, raised with regard to Scotland, he tries to give the impression that it was decided purely and solely by the devolved authority with no support. Can he remind the House whether the Prime Minister and the leader of the Conservative Party in Scotland supported the extension of the franchise to 16 and 17 year-olds in the referendum?

Lord Faulks: With respect, whether the Prime Minister or the leader of the Conservative Party favoured a 16 year-old franchise is beside the point as to whether the Government think that it is appropriate in this referendum for those 18 and above to vote, in the traditional way of the franchise. I know that many have pointed to the Scottish independence referendum and have said, rather like the noble Lord, Lord Purvis, that in some way that "opened the door" to votes at 16. Others point to the apparent inconsistency between elections for the Westminster Parliament and elections for the Scottish Parliament. However, inconsistency is a natural consequence of devolution. The decision over the voting age has been devolved to the Scottish Parliament. It may decide to raise the voting age or lower it, but that does not bind the decisions made in any of the other legislatures in the United Kingdom. It would be quite contrary to the spirit of devolution if we thought that a decision in Holyrood should determine a discussion here or whether a discussion here, on a devolved matter, should determine the decision in the Scottish Parliament. Even if one were convinced of the case, this Bill would not be the right place to make the change.

I hope that all noble Lords can agree that this is undoubtedly a complex issue and by no means straightforward. The arguments on both sides deserve respect and a fair hearing. To suggest that 16 year-olds should perhaps wait is not in any way to disrespect or criticise them, or in any way patronising. Few things are as important as the decision about who is included in the franchise and, as such, the matter deserves proper scrutiny and consideration. There should be a proper debate in this House, in the other place and in the country at large before such a significant change is contemplated. Clearly there is no consensus between the two Chambers, but nor is there clear consensus in the country as a whole.

It would not be right to bring in a novel constitutional change through an adjunct to a Bill such as this, with a specific but limited purpose. This proposal is no replacement for the proper consideration that would be given to the matter in a representation of the people Bill. As your Lordships may remember, the last one was in 1969, following a widespread national debate. When the matter came before your Lordships' House, many noble Lords did not accept that the franchise should be lowered from 21 to 18. Some suggested that the age should be 20 by way of a compromise, but it followed widespread national debate, not an amendment to a Bill brought about by the House of Lords.

Lord King of Bridgwater (Con): I have a certain conceit over this matter, as I was the first Member of Parliament ever elected by 18 year-olds following the exact Act to which the noble Lord has referred. Is that not the model that we should follow? If we are going to change the voting age, it should be comprehensively considered as a separate matter. It is certainly not something on which this House should seek to override the judgment of the elected House, which has now been given three times.

Lord Faulks: I respectfully agree with my noble friend and, of course, the 18 year-olds showed excellent judgment on that occasion.

[Lord Faulks]

Finally, the House needs to consider very carefully the perception created by a change to the franchise. We speak of this as being a once-in-a-generation referendum. If that is really the case, all sides must be able to accept the result as fair and robust. There is a real danger that a change to the voting age for the referendum could undermine that. Rightly or wrongly, a change to the franchise may be seen as an attempt to engineer the result, and that perception would damage the public's confidence in the result of the vote.

I do not pretend for a moment to know how 16 and 17 year-olds would vote, any more than we know how 18 or 19 year-olds would vote, but the House will no doubt appreciate that a considerable part of the electorate will be disappointed with the result of the referendum. It is crucial that those who are disappointed accept the result, notwithstanding their disappointment, and do not feel it appropriate—in their minds or expressly—to cast doubt on its legitimacy.

I therefore urge noble Lords not to insist on their amendment or to agree with the amendment in lieu proposed by the noble Baroness, Lady Morgan of Ely. Instead, I urge this House to accept the position of the other place. This Bill is not the place to make a change to the age of voting; it is not the way to make good law. I beg to move.

3.30 pm

Motion A1

Moved by ***Baroness Morgan of Ely***

As an amendment to Motion A, at end insert "but do propose Amendment 1B in lieu—

1B: Clause 2, page 2, line 7, at end insert—

"( ) the persons who, on the date of the referendum, will be aged 16 or over and are registered in the register of electors for parliamentary elections; any steps taken to register such eligible persons shall—

(i) focus on registering 15 year old "attainers" (those who will attain the age of 16 by the date of the referendum); and

(ii) utilise low-cost means of communication such as email, in particular making use of school email services,""

Baroness Morgan of Ely (Lab): My Lords, I rise to move Motion A1. I start by thanking the noble Baroness the Minister and the noble Lord the Minister for their co-operation on this Bill. The Government have been in listening mode and have understood that the vote on whether we leave or remain a part of the EU is one of the greatest political questions that will be put to this country this century. Ensuring that there is a valid and fair vote and ensuring that the public have the knowledge that they need to make an informed choice were some of the key criteria that we were trying to attain during the debate. We are grateful that the Government have responded.

We now have one final hurdle over which we are at odds with the Government. This House voted overwhelmingly in favour of ensuring that 16 and 17 year-olds were given a voice and a vote in the forthcoming EU referendum. Many were convinced that it did not make sense to continue with the inconsistency that now exists across the United Kingdom on when young people should be allowed to participate in the political process. Others were persuaded that the enthusiasm and intelligence that were demonstrated by 16 and 17 year-olds during the Scottish referendum debate were an example to others and would be replicated throughout the United Kingdom. Many were satisfied that the factual-based evidence from Austria and Norway demonstrated that it makes sense to encourage young people to vote while they are still living in the communities where they were brought up and where they can be encouraged by their parents to undertake their duties as citizens before many leave home at the age of 18. Many were further convinced that the evidence from those countries showed that, if young people start voting at the age of 16, they are more likely to continue to vote when they are older.

Many Peers were also reassured by the fact that today's 16 and 17 year-olds are the most informed 16 and 17 year-olds in history, having undertaken citizenship classes at school and having information not at their fingertips but usually at the tip of their thumbs, with their constant tapping of their mobile phones. Mostly, people were aware that this would be a once-in-a-generation opportunity for these young people to express their view on a long-term relationship between our country and EU member states, the outcome of which will affect them longer than any of us and over which they should have a say.

We were deeply disappointed that the Commons did not support our approach and were extremely surprised when the Clerk suggested that the issue was subject to financial privilege. I will address the issue of invoking financial privilege later. First, let me turn to the alternative amendment that we have set out. We are grateful that the Government have dealt with the merits of this amendment in principle and not hidden behind the financial privilege reason that has been put forward by the Commons. We have determined to submit a new amendment that will address the issue of cost. First of all, we dispute the amount that the Government have suggested this amendment would cost: £6 million. In the context of government expenditure of £760 billion, £6 million is chicken-feed. We are talking about 1/1,000th of 1% of the budget. The cost of the referendum is not known, but we know that the cost of the referendum on changing the electoral system to a PR mechanism was approximately £75 million. Given the way that young people energised the campaign in Scotland, even using the Government's own figures it would be easy, I think, to justify this additional expense. It would be extremely useful if the Minister could give us a detailed understanding and breakdown of how the Government came to this figure.

We accept that about £800,000 would have to be spent on sending 16 and 17 year-olds information through the post during the campaign, as was promised to other voters—although the idea of 16 and 17 year-olds waiting for information arriving by post, when most of them probably have never received a letter in their life, is something of an odd situation. However, we dispute the fact that the Government can include in their estimates a calculation for any additional costs for counting officers' and regional counting officers'

expenses. We have no idea what the turnout will be, with or without 16 and 17 year-olds. The Government are stabbing in the dark.

According to the head of the Association of Electoral Administrators, the cost of counting does not change in line with turnout. Whether there is a 30% turnout by the British public in the referendum or an 80% turnout, it would not change the amount that public officials are paid. Therefore, an additional 1.5 million voters—even if they all turned out to vote—would not make a difference to the costs of the counting officers' and regional counting officers' expenses. Indeed, the chief executive of the Association of Electoral Administrators, John Turner, has stated clearly that, while the Government estimate that £4.2 million of this £6 million would form a part of the costs of the conduct of the poll and thus come from the Consolidated Fund to cover counting officers' and regional counting officers' expenses, the association would question that, as the conduct of the poll has nothing whatever to do with registration. He said that, under the fees and charges order 2015, Statutory Instrument No. 476, it is clear that expenses for registration purposes would not be allowed. Indeed, for the last parliamentary election, not one penny for the conduct of the poll went to registration. Let me be clear: we refute the figure suggested by the Government as their estimated cost of implementing this amendment. Nevertheless, in our new amendment we have sought to give a clear indication of how costs could be saved.

Lord Higgins (Con): The reality is that the House of Commons has decided to invoke financial privilege—not that it is this or that amount. It has the right to invoke financial privilege and the actual amount is irrelevant to that right.

Baroness Morgan of Ely: I do not think that the amount is irrelevant. One of the points that I will come on to is the threshold for invoking financial privilege. It is like a dark art: no one has any idea what it is and there is nothing written down anywhere. I will come on to that point and deal with the constitutional issues later in the debate, when I will be happy to deal with questions relating to financial privilege.

In the amendment, we are trying to address the issue of the costs. We accept that £800,000 would have to be spent on information, because that is what everyone else is getting, but we can bring down the costs substantially. Currently, electoral registration officers write to households and ask for a list of individuals in that household. These individuals are subsequently sent a registration form. They are asked for the names of not only people over 18 but also those who will attain that age in the next year. Therefore, 17 year-olds and many 16 year-olds are already invited to put their names on the list. In other words, we already know who these young people are and they would simply need to complete the second part of the registration exercise. We can be clear that most of this generation would do so online—no postage, no cost.

Therefore, the people we need to focus on are those who will attain the age of 16—the proposed new age of voting in the referendum—in the forthcoming year. We emphasised time and again in Committee and on Report that this would be relatively easy, as we know exactly where these people are—at school.

Lord Cormack (Con): My Lords, I am sorry to interrupt the noble Baroness, but is not the nub of the matter our saying to Members of the elected House that we know more than they know about what the franchise should be? We are even flying in the face, if we are misguided enough to support the amendment tabled by the noble Baroness, of the latest pronouncements by the Electoral Commission. This is about the constitutional place of this House and the constitutional supremacy of the elected House.

Baroness Morgan of Ely: Of course we understand that the other House has spoken on this issue, but it has also invoked financial privilege. I am trying to address the issue of costs in this amendment. The problem is that there is no threshold—or we do not know what it is. What does that mean for the ability of this House to engage at all, in any way, with the Representation of the People Act?

Perhaps I may continue. The people we need to focus on are those who will attain the age of 16, the new age of voting in the referendum in the forthcoming year. Let me emphasise, in response to the comments of the Electoral Commission—I shall come to the point made by the noble Lord—that our amendment does not preclude electoral registration officers from chasing up 16 and 17 year-olds and it does not stop them using all available methods to identify and encourage registration. The Association of Electoral Administrators does not think it would be difficult to make changes to the electoral registration service. A relatively simple—and, I emphasise, extremely cheap—way of registering young people would be writing directly to schools to ask for help in sending out emails with the registration form attached, as is currently done with university students. I do not know of many, if any, secondary schools that do not provide their pupils with a school email address. The costs of registration would therefore be absolutely minimal.

Nor would this be a tremendous increase in work for electoral registration officers. If, as has been suggested, we are talking about an additional 1.5 million voters, given that there are 380 electoral registration officers—one for each relevant local authority—we are talking about each ERO registering on average only an additional 4,000 voters, which is not an enormous new burden. The organisation Bite the Ballot is co-ordinating a national voter registration drive which aims to inspire hundreds of thousands of 15 to 24 year-olds to register this February. It will include a national network of schools, colleges, sixth-form teachers, school leavers, student unions, youth clubs and charities, so this is being done anyway at no additional cost. The Electoral Commission itself has noted that EROs should be working with schools and colleges in their area because this is a key activity that we need and expect all EROs to explore. We are asking EROs to do only what they are expected to do anyway.

I turn now to the issue that seems to be vexing the Government: that this is not the right place to make such a change and that it should be debated seriously as part of a wider debate on franchise. We are happy that the Government agree that there is a need for a wider debate on franchise, and it would be useful to have a timetable for such a debate. Can the Minister

[Baroness Morgan of Ely]
give me a concrete answer to that specific question? The Government say that this should not be done in a piecemeal way. We on the Labour Benches believe that there should be a comprehensive constitutional convention to address this and other issues relating to our democracy. But I was under the impression that the Government enjoy piecemeal change. It was this Government who gave permission to 16 and 17 year-olds to vote in the Scottish referendum campaign. It was this Government who allowed the Scottish Parliament to determine whether 16 and 17 year-olds should be able to vote in its own election, and it was this Government who allowed the Welsh Assembly to determine for itself whether 16 and 17 year-olds should be allowed to vote.

Baroness O'Cathain (Con): It was not this Government who did that; it was the coalition Government.

Noble Lords: Oh!

Baroness O'Cathain: Noble Lords may laugh. But perhaps I may remind the noble Baroness that we are on very tricky ground. We are playing with the constitution and with the fact that we are not supposed to check on financial privilege. All this stuff we are getting now is of no relevance to the Motion.

3.45 pm

Baroness Morgan of Ely: I cannot believe that we are being accused of playing with the constitution, given what is going on in this place at the moment. It is important for us to remember that it was suggested that the Government's should decide this, but only 37% of the public voted for the Government. More people voted for Labour, the Lib Dems, the SNP and the Green candidates, who had this provision in their manifestos. It is worth noting also that the Minister leading for the Government on this Bill was the shadow Chief Whip when she led this House to 81 defeats of the Labour Government. Let us also not forget that the Labour Government had a substantially larger mandate than this Government. Perhaps the Minister will enlighten us as to whether his colleague thinks that all those victories were wrong during that period.

Let me turn to the constitutional aspects of the relationship between the two Houses, which have been thrown up as the result of financial privilege being applied to this amendment. I am no expert on constitutional matters and, no doubt, there are many experts in this Chamber. However, over the past few days, I have been trying to understand when and how financial privilege is invoked, and to find out specifically who decides on these matters. What are the guidelines or factors which determine the threshold concerning when and whether such a decision should be subject to financial privilege? I am grateful that the Minister set out some of the rules.

As this decision is crucial to the Lords' ability to consider amendments, and as the Government have no option but to cite financial privilege as the reason for rejecting an amendment, I assumed that the system for deciding these matters would be open and transparent, with a clear set of criteria for determining each outcome. At the very least, I thought there would be a clear indication of the minimum threshold at which financial privilege would kick in.

I have requested specifically of the Commons Clerk an answer on minimum threshold. Search as I have, I have been unable to find anything written anywhere which sets out the criteria. I would be grateful if the Minister referred me to such a document, if one exists. I understand that the Government have a clear political agenda, not just in this Bill but in all Bills which come before this House. We accept that they have a majority, and have been elected and are accountable. But if it is the Commons Clerks, who are unelected and unaccountable, who decide what is subject to financial privilege, at the very minimum we need extremely clear and transparent procedures for determining this, as they have such a major impact on the ability of this Chamber to influence policy decisions.

Lord Faulks: It is of course the Speaker who decides, advised by the Clerks.

Lord Morgan (Lab): That is only half true at best. In 2012, we were told by the noble Lord, Lord Strathclyde, that the Speaker, as the Minister says, is advised by the Clerks, but the Clerks are not expert in the financial details of legislation. Therefore, they consult the Government and so the Government have an input.

Baroness Morgan of Ely: I thank the noble Lord for enlightening us on that point. We need transparency in all of this. We need to know who is making the rules and under what criteria they are being made. If the Clerks are going to cite financial privilege in a case such as this, it can be cited for almost every policy change that we suggest which will incur a minimal cost.

It could be argued that the powers of this Chamber, the role of which is to make the Government think again on policy issues, are severely restricted, particularly in relation to electoral issues, where the other Chamber has a very clear vested interest. It is a shame that this issue has now become involved in a wider constitutional debate on financial privilege, but we hope Peers will still assess the merits of this case on the substance of the amendment. We believe that 16 and 17 year-olds are and can be responsible participants in our democracy. We believe that this is their one-off opportunity—a once-in-a-generation vote on the profoundly important issue of whether we should remain a member of the EU. I urge fellow Peers to support us on this issue, and to give these young people the respect and the voice that they deserve. I beg to move.

Lord Tyler (LD): My Lords, in an otherwise very careful speech, the Minister implied that this was simply, but only, a once-in-a-generation decision. That is not what the Prime Minister said in his Chatham House speech on 13 November, when he said that the EU referendum,

"is a huge decision for our country … And it will be the final decision".

The Minister referred to disappointed voters; the people who will be most disappointed by this decision will be those who are excluded from it when it is their one and only chance to influence a vital decision for our country.

For the sake of brevity, I shall not rehearse all the arguments that I have so often used in this Chamber on the merits of extending the franchise for this vote.

I endorse absolutely what the noble Baroness, Lady Morgan of Ely, said. It would be surprising if I did not; my colleagues and I have supported this increase in the franchise for young people for many years. It would be very inconsistent if we did not do so now. Instead, I want to highlight two wider issues that have been gently referred to already but have perhaps even greater salience for our House.

One of the oldest tricks in the Whips' trade—I used to be a Whip—when you are losing an argument is to change the subject. That is, effectively, what the Government are now doing. They have moved from trying to defend the inconsistency of the franchise for the Scottish independence referendum compared to that for the forthcoming European referendum to insisting that a clear majority of your Lordships' House should be ignored on the grounds that we voted in a way that will cost money.

In their letter to us on Friday, Ministers told us, and were at pains to emphasise, that what they termed the Government's formal reason for disagreeing with the Lords amendment was because,

"it would involve a charge on public funds".

The Motion and the Minister's speech this afternoon confirm this statement. That suggestion—that they had no alternative—is simply specious. Elsewhere in the letter, they say:

"It is our view that should this significant change to the franchise be made, it should be debated seriously as part of a wide debate on the franchise, not done piecemeal for a one off electoral event".

The Minister has already made that statement again in this afternoon's debate. That has been a constant and respected theme of Ministers at all stages of the debate in both Houses, and indeed from their party's supporters throughout all stages of the Bill. But it could have been perfectly well incorporated in an amendment in lieu in the other place in last week's debate. That is what they could and should have done; that would express what is, apparently, the view of the Government. They did not do it. Instead, Ministers deliberately chose to trigger the financial privilege threat. Why?

We are now faced with yet another attempt to restrict the role, responsibility and sheer relevance of this House of Parliament. This time it is the franchise. What next? If in future we amend a Bill in any way that could incur additional expense—a "charge on public funds" as the Minister put it—the Government could use this as a precedent. Next time it could be international development, childcare, legal aid or NHS priorities. That is what they are trying to do—to clip the wings of your Lordships' House. We should be under no illusion. This is not just a casual, minimalist tweak of the relationship between the two Houses. This is part of a much more insidious exercise to dilute our role—some would say to completely neuter your Lordships' House.

Lord Elton (Con): My Lords, the noble Lord speaks as though this is a new departure and something that has not been done before. In fact, it has been in existence for generations and has been frequently used.

Lord Tyler: Yes, but it is done now in a deliberate attempt to try to prevent us pursuing a very important issue. I suggest to your Lordships that we should be very careful of any attempt to do that, particularly in those circumstances. Look at the wider context. Taken with this House's effective exclusion from discussions on English votes for English laws, which is now going on—we were not allowed in—and with the Strathclyde review, we will have only ourselves to blame if we fail to note the way the wind is blowing. Please observe the words of Mr Stewart Jackson, the Conservative Member of Parliament for Peterborough, in last week's debate:

"In conclusion, it is a constitutional outrage that the superannuated, unelected, unaccountable panjandrums in the House of Lords have told us what the elected House should be doing even though we have a settled view on this. They should learn their place. They must be subservient to the elected House, and it is high time that we had House of Lords reform".—[*Official Report*, Commons, 8/12/15; col. 880.]

Amen to the last one. That is what is behind this: it is not to give new influence to this House, but to take away what little influence we have.

Lord Rooker (Lab): I want to ask the noble Lord a practical question. We are discussing a Bill, not an order. The elected House will always have the last say under the Parliament Acts. I ask him to be more practical about this: given that the Commons has sent this back without an in lieu amendment, if this House carries this amendment and it goes back to the Commons, we would be put in the position of not being able to provide another in lieu amendment. Next week we will have the same reason back—financial privilege. What will he do then?

Lord Tyler: My Lords, let us wait and see. If the House of Commons and the Government do not take this House seriously, why are we here? That is the question we have to ask ourselves.

I take up in particular this issue of the elected House having a right to bulldoze through what they think is right for election law. I have been a Member of the other House. I have to tell your Lordships that it is not unknown for Members of Parliament to have a particular interest in the electoral arrangements that got them there. I reject utterly the idea that somehow your Lordships' House is not allowed to have a view on electoral law. I have been here some time now—more than 10 years. I have been involved in revision of electoral law many times. No Government have ever sought to stop us.

Viscount Eccles (Con): My Lords, I thought that the noble Lord did not think that we should be here. Indeed, he certainly does not think that I should be here.

Lord Tyler: My Lords, if that is the noble Viscount's view, perhaps he will not want to whip the vote this afternoon.

In the very last minute of his speech in the Commons debate last Tuesday, the Minister suddenly introduced this financial privilege issue. However, he did not even mention the estimate figure that the Government were playing with. Perhaps he could not bring himself to give credence to the incredible. During previous debates there and through all stages of the Bill in your Lordships' House, no Minister has ever advanced the argument that forecasted cost was a substantial reason for opposing

[Lord Tyler]
this change to the franchise for this specific vote. The figure of 6 million has not even been hinted at at any stage in either House.

4 pm

When I heard about this I was reminded that, during my period in the other place, the Serjeant at Arms had to keep an opera hat, neatly collapsed, by his chair, so that, if a Member wished to raise a point of order during a Division, he could do so seated and covered. I once or twice used that essential accessory for that eventuality. It is sad that it was subsequently abolished. The opera hat disappeared on the initiative of the then Leader of the House, Robin Cook. George Young and I were accessories to its removal. Last Tuesday, the Minister would have made good use of that hat. Perhaps I should refer to him as the magician, because he pulled this extraordinarily large rabbit out of the hat as a suspiciously rounded total, as the noble Baroness, Lady Morgan, said.

The following day, I was chairing a conference of electoral administrators. Nobody there seemed to know the basis of this estimate. So far as I can establish, neither the Electoral Commission, nor the Association of Electoral Administrators, has actually endorsed it. Moreover, we had a presentation at the conference from the convenor of the Electoral Management Board of Scotland, Mary Pitcaithly, who gave an extremely detailed, meticulous account of all the challenges she faced as chief counting officer for the whole Scottish independence referendum process in September 2014. She left nothing out of her remarkably comprehensive account of that very successful exercise. She did not identify any excessive additional expenditure on this scale as a result of the inclusion of 16 and 17 year-olds in the electorate.

Lord King of Bridgwater: We seem to be failing to understand the point which the Minister put very clearly. The identification of extra expenditure was not done by the Government. The noble Lord should know, as he and I were both in the other place for long enough, that it was a technical exercise, done by the Clerks, who reported the matter to the Speaker. With respect to the Lord Speaker in this House, the Speaker's law carries much more weight in terms of how procedure will be observed. I understand that the Government could have chosen to waive financial privilege, but that is an entirely different matter. The noble Lord has said that the Government are trying to bulldoze through their view of electoral law and that that is an outrage to this House. Who is actually trying to change the law at the moment and who is trying to sustain the present position?

Lord Tyler: My Lords, I am afraid that that sequence is not quite correct. I think the noble Lord will accept this, but if we have a difference of opinion, we can discuss it afterwards. The critical point about the process is that it is for the Government, first and foremost, to decide whether they want to table an amendment in lieu or simply reject the views of this House. That was the Government's decision, not the Speaker's. Whether there is advice or not, it is the Government's decision that they wish not to pursue the idea of a more general review of the franchise. They simply wanted to reject the view of the House of Lords. They then triggered the issue of financial privilege and it is indeed correct that neither the Clerks nor the Speaker could then gainsay them. However, this figure has now got common currency and it is thought that that somehow justifies this process. If your Lordships' House was only proposing a little baby, they might have let it through; but they thought it was a big baby and they produced it in the way they did to try and scare us. This rabbit has been inflated by Ministers for their own political ends. We should be told exactly what the calculation is; what, realistically, it is as a proportion of the total referendum budget; and who now endorses this figure.

Lord Stoddart of Swindon (Ind Lab): The noble Lord keeps on talking about the Government doing this. Surely, however, the House of Commons has already rejected this policy four times, by an average of 50 votes.

Lord Tyler: My Lords, that is not absolutely true. First, it has not specifically rejected the amendment proposed by your Lordships' House. Secondly, as I thought I had just explained, the issue of an amendment in lieu means that it is no longer necessary. If the Government had decided on such an amendment to express their apparent view that a general review is required, and that it should not be in this one Bill, financial privilege would not have been triggered in any way. That is the process that should have been undertaken.

The issue before your Lordships' House today is no longer simply whether the electorate for the EU referendum should or should not be expanded, important though that is. I have given a lot of time and effort to trying to make sure that this referendum is one that we can be proud of because it has the same electorate as the one that was so successful in Scotland on a similar issue of the future of that generation. However, this matter has now been deliberately escalated by Ministers into an insidious attempt to undermine the constitutional role and responsibilities of your Lordships' House. We must stand firm, pass Amendment A1 in the name of the noble Baroness, Lady Morgan, and reject this attack.

Lord Cormack: We have heard a frankly terrible speech from the noble Lord, Lord Tyler. How does he have the brass nerve to lecture your Lordships' House, coming, as he does, from the most grossly overrepresented party, which, moreover, allegedly believes in proportions and proportional representation and most of whose members, including the noble Lord, Lord Tyler, would, like Samson, like to bring this Chamber down about their ears? Indeed, I heard a noble Lord from those Benches say only recently, "It does not matter what we do so long as we destroy the House of Lords and replace it with an elected House". However, those of us who do not believe in an elected second Chamber and believe passionately in the supremacy of the elected Chamber at the other end of the corridor, believe that what we are now embarking on is an extremely dangerous course of action. If we accept the supremacy of the elected Chamber and accept that your Lordships' House, of course, has the right to invite the elected

Chamber to think again, but, if the elected Chamber, by a majority far in excess of that enjoyed by the Conservative Government, says no, who are we to persist, particularly in a matter concerning the franchise?

Many noble Lords on the Labour Benches do believe in this House and believe that an unelected and appointed House, with its accumulation of experience and expertise, adds value to the constitution without challenging the unambiguous elected authority of the other place. I appeal to those Members on the Labour Benches, many of whom I am privileged to count as personal friends, not to play this game and not to go along with the destructionists on the Liberal Democrat Benches, most of whom do not believe in this place and would use almost any spurious and specious reason and excuse to damage it.

We have exercised our right and a number of my Conservative colleagues voted for votes at 16. I did not, but a number of them did. I respected their integrity but now the time has come to say, "You haven't decided to think again. We must move on". I urge all your Lordships to recognise that we have reached the limit. We should not seek once more to overturn the mandate of an elected House with a majority of 50. As I said earlier, that is far larger than the 12 that the Government nominally enjoy.

Noble Lords may have a brief moment of euphoria if the Government are defeated tonight, but it will be followed by the danger of a real constitutional crisis arising between our two Chambers that could do enormous damage to the standing of Parliament in general, and of this House in particular.

Baroness Butler-Sloss (CB): My Lords, if I understand it correctly, the House of Commons, through the Speaker, has said that this is a matter of finance. If that is correct, it is the short answer to what we are dealing with tonight. I cannot understand why noble Lords are banging on about all the other subjects if we really cannot deal with this matter because it is a financial issue. I find it very difficult to understand what we are spending time on at the moment.

Lord Dobbs (Con): My Lords, since this may be the last opportunity that any of us have to discuss the Bill, I will start my few very short remarks by paying tribute to my noble friend Lady Anelay and her ministerial colleague, my noble friend Lord Faulks—but particularly to the noble Baroness. I speak from the heart, and from a little raw experience, when I say that this historic Bill holds the prospect of many bear traps but that all of them, except one, have been avoided by the patient and very sensitive work of the Minister. I am sure that the whole House will want to not only congratulate but thank her for her tireless efforts.

But—there is a bear trap. I must apologise for not being able to be in the House for Report but it seems that the noble Lord, Lord Tyler, made up for my absence in spades. I was on the other side of the world but, reading *Hansard*, it was as though I was here. He quoted me extensively, repeatedly and even voraciously—and, as always, far more eloquently than I could. I felt rather like Banquo, the ghost at the feast, with the characteristically shy and retiring figure of the noble Lord in the unaccustomed role of Macbeth. I am grateful for the praise that he showered upon me. He was kind enough to mention beforehand that he might and I make no complaint.

I think it is reasonably well known that I, along with a good number of other Conservatives, support the principle of giving the vote to 16 and 17 year-olds. I would have been happy to have signed the original amendment. I will not repeat the arguments today; others have done that and the lines are all too well known. But I am still waiting for a convincing answer as to why the Government acquiesced in granting the vote to young people in the referendum in Scotland. It all seems a little untidy. I know that our unwritten constitution is often a rather rumpled bed, depending on who was the last to sleep in it, but every so often it is wise to give the sheets a bit of a tug to straighten them out. That is why I supported the original amendment.

Yet—how may I put this delicately?—while the noble Lord, Lord Tyler, quoted me largely correctly, I am afraid that he did not quote me completely. He failed to mention the comments I made in Committee about this not being a black and white argument, but one that is actually quite subtle and a matter of judgment and of balance. I find it alarming when some see this matter as one of absolute principle in which no quarter can be given. I wish that I was as certain about anything as some appear to be about everything. I think that there is a stronger argument for giving the vote at 17 rather than at 16 and, in my view, probably not at 15. We have to draw the line somewhere, but where to draw that line is no longer the issue here today.

If I may stretch my metaphor, we have by this stage climbed into an entirely different bed. This is no longer about the rights of vibrant young people but about the rights of largely elderly, perhaps less vibrant and entirely unelected Peers—if that is the right and polite way to say these things; I am never quite sure. We asked the other place to think again, as is our right. As the noble Lord, Lord Tyler, mentioned, last week there was in the other place an explosion of incontinence, with one honourable Member calling our vote "a constitutional outrage" by,

"superannuated, unelected, unaccountable panjandrums … They should learn their place".—[*Official Report*, Commons, 8/12/15; col. 880.]

It was pretty exciting stuff, I thought. Perhaps the honourable Member for Peterborough was looking for a job. The remarks seemed to show little understanding of the role and work of this House. It is sad that so many MPs seem to disappear by tea-time and so never get to see the work that this House does late into so many nights. There may be many bars where you can find a Member of Parliament, but sadly so few—present company excepted—seem to bother to come to the Bar of this House and find out what it is we really do.

4.15 pm

Yet the other place has done its job. We asked it to think again, and it has—not once, but repeatedly. On five different occasions in recent weeks it has considered giving votes to 16 and 17 year-olds, and on every occasion it has rejected the idea, last week by an increased majority of 50. To me, that seems pretty decisive. Just as we have exercised our right, so the other place has exercised its right: it has clearly made

[LORD DOBBS]
up its mind and decided, which is why I say that we are now in an entirely different bed. If we continue to vote down the elected Commons on a matter of the franchise, it is likely to be seen at least as petulance on our part, and more likely as being partisan and deliberately provocative. What part of a 50-strong Commons majority do we not understand? This House has defeated the elected Government on 69% of all votes in this Parliament—more than two in every three votes we have taken—and now we claim rights over the franchise. We cannot go on down this road.

Lord Cunningham of Felling (Lab): I agree with the last point which the noble Lord made. I do not think your Lordships' House can continue in this way, especially when the report of the Joint Committee on Conventions, *Conventions of the UK Parliament*, was accepted unanimously, including by the Liberal Democrats. Perhaps the noble Lord might reflect that we are coming to the time when this House, on a simple Motion, should be invited to endorse the conventions of the United Kingdom Parliament again.

Lord Dobbs: I am grateful to the noble Lord for that fascinating point. So much has already been said about how we should not be chopping our constitution into pieces in a piecemeal fashion. That is something that I think the whole House, including this side of the House, should consider very carefully.

Do we today want to add weight to the views of those who regard us as unaccountable panjandrums—the unwashed, the unelected? Where will that leave us? It would be like passing around the rope to those who want to hang us. Ultimately, matters of the franchise have to fall within the privileged remit of the Commons, just like matters of finance, as matters for those who have been elected with a duty to decide. In my view, we would be overstretching our rights and certainly overstretching our wisdom if we were to take this matter further. This is one barricade we should not build. I will continue to support the cause of young people, but I cannot support this amendment. The referendum is waiting; we should get on with it.

Lord Pannick (CB): My Lords, there are many reasons for supporting the Government today, all of which were given by the Minister, but I have to say to the noble and learned Baroness, Lady Butler-Sloss, that I do not agree that financial privilege is a reason to support the Government. It is an obscure subject, and I commend to the House the very helpful paper published by Dr Meg Russell and Mr Daniel Gover of the Constitution Unit of UCL in March 2014.

Financial privilege did not prevent the other place from addressing the merits of this House's amendment; equally, the fact that financial privilege was asserted by the House of Commons after the certification by the Speaker does not prevent the noble Baroness, Lady Morgan, from bringing forward her amendment in lieu. It does not prevent this House voting on the merits of the amendment—or, as I see it, its lack of merit.

As I understood him, the Minister accepted that that is the case. The Constitution Unit paper concludes on page 13 that,

"it is not considered contrary to the convention for the Lords to respond to financial privilege with … an amendment in lieu … for as many rounds of ping pong as it wishes".

The normal rules of ping-pong apply. Therefore, financial privilege is a distraction rather than being central to this debate. That is not to dispute the supremacy of the elected Chamber, especially on the issue of the franchise, but that is a different matter. For the reasons given by the Minister, I shall be supporting the Government in the Division Lobby.

Lord Higgins: My Lords, I intervened earlier, and I would like to take up the point I made in that intervention in a moment. I begin by saying a little about the substance of the proposal about votes at 16. I remain of the view, as does my Front Bench, that this is an inappropriate vehicle to carry out such an important constitutional change. The danger is that we have had a precedent of changing the franchise in the Scottish situation, and if we were to persist and succeed on this issue this evening, it would be yet another precedent. That would prejudice a longer-term, overall survey of what we ought to do about the age at which people are entitled to vote.

Having said that, if one looks back to 1969, which is the last time we debated it, on that occasion there was very widespread consultation. If we were to have another Bill on the issue, there would have to be widespread consultation. On this occasion, to the best of my knowledge, there has been virtually no consultation whatever. Back in 1969, when the issue had been widely consulted on, I said to my secretary, "If I get a single letter"—at the time, I had 100 letters or so a day—"asking me to give the vote, I will vote for it". I did not get a single such letter.

Nowadays, we get thousands of emails sent to us. I have not had a single email from someone in this age group saying, "I am a highly intelligent, very politically motivated person", or even, "I voted in the Scottish referendum", and "I would like the vote". I have had no such representation. I believe that this is being generated inside the House itself.

I turn to financial privilege, which has been raised. I totally reject what the noble Lord, Lord Tyler, said: that this is somehow a massive conspiracy suddenly cooked up in the other place to override us, and so on. I do not think that is so. The procedure on financial privilege is well established. As my noble friend Lord Dobbs said, it has been used time and again. The reality is that if the Commons decides to reject something, as it has done very decisively on this issue several times, a committee is sent behind the Chair to look at the reasons why the Commons is rejecting the Lords amendment. That committee sits behind the Chair, it is advised by the clerks and not infrequently comes up with the proposal that it has relied on on this occasion. It is a quite normal process and in no sense a sudden new conspiracy. I am not at all sure about the point made by my noble friend on the Front Bench as to whether that is the only option that that committee has to put forward as a reason. I believe that, if it wished, it could put forward other reasons as well. But, normally, it comes up with a resolution as far as this is concerned.

What is happening is perfectly normal and not, as the noble Lord, Lord Tyler, suggests, in some sense a

conspiracy. As my noble friend said a moment or two ago, we really have to consider very carefully whether it is appropriate to bounce the amendment back yet again. I believe that the answer very clearly is no, because the response that we are going to get at the other end is equally clear—it is going to be to reject whatever amendment the noble Baroness, Lady Morgan of Ely, puts forward. So the sensible course of action is to reject Amendment A1 and accept Amendment A. That would be an appropriate thing to do.

Finally, one might consider why there is such an enormous apparent division on this issue between this House and the other place on the age when it is appropriate to vote. This is not a partisan issue and not something where everyone has clear-cut positions. It is rather curious—but perhaps this House is more expert on grandchildren and the other place is more expert on children. They have clearly taken the view that they do not think that their children should have the vote at the age that is suggested. We should respect that view, go along with the amendment proposed from the government Front Bench and reject that put forward by the noble Baroness, Lady Morgan of Ely.

Lord Kakkar (CB): My Lords, my noble friend Lord Patel will recognise the advice given to all trainees in the craft specialties—that to be a good surgeon one needs to know how to operate and, to be a great surgeon, one needs to learn when to operate. So, too, one might presume that a Second Chamber, certainly one with the powers of your Lordships' House, to be a good Chamber needs to know how to use its powers and to be a great Chamber needs to know when to use its powers for the maximum benefit of our fellow citizens, for the good of this Parliament and for the good of our nation.

We have heard important arguments on financial privilege. I have always understood that it is not the position of your Lordships' House—and it probably has not happened this afternoon—that a decision of the Speaker of the House of Commons is criticised. Those are very important pronouncements, made as part of a considered and long-respected process. It is also difficult to argue that the other place has not considered this matter on a number of occasions and has reached the same conclusion: that at this point it does not wish in this manner to extend the franchise to 16 and 17 year-olds. Most importantly, it is a question of a referendum in a representative democracy. The people of our country send their representatives in the other place and, in that place, on the vast majority of occasions, to exercise their judgment on behalf of those who have sent them. On very few occasions, those elected representatives decide that they must seek the further advice of those who have sent them to the House of Commons by way of a referendum to help to guide the decisions that they will take on serious matters. This is one such occasion, and it seems completely wrong for the unelected but powerful second Chamber to keep on insisting to those seeking the advice of those who have sent them to the other place that the franchise must be changed. It seems completely logical that those who have responsibility in the other place for these matters seek the advice of those who have elected them—that is, the general election parliamentary franchise—and that your Lordships' House, having I think quite rightly previously argued the case for extending the franchise, on this occasion respects the views of the other place and allows this matter to pass.

4.30 pm

Lord Hannay of Chiswick (CB): I speak as one from these Benches who participated in the earlier discussions on the Bill, and my name was on the amendments debated in Committee and on Report which would have permitted 16 and 17 year-old citizens of this country to vote in the EU referendum that will be held before the end of 2017. I have not wavered from that view, even though my name is no longer associated with the amendment that we are now debating. I believe that the issue at stake in this referendum is of a sufficiently fundamental and long-lasting nature to justify the inclusion in the franchise on this occasion of 16 and 17 year-olds. As other speakers have said, the evidence from the Scottish referendum in 2014 supports the contention that that age group is well able to handle the privilege of voting thoughtfully and responsibly.

That said, while this House has the right to ask the other place to think again, it has the duty, in due course, to recognise the primacy in legislative matters of the other House. In this instance, with a substantial majority, we asked it to think again, and as we have been forcefully reminded this evening, it did so and, by a slightly increased majority, again rejected the amendment providing the vote to 16 and 17 year-olds. Had the Bill returned to this House in the normal legislative procedure, I would have supported calling an end to the process.

Unfortunately, the waters have been massively muddied by the frankly rather risible invocation of financial privilege which the Government chose not to waive but rather to endorse. Someone will need to tell me how the authorities in the other place regarded a measure which we rejected some weeks ago, which involved the expenditure of many billions of pounds, as not covered by financial privilege whereas this one, which covers £6 million—and I do not imagine that the Government have underestimated the figure—falls within it.

Lord Elton (Con): It seems that to a lot of noble Lords constitutional language is a foreign language that is not easily understood. I shall put what the Commons have said into English. It is, "You have asked us to think again. We have thought again several times. We are not going to change our minds, so please don't waste any more time".

The Earl of Erroll (CB): Section 3 of Parliament Act 1911 states:

> "Any certificate of the Speaker of the House of Commons given under this Act shall be conclusive for all purposes, and shall not be questioned in any court of law".

That being so, the only amendment we can go back with is one that does not involve any financial element. Otherwise the House of Commons will repeat that statement and the exercise is pointless. I have had amendments turned down on financial privilege over far less money than we are talking about here.

Lord Hannay of Chiswick: I shall continue, but I say to the noble Lord, Lord Elton, that I have agreed with him. I have already stated that if this matter had come back to this House in the normal legislative procedure, without the invocation of financial privilege, I would have supported the Government, so I think I have been very clear on that point.

Financial privilege has been brought into the matter. I regret it very deeply. Frankly, the arguments, as just read out to us, amount to the Red Queen's argument in *Through the Looking-Glass*: "It's so, because I say it's so".

What I think is arising in this debate is a kind of reductio ad absurdum of the use of financial privilege. We have to realise that by that £6 million yardstick, pretty well every piece of legislation that comes to this House could be ruled as being covered by financial privilege. There really are not many pieces of legislation, although I am sure that someone will provide me with chapter and verse if there are, that do not involve a cost as modest as that. That makes it difficult for us because it sets a precedent with far-reaching and damaging implications for the future work and role of this House. That is where I concur entirely with the noble Lord, Lord Cormack. I do not yield to him in any way in his love of this House and his desire that we should be able to do our work properly but, with the best will in the world, and for the reason that I have given about financial privilege, I am afraid that I will not be willing, in these circumstances and for that reason alone, to support the Government if a Division is called.

Lord Wright of Richmond (CB): My Lords, I am sure that I am not alone in thinking that I have now heard sufficient argument so that, if the noble Baroness decides to test the opinion of the House, I am ready to vote.

Lord Faulks: My Lords, that was a short but valuable contribution to the debate. I am very grateful to the noble Lord.

Lord Pearson of Rannoch (UKIP): My Lords—

Noble Lords: Minister!

Lord Faulks: My Lords, this has been an interesting and passionate debate. However, not much has been said about the amendment. I am grateful to the noble Baroness, Lady Morgan of Ely, for setting out the thinking behind the amendment in her name, but I confess that I am somewhat puzzled by it. I appreciate that she has done what she can to minimise the cost to the public purse, but unfortunately this has left the policy in a fairly odd place, as I shall endeavour to explain.

The amendment would entitle those over the age of 16 to take part in the election if they were on the register for parliamentary elections. It goes on to say that steps taken to register eligible persons shall focus on 15 year-olds who will be 16 at the time of the referendum, and shall use low-cost means such as emails. The amendment would not enfranchise all 16 and 17 year-olds; it would enfranchise only those 16 and 17 year-olds eligible to be on the register for parliamentary elections, known as attainers. The formula for working out who is an attainer is surprisingly complex. It is set out in the Representation of the People Act 1983. A young person is eligible to be on the register for parliamentary elections if they will,

"attain voting age before the end of the period of 12 months beginning with the 1st December next following",

the date on which an application for registration is made—that is to say, a person who will turn 18 during the year beginning 1 December following the date of the application.

The practical upshot of this is that there is a significant cohort of 16 year-olds who are not eligible to register for parliamentary elections. Because the legal definition of "attainer", which defines who is eligible to register, is pegged to 1 December, the number of people who can register changes over time, but it means that there is never a period when all 16 year-olds can register, nor is there a period when any 15 year-olds can register. Bizarrely, therefore, the number of 16 and 17 year-olds who could vote would depend upon the date of the referendum. The closer it was to 1 December 2016, the fewer young people could take part—until 2 December, that is, when almost all 16 year-olds would be eligible. For example, a young person whose 16th birthday was on 23 November this year—a date that noble Lords may remember, as your Lordships were debating the Report stage of this Bill—would be able to take part in a referendum held before 1 December 2016, but their friend whose 16th birthday was today, only three weeks later, would not be able to take part in a referendum held before 1 December 2016.

This quirk makes the requirement to focus registration activity on 15 year-olds rather perverse. We would be left in the situation of being legally required to encourage the registration of 15 year-olds, despite there being no legal mechanism to register people aged 15 and despite the fact many people currently aged 15 will not actually be allowed to take part in the referendum. This is not a way to encourage democratic participation. The rules here are complicated because they are not designed to determine who may or may not take part in an election. They are designed to ensure an orderly administration of the electoral register. This is a wholly different thing and in no way suitable as a basis for the franchise.

I have been challenged at various times during the course of this debate on how I would explain a voting age of 18 to a 16 year-old. To turn this on its head, how would one reasonably explain this formula to a young person who would turn 16 shortly before the referendum? They ask the question, "Am I allowed to vote?". The answer would be, "Have you got a moment? I've got an algorithm here, and I may be able to give you an answer in due course". That is not a satisfactory way to make law.

The Government's estimate of the cost of lowering the voting age for the referendum is in excess of £6 million. Most of these costs are created by the need to change the systems to deal with the addition of new young people to the registers, to register those young people, and by the increased activity by counting officers and regional counting officers to accommodate these additional voters. Of course, the noble Baroness's amendment avoids the first two of these costs: no new

people would be entitled to register for the poll, and the registration efforts must be "low-cost". I have already explained that some of this low-cost effort will be expended on 15 year-olds who are not eligible to take part anyway. However, the amendment still expands the franchise and so expands the cost required to run the referendum. Counting officers and regional counting officers will have to take extra actions to accommodate the increased franchise. They will need to print more ballot papers and send additional postal ballots, for example, and the lead campaigners are entitled to a mailshot paid for out of the public purse; clearly, expanding the franchise means printing and sending more material.

The Government estimate that this amendment would cost the taxpayer an additional £2.8 million or £2.9 million, depending on when the poll is held. This figure is made up of the additional costs of running the referendum—printing ballot papers and so forth—and the additional cost of a bigger mailshot for the designated campaigns. There may be further additional costs, such as those relating to awareness raising amongst newly eligible voters, which we have not included in our estimates. Obviously I cannot say whether this infringes financial privilege. That is an assessment carried out by the clerks in another place, under the authority of the Speaker. However, it is clear, with great respect, that in seeking to reduce the cost the noble Baroness has had to make some rather on-the-hoof assessments of the costs.

For the reasons I have endeavoured to outline, the Electoral Commission has advised that it does not support this amendment. The briefing makes very clear that it does not have a policy position on the voting age but that if the voting age is to be changed, this is not a sensible way to go about it. The Electoral Commission notes that,

"only a small proportion of 16-year olds are currently eligible to be included in electoral registers".

The commission is also concerned about the provisions on registration. It wants to be free to use "proven methods" to contact young people, such as by post, and warns that although email is widely used, it is,

"not yet a well-established method of encouraging electoral registration".

The amendment requires a particular focus on registering 15 year-olds, which the Electoral Commission says could,

"lead to a significant proportion of the newly enfranchised group not being targeted".

Clearly, this amendment is a deeply unsatisfactory way to go forwards.

4.45 pm

In conclusion, the role of this House is to scrutinise and revise legislation, to make amendments and to ask the other place to think again. I remind noble Lords that on many issues the other place has thought again. Indeed, I refer your Lordships to what was said by my honourable friend John Penrose. In introducing Clause 2 and the amendments, he said about the House of Lords that,

"I should begin by paying tribute to",

the House of Lords,

"for their diligent and considered approach. For the most part, their scrutiny has been fruitful, and the Bill returns to the Commons improved in a great many ways".—[*Official Report*, Commons, 8/12/15; col. 865.]

The House made changes on a wide range of issues, including: the provision of information to the public; the designation of just one lead campaigner; the rules around donations and loans; putting a 10-week minimum referendum period on the face of the Bill; and other, more technical recommendations of the Delegated Powers and Regulatory Reform Committee. On every occasion, the Government and the other place stopped, listened to the arguments and did everything possible to accommodate the changes proposed.

This Chamber sent 46 amendments to the other place and only one has returned, so noble Lords cannot suggest that the Government have failed to listen. However, on this one issue when this House asked the other place to think again, the other place declined to change its position. Indeed, it has divided on the question of the voting age in one context or another five times since the Government were elected. Consistently, the other place has decided that the voting age should remain as it is. There can be very few issues on which the elected House has expressed such a clear view quite so many times in the short period that we have been in government. We should respect that decision. Debate and disagreement between the Chambers is a natural part of our system, but repeated stand-offs between the two Chambers are not good for the democratic process.

This is not a coherent amendment, and that, of itself, is a reason for rejecting it. However, I believe that the vast majority of your Lordships will be concerned for the reputation of this House. By gracefully accepting our limitations, that reputation will be enhanced. This is not the way to make law. We should accept what the other place has so clearly said.

Baroness Morgan of Ely: My Lords, we believe that we have challenged the question of the cost of the amendment. We also believe that our focus on targeting 15 year-old attainers does not preclude the targeting—through, in particular, work in schools—of 16 year-olds who currently do not come under the definition of attainers.

I make it clear to the noble Lord, Lord Kakkar, that the decision of the Speaker and the Clerk is not being questioned. However, we continue to want an answer on the issues of transparency and the minimum thresholds for when financial privilege, which can and will severely curtail the power of this Chamber, can be invoked. However, we accept the point made by the noble Lord, Lord Pannick, that this does not stop this House dealing with the merits of the amendment. We believe that there is an appetite in the country for the young to become more engaged in political debate. We believe that they are more equipped than any generation in history to become involved at the age of 16 in determining the future direction of their nation.

Young people are the future of this country. This is their one chance to have a say in the country's relationship with the EU. It is an exceptional vote. We need to reach out to a new generation of voters to demonstrate to them that we have faith in them and that we respect

[Baroness Morgan of Ely]
their opinions. We have not been convinced by the arguments put forward by the Minister and we therefore wish to test the opinion of the House.

4.50 pm

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Motion A agreed.

Welfare Reform and Work Bill

Committee (3rd Day)

5.07 pm

Relevant document: 13th Report from the Delegated Powers Committee

Amendment 57

Moved by ***Baroness Lister of Burtersett***

57: After Clause 15, insert the following new Clause—

"Review of application of sanctions

(1) The Secretary of State must, before the end of the financial year ending 31 March 2016, provide for a full and independent review of the sanctions regimes attached to working-age benefits, including but not limited to jobseeker's allowance, employment and support allowance and income support, to determine whether they are an effective and proportionate means of meeting the Government's objectives.

(2) The terms of reference for the review must include consideration of—

(a) the application of sanctions to lone parents with dependent children;

(b) the application of sanctions to claimants who are disabled;

(c) the effectiveness of sanctions in moving claimants into sustained work; and

(d) any other matters which the Secretary of State considers relevant."

Baroness Lister of Burtersett (Lab): My Lords, I speak to Amendment 57, tabled in my name and that of my noble friend Lord McKenzie of Luton, and with the support of the noble Earl, Lord Listowel, and the noble Baroness, Lady Manzoor. Its purpose is to provide for a full, independent review of the operation of the sanctions regime, to determine the effectiveness of sanctions in moving claimants into sustained work as well as any adverse impact on particular groups. It echoes a recommendation made twice by the Work and Pensions Committee but rejected by the Government.

The Government gave three main reasons for rejection in response to the committee's recent report on sanctions. First, they wanted the improvements already made to bed in. Welcome as the improvements may be, they do not meet all recommendations from either the committee or the earlier Oakley review. There is evidence from many quarters that problems persist. Secondly, the Government argue that international evidence is clear that benefit regimes tied to conditionality get people into work. Last week the noble Baroness, Lady Meacher, pointed to how the international evidence is not unequivocally in support of the value of sanctions and getting people into sustained work and achieving positive, longer-term outcomes. In any case, I do not see the relevance to the case for a review of this sanctions regime. Similarly, the Government point to wide agreement that sanctions play a vital role in supporting conditionality—up to a point, provided they are,

"applied appropriately, fairly and proportionately",

to quote the Work and Pensions Committee. But the whole point is that few agree that they are. That is why we need an independent review that goes beyond the narrow remit of the Oakley review, helpful as that was.

Last week the noble Lord, Lord Kirkwood of Kirkhope, referred to the toxic effect of sanctions. The noble Baroness, Lady Meacher, cited some of the evidence, drawing on her experience as a member of the Fawcett inquiry into the impact on women, particularly lone mothers, rather spoiling the rosy picture painted by the Minister on Wednesday night.

There is also evidence from a wide range of organisations, such as Gingerbread, Citizens Advice and local advice agencies, including an Advice Nottingham report I helped to launch the other day. More evidence has emerged since our last sitting from the All-Party Parliamentary Group on Hunger and Food Poverty, in the foreword to which the most reverend Primate the Archbishop of Canterbury expressed shock at sanctions' contribution to widespread hunger and reliance on food banks; and from Crisis, which published a study from Sheffield Hallam University that found that sanctions were leading to homelessness and exacerbating the situation of those already homeless, particularly those with mental health problems. I do not have time to document this evidence, but I want to interrogate some of the department's responses to the Work and Pensions Committee's recommendations, drawing on an analysis by Dr David Webster of Glasgow University, to whom I am indebted, as I am for his regular analysis of the sanctions statistics. I am glad to say that these show some improvement recently, but the rate remains well above the pre-2010 rate.

The response to the committee's report was perhaps spun to give the impression that it had conceded rather more than it had. In particular, what was dubbed acceptance of a yellow-card system looks more like a deferred red card to allow for representations to the referee. I am sure my colleagues know that I do not normally draw on football metaphors. The recommendation was that the:

"DWP pilot pre-sanction written warnings and non-financial sanctions",

for first-time incidents of non-compliance. The response was to,

"trial arrangements whereby claimants are given a warning of our intention to sanction, and a 14-day period to provide evidence of good reason before the decision to sanction is made",

and to,

"provide further evidence to explain their non-compliance".

That is a welcome improvement but I am sure noble Lords can spot the difference. Indeed, the noble Lord, Lord Freud, himself, in a previous role, called for first-time non-compliance to be met with a written warning rather than a sanction. The Oakley review called for the trial of non-financial sanctions for first-time failures. SSAC, too, favours such an approach.

In eliding it with a recommendation for an independent review, the department also rejected without explanation the call for an evaluation of the efficacy and impact of the four-week minimum sanction period under the 2012 Act, compared with a minimum period of one week. Perhaps we could have an explanation now.

The current chair of the Work and Pensions Committee has written to the Secretary of State to express his disappointment at the refusal to accept the recommendation on monitoring the destination of sanctioned claimants. As he argues:

"Monitoring employment outcomes is surely fundamental to understanding … the ultimate aim of getting claimants back into work and out of poverty".

The Secretary of State's response to this crucial recommendation referred simply to quality-assuring universal credit statistics, with a reference to other unspecified factors that might affect claimant destinations, which was not very encouraging. Surely the department wants to know whether sanctions are moving claimants into sustained work and what happens when they are not. The Crisis study found that, perversely, sanctions were pushing some of those affected further from the labour market and that homelessness service users were begging, borrowing and stealing to meet their daily need. Indeed, some actually said that they were trying to get put into jail because it would be better than destitution. Surely the department wants to know the impact on the health and well-being of those sanctioned and their families, which, again, the Crisis study and others have shown can be very negative.

These are all issues that an independent review would address and that I really believe that the department itself surely wants to know the answer to.

5.15 pm

I will finish by putting a human face on the operation of sanctions. I recently co-hosted with my noble friend Lord Beecham the presentation of a report, *Our Lives: Challenging Attitudes to Poverty in 2015*, which recounted 20 true stories, illustrating the damaging effects of previous social security reform and the endurance and efforts to survive of the people affected. One of the women whose stories were told, called Sally in the report, spoke at the meeting, which was also addressed by the right reverend Prelate the Bishop of Truro. People were very moved by her account of how her disabled son, who lived with her, was sanctioned. It is a shame that the Minister could not hear her, so I am enabling him—and her—to hear an edited version now.

Sally's son had had extensive back surgery, which limited him in what he could do. He was forced to leave college in order to sign on. She explained that,

"once on JSA, Chris had no consideration shown for his condition, but was bullied and pressured and put down, judged. He was sent for jobs he could not do because of his back. The disability adviser was the same and no help. On the way to an appointment at the back to work scheme provider, his bus was held up with a number of roadworks and with no credit on his phone, he panicked. He arrived 10 minutes late and signed in at reception. The adviser sat glaring at Chris for a while as she typed away, before walking over to him and going at him verbally abusing him including a threat of a sanction. When the sanction happened I couldn't believe it. In tears I asked an adviser what am I meant to do, chuck him out? She told me, 'Fine, let us know when you've done it because we need to update the change of circumstances'. It was soul destroying. I had to support him on my benefits. I felt disrespected. They showed such callous, unfeeling indifference. In shock and shame and embarrassment, I went to a church food bank, their humanity and kindness and awareness of the huge struggles we all face made me weep. I still keep in touch with them.

Seven months later at the tribunal the papers clearly showed the adviser had lied [a regional manager of the work scheme provider had accepted that Chris should not have been sanctioned as he signed on but was just a bit late]. I felt sick to my stomach and really disturbed the whole time and I hated the politicians who spoke on the telly who strongly maintain that sanctions are rare, that it's a last resort".

She praised the tribunal and the food bank and finished by observing, "There but for the grace of God go any one of us in need". Afterwards, when I asked her if I could have her speaking notes, because I said to her that I wanted to try to relay what she said to this House, she added—she said, "Please say this", although she did not want to say it herself in the meeting—that her son had said to her at one point, "If it wasn't for you, Mum, I'd throw myself on the tracks and kill myself". This is what this inhumane system is doing to people. Its operation must be reviewed. I beg to move.

The Earl of Listowel (CB): My Lords, I attached my name to this amendment because in past experiences of working with young people in hostels, I have often seen how the administrative machine makes mistakes and causes young people such hardship. On Friday I visited the First Love Foundation food bank in Poplar. I spoke with young people and families asking for help from the foundation. I heard that often, because of mistakes in sanctions, or because of sanctions, children were going hungry. I was also told of the case of a man who would be sanctioned if he failed to finish a course he was on, but who would also be sanctioned if he failed to attend the other course he was supposed to be doing. He was put in an impossible situation. This amendment is a reasonable request to make of the Government and I hope the Minister will accept it.

Baroness Manzoor (LD): I accept everything the noble Baroness, Lady Lister, and the noble Earl, Lord Listowel, have said. The last time this Committee sat, noble Lords touched on the question of how we can learn lessons if we do not put reviews in place. If we do not review sanctions, how will the Government assess whether they have been effective or whether they can be adjusted to get people back into work? That is surely what it is about and why sanctions have been put there in the first place. We must have an independent review and I hope the Minister will look seriously at this issue.

Lord Hodgson of Astley Abbotts (Con): My Lords, I do not object to reviews in principle. I have done some for the Government and I am now doing the official review of Part 2 of the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act, which covers the impact on non-party political campaigning. They have a useful role and, in light of the work I have done for the Government, it would be strange if I objected in principle to what the noble Baroness and the other noble Lords proposing these amendments are saying. I leave aside the question of whether there is a real purpose here: the noble Baroness rather disregarded the Oakley review and other things as being of little value. If reviews are to have worthwhile purposes, they need to meet certain tests. Other noble Lords will have their own tests, but I will share three with the Committee this afternoon.

First is the question of timing. The full impact of legislation takes time to emerge. In these circumstances, we are obviously seeking to change people's behaviour. Their first reaction may not be their last and further reactions—good or bad—may emerge over the months and years after the legislation comes into effect. The amendment suggests 31 March 2016 as the date by which the review must be set up into whether sanctions are an

"effective and proportionate means of meeting the Government's objectives".

I doubt whether it is possible to adhere to that timescale and reach meaningful outcomes, given the complexity of the subjects we are discussing and the likely evolution of events and behaviours. I am therefore concerned about the timing.

The second question is about the remit, which is too narrow. Each statute contains a number of pieces, as in a jigsaw. If one piece of the jigsaw is moved, all the other pieces have to move as well. The amendment looks at just one piece and does not pay enough attention to the wider implications, strategic aims and objectives of the Bill as a whole. Its benefits and value suffer as a result of its proposers making it so narrow.

The third question is the terms of the review. To be worth while, a review has to be reasonably even-handed as it sets out. I notice that the word "sanctions" is used

[Lord Hodgson of Astley Abbotts]
four times in the amendment. By no stretch of the imagination can "sanctions" be said to be a neutral word: it is a pejorative term. The review sets out with these terms in order to arrive at, and find, a particular outcome.

Baroness Hollis of Heigham (Lab): My Lords, does the noble Lord not agree that the word "sanctions" is employed in my noble friend's amendment because that is the word the Government choose to use?

Lord Hodgson of Astley Abbotts: In these circumstances, a word such as "provisions" would be a better and more even-handed way of looking at the measure.

From my point of view, the timing proposed in the amendment is too soon, the remit is too narrow and the terms of reference are designed to achieve only one result. Therefore, I hope that my noble friend will reject it.

Lord Beecham (Lab): My Lords, I also have a slight reservation about my noble friend's amendment, but it is not the kind of semantic quibble which the noble Lord has just advanced, if I might term it that way. I would like to see the review of the out-of-work benefits regime and sanctions, which she rightly calls for, extended to certain other aspects of the welfare system as it is now operating.

In debates in your Lordships' House, I have referred before to the area in Newcastle I represent as a councillor. It is a ward in the west end of the city with high levels of deprivation and a life expectancy 12 years lower than that of the area where I live, some 12 minutes' drive away. The ward has six primary schools, two of which are Roman Catholic schools. All the schools, together with the Excelsior Academy, founded by a Conservative philanthropist, provide breakfast clubs for their pupils. The ward is served by the largest food bank in the country and poverty is a very real local issue.

On 26 November, I was contacted by a constituent, a single parent with two very young children, whose child tax credit payments had been stopped for eight weeks. The family was left with £33 a week child benefit and £117 a fortnight income support. The children's milk tokens had also been stopped, and formula milk needed by one child who suffers from asthma could no longer be afforded. The parent of these children could not top up the gas meter, when required, to the usual extent.

Concentrix, the firm dealing with my constituent under contract to HMRC, had initially stated that it would take six weeks to check the eligibility for child tax credits. I forwarded the details and my reply to the constituent to the local Member of Parliament, and advised my constituent that I had done so and would also endeavour to take up the matter with the Minister. However, three days later, on 1 December, I was again contacted by my constituent, who told me that a further telephone conversation had taken place with Concentrix. The initial response—now nine weeks after payments ceased—was that inquiries were ongoing. A request was then made to speak to a supervisor. Initially, that led only to an assertion by the supervisor that the mandatory reconsideration was being carried out by another department which did not accept calls from claimants. However, after it was said in the course of this telephone conversation that the local Member of Parliament had been informed about the case, the problem was miraculously resolved and payments immediately resumed, even though for weeks Concentrix had claimed that this could not be done by the department to which the calls had been made.

This sorry saga raises serious questions about the administration of the child tax credit system in general, and by Concentrix in particular. Of course, it is right that claims should be validated, but your Lordships might think that even six weeks seems like a long time for payments to be suspended, let alone the nine weeks which had elapsed in this case and the even longer period which, but for the mention of the Member of Parliament, would otherwise have ensued.

There are also issues about the approach taken by Concentrix in dealing with the matter, not just the length of time taken. This US-owned company, another beneficiary of the passion for outsourcing these services, was featured in an article in the *Independent* in February. Staff claimed they were under pressure to start 40 or 50 inquiries a day into possibly fraudulent claims without any initial cause. In effect, they were asked to fish for fraud. As of August, the Mumsnet website carried 91 cases of applicants complaining about how they felt intimidated by the company's approach and its demands, for example, for original documentation such as bank statements, rent payments or catalogue, fuel and other bills, which were often prefaced by unsubstantiated and false assertions that claimants were not lone parents but were living with someone.

All of this is symptomatic of a deeply troubling approach to an important component of our welfare system, or, as I prefer to characterise it, our system of social security, which in so many ways the provisions of this Bill threaten to undermine.

A week last Friday, I watched a recording of JB Priestley's powerful and moving play "An Inspector Calls", set more than a century ago, which deals with the tragic history of a young woman driven to suicide by poverty and the withholding of what was then known as poor relief. I am not, of course, suggesting that we are in a similar position today or that this Bill, however imperfect, will take us back there. But I believe it is time for an inspector to call not only on Concentrix but on HMRC, the department and the Government as a whole to review not just how the system is administered, but the implications for those in need of the policies embodied in this Bill.

5.30 pm

I have already tabled a Written Question to the Minister to ask specifically about Concentrix. The question, which the noble Lord will no doubt be answering shortly in written form, so I do not expect him to answer it today, was:

"To ask … what provisions the contract with Concentrix regarding child tax credits and other benefits makes concerning the time within which decisions must be made about the eligibility for such benefits once they have been withdrawn, and … how the company has performed against any such requirements in respect of the number of cases in which that period has been exceeded".

This is but one example of the potentially serious problems posed to people in dire circumstances by a

system which relies on a commercial organisation performing what ought to be a public service as if it was a routine exercise under which it seeks to find, expose and penalise people who abuse the system, but in a way which causes distress and worse to people who are quite innocent of any such charge and who will be denied benefits, even for a period of weeks, before a decision is made.

In addition to the serious matters raised by my noble friend Lady Lister about sanctions in a slightly different context, I urge the Government to look very seriously at reviewing the operation of this system and, in particular, the operation of the company administering it, admittedly not on behalf of the Department for Work and Pensions but on behalf of HMRC.

Lord Kirkwood of Kirkhope (LD): My Lords, perhaps I may make two points on this very important subject, which will become more important as universal credit comes to be rolled out. That will happen significantly over the coming months and it is causing fear and anxiety that the sanctions regime, which at the moment affects individual benefits, as colleagues know, will start to be applied on a much wider scale on a wrapper which contains within it six benefits. The stakes are therefore a lot higher and, as I said last week and as the noble Baroness, Lady Lister, mentioned, I am getting strong signals that people are worried about universal credit, in a way that I hoped they would not be because of the extra 1 million people who will be embraced on full rollout. In steady state, universal credit will bring that new degree of conditionality, so we need to be careful to answer some of the questions that have been raised.

Some of the casework that we have heard about obviously needs to be thoroughly investigated, and we need to try to deal with that as much as we can. However, the issue for me is about working with interest groups, such as Gingerbread and others, to try to bridge the gulf—and it is a gulf at the moment—with what the Government say is actually happening. The noble Baroness, Lady Evans, did a valiant job against the clock last week in trying to set out what the Government believe to be the circumstances. I would just report that that explanation, while done in good faith, was met with incredulity by some of the specialists working in this field. It may be that they are dealing with families which are predisposed to the risk of the sanction effect, particularly in the lone-parent client category. But we really need to try to bridge the gap between what the Government think is happening and what the pressure groups, which we have all worked with for years and whose judgment I trust, feel is happening before universal credit gets too much further rolled out.

I am in favour of a review of the generic kind suggested by the noble Baroness, Lady Lister. Speaking for myself, what really needs to happen concerns decision-makers, particularly skilled and experienced decision-makers. The problem is that the people who I get access to in Jobcentre Plus offices are more likely to be experienced because, if I was the departmental manager, I would want visitors such as me to see experienced hands and I have been doing that for a long while, so I have factored that in. I am presupposing that the training and guidance have been rolled out properly; the departmental expenditure limit makes that harder and harder but the explanation of the noble Lord, Lord Freud, last week, which I accepted, was that you can front-load the staff because you save money on administration with the technology. But I am absolutely convinced that these decision-makers with experience are skilled and savvy enough to know whether a case in front of them is missing essential evidence. I do not think that they have enough discretion at the moment about freezing the application until they are satisfied that they have the information in front of them.

The trouble is that these cases are visited on them through the technology system, so they are not able to see the case all the way through in the way that case officers could in the old days. Jobs get passed around the system, which is technologically clever and efficient, but that deprives the decision-makers of being able to say "Look, there's something missing here. I want this attended to, and within two weeks I need this other information. If it is absent, their sanction will be applied but if we can find it, I'd be much happier". I do not think that that flexibility exists.

I know that the guidance is all online and people can see it, and that it all makes sense when read in a cold situation. But in a hot family situation, an experienced decision-maker should be given more latitude in looking at the papers which they have and estimating what other evidence, which because of their experience is likely to exist somewhere else, would make a difference. That would save a lot of money in successful appeals, which would be spawned once the evidence was received, and make the client's experience a whole lot better. There are things that could and should be done, but my plea, as it is all through the Bill, is that we have to get these things straightened out to the best of our possible ability before universal credit is rolled out to 7.7 million households across the country by 2020 or thereabouts.

Baroness Hollis of Heigham: My Lords, I would like to ask the Minister a question. Concerns have been expressed to me by legal advice centres and the local equivalents of CABs and so on. Anybody who is threatened with a sanction can obviously appeal or ask for a second opinion, and that would then go to an independent decision-maker. How long will that independent decision-maker take to arrive at their judgment? The advice I have been getting is that that is where it is being held up and that there are sometimes waits of six, eight, 10 or 12 weeks before a decision is made. As a result, there is a long queue for the independent decision-maker.

However, you cannot go to appeal, where the original decision may quite possibly be overturned, until it has been reviewed by the independent decision-maker. I am in favour of the department reviewing its own internal decision-making before we go through to the tribunal appeal process, but only if that is done speedily and competently, as well as fairly. Can we be reminded of those statistics, because I am advised in case after case that it is being used as a narrow gateway? It puts a lot of delay in and doubles the difficulties of the sanction procedure.

[Baroness Hollis of Heigham]

Then there is an entirely different question, not connected with that at all, which goes back to the Minister's words towards the end of the last Committee day on work conditionality and sanctions and on the preparation for work interviews for those with a toddler aged two years or more—although the requirement to work does not bite until the toddler is three. Are people required to attend such work interviews or work preparation without their toddler? Consider a situation in which a lone parent has recently had to move, perhaps six months before, from a privately rented, mouldy property on an insecure tenancy to another property, and there is no support system in place. The little two year-old boy still does not speak, although he perhaps has the beginnings of a bit a temper. That child still needs to be fed and to have his nappies changed, but there is no local support network in place and the little boy has never been looked after by anyone other than his mother. Given that we are not talking about a work placement or continuous employment, as would happen when that toddler is three years old, but about attending, often on quite short notice, a work interview or work preparation training, may I have the Minister's assurance that the lone parent may bring her two year-old toddler with her? In that case, are the jobcentres appropriately staffed and do they have provision for nappy-changing facilities and the like for such small infants?

The Earl of Listowel: May I correct something I said earlier? On my visit to the food bank in Tower Hamlets on Friday, the principal reasons given for people coming to food banks were mistakes in benefits and their own lack of knowledge about their entitlements; it was not to do with sanctions brought against them. I have checked my notes and apologise for my mistake.

Lord McKenzie of Luton (Lab): My Lords, I speak enthusiastically in support of Amendment 57, moved with her customary precision and passion by my noble friend Lady Lister. I am pleased that it also has the support of the noble Earl, Lord Listowel, the noble Baroness, Lady Manzoor, my noble friend Lord Beecham, and the noble Lord, Lord Kirkwood, with his particular focus on getting these things sorted out before we get fully into universal credit.

The amendment seeks a full and independent review of sanctions attached to working age benefits, with particular reference to their application to lone parents and disabled claimants. The review should also focus on the effectiveness of sanctions in moving claimants into sustained work. The noble Lord, Lord Hodgson of Astley Abbotts, posed three tests for a review, based on timing, remit and even-handed terminology. I think that we have established that the terminology involved is that which the department itself uses. On timing, the issue here is that the hardship and detriment people are suffering because of the sanctions regime is happening to them now. They do not have the time to wait for a fuller, more extended review. On the remit, I doubt whether my noble friend would have great problems in seeing that expanded. We would be interested to know quite how much further detail the noble Lord wants.

The proposition follows a call from the House of Commons DWP Committee in its March 2015 report, referred to by my noble friend. We know the call has been rejected, but we hope that this debate will help the Government to change their mind. This is of course inextricably linked to conditionality issues, which we debated at some length on Wednesday. We can agree that conditionality has long been a component of social safety nets and needs a system to support compliance. But as the amendment makes clear, as did my noble friend in moving it, the system should be applied appropriately, fairly and proportionately, and with a clear focus on improving sustained employment outcomes. It should not be seen as a substitute for effective support to help individuals back into work.

We support the approach that says that the design and application of sanctions need to be considered alongside conditionality and employment support. The three go together. The coalition Government initiated the Oakley review, although as we have heard it was narrow in its remit. It focused on JSA claimants and back to work programmes, but the number of sanctions overwhelmingly associated with the Work Programme represented only some one-third of the total JSA sanctions in 2013.

5.45 pm

So why a review now? There are a number of compelling reasons. The sanctions system was made significantly more onerous in the 2012 welfare reform legislation, with the higher-level sanctions potentially extended to three years. Perhaps the Minister can tell us how many three-year sanctions have been applied. Your Lordships will recall that at the time we were told there would only be a handful. How many have there been? We have JSA sanction levels amounting to 100% of the benefit, and there is a high threshold for access to hardship payments. There has been an unprecedented use of sanctions in recent years, with 6% of all claimants on JSA being sanctioned every month. In the space of less than three years, from October 2012 to 31 March 2015, 971,000 individual JSA claimants have been sanctioned—a truly staggering number.

There is concern that the sanctions system is actually discouraging claimants from staying on benefits. The share of the unemployed who are not claiming JSA continues to rise, meaning that such individuals not only are receiving no financial support but are not receiving any support to get back into work. It is also a matter of concern that a growing number of sanctions are being applied to people who have a health condition that limits their ability to work. The experience of ESA claimants appears to be overwhelmingly negative. Being sanctioned was found to have a series of so-called unintended consequences, pushing individuals into debt and hunger, straining relationships and exacerbating mental health problems.

There is evidence that young people are being disproportionately sanctioned. A report from Sheffield Hallam University, commissioned by Crisis, referred to an emerging evidence base that homeless service users are disproportionately affected by sanctions. They may be twice as likely to be sanctioned as the wider claimant population and this can be due to systemic and personal barriers rather than an unwillingness to comply.

There is also a series of horror stories that are received routinely in the postbags of MPs—reference to which was made when this issue was debated in another place. Specific cases were raised in your Lordships' House last week and again today, including the harrowing examples given by my noble friends Lady Lister and Lord Beecham. There are always dangers in extrapolating from a few high-profile issues but the breadth of these examples is truly troubling. At the extreme, there are circumstances involving the suicide of claimants, and the department's case for rejecting information about the circumstances where the claimant was subject to a benefit sanction is, frankly, pretty thin. Policy changes from such incidents are a proper area of inquiry.

There is also concern about the quality of some of the information emanating from the DWP on sanctions statistics. A leaflet had to be withdrawn because of manufactured comments. Changes to the way statistics are presented, as we have heard, have been recommended by the UK Statistics Authority following representations from Frank Field MP in his role as chair of the Select Committee. These touched upon multiple sanctions, where he pointed out that, for the application of more than a million low to intermediate sanctions and 137,000 decisions to apply high-level sanctions, there was no way of knowing for how long individuals had been without money. He also expressed concern about what happens to claimants once they have been sanctioned. What data does the Minister have which can help us on this point?

Prompted by Dr David Webster of Glasgow University, who we have heard about, the UK Statistics Authority is to write to the DWP—it may have done already—with a range of recommendations in an endeavour to obtain further clarity on what is actually happening on sanctions. This will include recommendations on repeat sanctions and hardship payments—at least a start to lifting the veil.

My noble friend has done us a service by bringing forward this issue. Given the pivotal role that sanctions are designed to play in helping deliver full employment and make progress in halving the disability employment gap, we need to be assured that the system is fit for purpose. An independent review must assist at this time. As my noble friend said, surely it is in the department's interest to know, as well.

Baroness Evans of Bowes Park (Con): My Lords, the amendment, moved by the noble Baroness, Lady Lister, and supported by the noble Baroness, Lady Manzoor, the noble Lord, Lord McKenzie, and the noble Earl, Lord Listowel, would put into statute an independent review of the sanctions system. However, we are not sure that that is necessary, as the Government already keep the operation of the sanctions system under constant review to ensure that it continues to function fairly and effectively.

There is clear evidence that sanctions are effective with more than 70% of JSA and more than 60% of ESA recipients saying that sanctions make it more likely that they will follow the rules, but, where we identify that there is an issue, we act to put it right. This is clearly shown in the improvements already made to the JSA and ESA sanction system following the recommendations of Matthew Oakley's independent review last year. However, as I said, we do not stop reviewing the process to ensure that it is fair and effective. That is why we have accepted, or accepted in principle, many of the recommendations made by the Work and Pensions Select Committee's recent report into sanctions.

The chair of the Work and Pensions Select Committee, the right honourable Member for Birkenhead, has welcomed our response and our willingness to work with the committee to ensure that the conditionality system works as it should. In our response to the committee, we announced that we will trial a sanctions warning system giving claimants a further two weeks to provide evidence of good reason before a decision is made. We believe that this will help to strike the right balance between conditionality and fairness.

I can confirm to the House that it is our intention that the trial will operate in Scotland from March 2016, running for approximately five months. A full evaluation of the trial will be undertaken, and findings will be available from autumn 2016.

The noble Baroness, Lady Lister, asked about the monitoring of the destinations of section claimants. DWP officials are currently quality-assuring the data for universal credit official statistics. As part of this review process, we will carefully consider the option of including destination data. We are not yet in a position to confirm which statistics will be provided in future.

We are also considering extending the list of JSA vulnerable groups for hardship payment purposes to include those with mental health conditions and those who are homeless. This will mean that these claimants can receive hardship payments from day one of their sanction, provided that they also meet the other criteria.

The noble Baroness, Lady Lister, also asked about sections being applied fairly. Any decision to sanction a claimant is not taken lightly, and there is a full and proper process that includes the claimant from the start. At the start of the claim, as noble Lords will know, all claimants receive a tailored claimant commitment, and the requirements take into account mental health conditions, disabilities or caring responsibilities. Any failure to meet a requirement is always thoroughly considered and claimants are given the opportunity to provide good reason for not complying before any decision to sanction is made by the decision-maker, but I will need to come back to the noble Baroness, Lady Hollis, on the timescales that she asked about, because I do not have that information to hand.

The noble Baroness, Lady Lister, also mentioned the Crisis report. We absolutely understand that homelessness is a complex issue, and our priority is to ensure that individuals affected get the right support. That is why we have made more than £1 billion available to prevent and tackle homelessness and support vulnerable households since 2010, and we will continue to work closely with organisations such as Crisis to make sure that support is provided where it is needed most.

On the question of the noble Baroness, Lady Hollis, about lone parents being required to come to jobcentres without a toddler, no, requirements to attend appointments at the jobcentre should be tailored to take into account individual claimants' caring responsibilities, and work coaches should be able to help to make appropriate

[Baroness Evans of Bowes Park]
arrangements, including helping to arrange appointments around childcare. I cannot speak about the range of facilities within jobcentres, but it is within the gift of the work coaches to be flexible in working with lone parents.

Baroness Hollis of Heigham: So I have the Minister's assurance that any lone parent who turns up with a toddler in tow will not as a result be sanctioned?

Baroness Evans of Bowes Park: I have already said that I cannot speak to all the facilities, but as I am writing to the noble Baroness on a previous issue I will include that in that response.

It is important that we focus on ensuring that all the agreed recommendations proposed by the Work and Pensions Select Committee are delivered and can be embedded in the design and delivery of universal credit. To clarify for the noble Lord, Lord Kirkwood, I say that universal credit sanctions are just on the standard element, not on the whole amount. We believe that a call for a further independent review is unnecessary to embed this in legislation.

Lord Kirkwood of Kirkhope: The noble Baroness said earlier that a pilot was being mounted in Scotland for five months. Is that for all of Scotland, or just individual areas within Scotland? I would be surprised if it was Scotland-wide.

Baroness Evans of Bowes Park: No, it will be within a particular region of Scotland.

Sanctions play an important part in the labour market, encouraging people to comply with conditions which help them move into work. We want the sanctions system to be clear, fair and effective in promoting positive behaviours and we will continue to keep it under review so that it meets its aims, but also to ensure that it is flexibly delivered, as noble Lords said.

The noble Lord, Lord McKenzie, asked about sanctions statistics. We will look carefully at the point raised and consider what further information is useful to inform public debate. We have made a start on this, and our statistical releases now include additional information on sanctions.

Lord McKenzie of Luton: Can the noble Baroness deal specifically with the issue of how many, if any, three-year sanctions there have been?

Baroness Evans of Bowes Park: JSA sanctions continue to decrease, and the JSA monthly sanctions rate has slightly fallen—by 15%—over the past year. Each month, on average, 95% of JSA claimants comply with the reasonable requirements placed on them. On average, 5% of JSA claimants were sanctioned each month of last year. We can provide those figures; I will write to the noble Lord.

The noble Lord, Lord Kirkwood, asked about the gulf between the department and what charities say about sanctions. I can only attempt to reassure him that officials are working closely with charities to investigate concerns. For instance, we have worked closely with Crisis and Gingerbread on improving communicating sanctions and will continue to do so. I will take the issues raised by the noble Lord, Lord Beecham, back to the department, because I do not have some of the more detailed information that he was asking about.

On the basis of those responses, I hope that the noble Baroness will withdraw her amendment.

Baroness Hollis of Heigham: I realise that this is a sensitive issue, but the amendment in the name of my noble friend has been tabled for some time on sanctions, time, efficaciousness and the need for a review. I would have expected in the Minister's brief the detail of how many sanctions for how long, how long the decision-making is taking, the number of people going through as a result to appeal, and the results of the appeals. I would have expected two or three pages in her brief giving her the statistical detail which would empower her to answer many of the questions which, understandably, she is taking away today. I am surprised at that, because the amendment has been tabled for some time. The department will have the statistics, and they should have been made available to us in Committee, so that we have that material here today before we consider what we—and my noble friend in particular—may or may not do at Report.

I am in no sense criticising the Minister, but Ministers are coming to this House woefully underprepared with the information they need, which is of a detailed sort, to deal with the amendments being discussed. Members on the Opposition Benches have a right to expect Ministers to have that at their fingertips.

The Minister of State, Department for Work and Pensions (Lord Freud) (Con): My Lords, that was an unnecessary intervention. Most of the information that was asked for is available on public websites—in particular, on the question about the three-year sanctions. I will ensure that noble Lords have the address of that website to check.

Baroness Hollis of Heigham: It should not be a question of going to a website. If a question is asked on the Floor of the House, and it is on a website, I would expect the Minister to have that detail in the briefing from the Box. That is their function—that is their job. I do not blame or criticise the Minister in any respect, but I would have expected a higher level of appropriate technical briefing for her, with which to equip her to answer what are obviously technical questions.

6 pm

The Earl of Listowel: My Lords, I thank the Minister for her response on vulnerable groups, the mentally ill and others. Perhaps in the letter that the noble Lord has kindly offered to send me on care leavers, he can confirm that care leavers were flagged up in the welfare system and will get this special consideration before any sanction is made on them—and whether he might consider extending that. Currently, if a care leaver is participating in work or education, up to the age of 25, they are flagged up in the DWP system and special measures can be taken for them—but if they are not doing that, they do not get that support; it finishes at

the age of 21. So 21 to 25 year-olds not in education or training are missing out. I encourage the Government to think about extending the kind of considerations to vulnerable groups that she was just describing to care leavers who are not in education or training but who would be called care-experienced adults. In a sense, they are the most vulnerable, because they are not in education or training but have been in care and face all the difficulties. I am sorry to speak for so long—but in that letter, I would appreciate some comments on that.

Baroness Lister of Burtersett: I am very grateful to noble Lords who have spoken, particularly those who spoke in support of the amendment. The noble Lord, Lord Kirkwood, made the very important point that we need to be clear about this before universal credit is rolled out any further. Increasingly, I feel that we are in two parallel universes—the universe of those on the ground and the voluntary organisations and the universe of Ministers and officials. I am very glad that the Minister said that they are meeting to talk but, unfortunately, it seems as if they still operate within these parallel universes, where there is a completely different understanding of what is happening. I am grateful to my noble friend Lord McKenzie for the very comprehensive and thorough case that he made for an independent review. I am grateful, too, to the noble Lord, Lord Hodgson of Astley Abbotts, who said that he was not opposed in principle to reviews. Perhaps we could look again at his criteria.

My noble friend made the point about timescale—that people suffering as a result of sanctions need this review now. However, I am a very reasonable person and I accept that, by the time the Bill becomes law, it will not leave very long between that and the timescale in the amendment. I would be very happy to discuss with the Minister perhaps a more realistic timescale.

On the remit being too narrow, I say that the whole point of the criticisms of the Oakley review was that it was too narrow. Indeed, Matthew Oakley himself acknowledged the narrowness of his remit and suggested that perhaps something broader was needed. So I am delighted that the noble Lord would like a broader remit than the one suggested in the amendment. The point about the term "sanctions" has already been addressed, but I just wonder how many times the Minister actually used the word; it was probably at least as many times as in the amendment itself. Perhaps, given that the noble Lord does not oppose in principle the idea of a review, he might help me to produce a better amendment for Report, if we decide to come back to this issue.

I am grateful, too, to the Minister. She started by saying that she was not sure whether the proposal was necessary. That seemed a rather tentative statement about something so important because, on this side of the House, we are sure that it is necessary. We have heard from my noble friend Lord McKenzie and others why it is necessary. She did not seem to have taken on board what I said about the yellow-card system. I welcome what is proposed, but it is not exactly the original Work and Pensions Committee recommendation. I was a bit disappointed that she did not explain why there had been that unacknowledged shift from what had been recommended. Perhaps she could write to me, and pop the letter to other noble Lords who have spoken on the specific question that I asked, about why the Government have rejected the Work and Pensions Committee recommendation that there should be a specific evaluation of the efficacy and impact of a minimum of four weeks' sanctions. That was rejected without any explanation in the response to the report. I asked for an explanation and would be very happy to have one in writing. That said, I am grateful to her for her response. I do not think that it will satisfy the kind of organisations mentioned by the noble Lord, Lord Kirkwood, or the people living in the universe that is engaging on a day-to-day basis with claimants suffering as a result of sanctions. I beg leave to withdraw the amendment.

Amendment 57 withdrawn.

House resumed.

Airport Capacity
Statement

6.06 pm

The Parliamentary Under-Secretary of State, Department for Transport and Home Office (Lord Ahmad of Wimbledon) (Con): My Lords, with the leave of the House, I shall now repeat a Statement made in the other place by my right honourable friend the Secretary of State for Transport. The Statement is as follows:

"With permission, Mr Speaker, I would like to make a Statement about airport policy. Aviation is a British success story. Today we have the third-largest aviation network in the world, second only to the US and China, but with that success comes challenges. Heathrow is full; Gatwick is filling up. If no action is taken, the entire London system will be full by 2040. Yet we need new connections to new cities in new economies. There are other challenges, too. Airports create jobs and opportunities. Technology is changing. Planes are becoming quieter and more efficient. But there is still, inevitably, an environmental impact.

To some, the arguments seem simple—oppose all expansion anywhere, or back it, but always somewhere else. And yes, there are opportunities in our network of national airports, with global connections from cities such as Birmingham, Edinburgh, Glasgow, Manchester and Newcastle. But growth here will come alongside growth in the south-east, not instead of it. That is why in September 2012 Sir Howard Davies was asked to lead a commission on the issue. Its final report was published less than six months ago. It made a strong case for expansion in the south-east. We have considered the evidence. The Government accept the case for expansion, and accept the Airports Commission's shortlist of options for expansion. We will begin work straightaway on preparing the building blocks for an airports national policy statement, in line with the Planning Act 2008. Putting this new framework into place will be essential groundwork for implementing the decisions we take on capacity, wherever new capacity is to be built. That is the issue I want to turn to now.

Sir Howard Davies and his team produced a powerful report. Heathrow Airport Ltd's scheme was recommended by the Airports Commission, but all three schemes

[Lord Ahmad of Wimbledon]
were deemed viable. We are continuing to consider all three schemes, and we want to see action, but we must get the next steps right, both for those keen to push ahead with expansion and for those who will be affected by it. So we will undertake a package of further work.

First, we must deal with air quality. I want to build confidence that expansion can take place within legal limits, so we will accept the Environmental Audit Committee's recommendation to test the commission's work against the Government's new air quality plan. Secondly, we must deal with concerns about noise. I want to get the best possible outcome on this for local residents, so we will engage further with the promoters to make sure the best package of noise mitigation measures are in place. Thirdly, we must deal with carbon emissions, so we will look at measures to mitigate carbon impacts and address the sustainability concerns, particularly during construction. Fourthly, we must manage the other impacts on local communities. I want people who stand to lose their homes to be properly compensated for the impacts of expansion, and I want local people to have the best access to the opportunities that expansion will bring, including new jobs and apprenticeships. So we will develop detailed community mitigation measures for each of the shortlisted options.

We expect to conclude this package of work by the summer. Crucially, this means the timetable for delivering additional capacity set out by Sir Howard does not alter. The commission reported that an additional runway would be required by 2030, and we intend to meet that. In saying this, I am fully aware that some will wish we could go further and others will wish we were not making such progress. We are prepared for that because I want to get this decision right. That means getting the environmental response right and in the mean time getting on with the hard work to build new capacity to the timetable set out by Sir Howard in the commission's report. I commend this Statement to the House".

My Lords, that concludes the Statement.

6.10 pm

Lord Rosser (Lab): My Lords, I thank the Minister for repeating the Statement made in the other place this afternoon by the Secretary of State. It is typical of this Government that they should make the announcement that the commitment the Prime Minister gave to make a decision this month no longer stood, at a time when Parliament could not be told and was not in a position to hold the Government to account for nearly four days. I do not intend to spend any time on the entirely credible point that this Government's decision to delay on a matter of national interest—not simply that of London and the south-east—is rooted in their own party political considerations, even though the Minister must know that has been an important factor.

I have one or two points to make, and then I have a number of questions. As recently as 23 November, in response to a Question from the noble Lord, Lord Spicer, the Government repeated the Prime Minister's assurance that a decision on London's airports would be made before Christmas. When another noble Lord asked for confirmation that that decision would be final, not simply interim, he was told by the Minister that the Government's position had been made clear and that he was clutching at straws. As we now find out, just three weeks later, he was in reality clutching at incredibly strong straws.

One area where this Government and their Prime Minister are extremely decisive is when it comes to avoiding decisions. Airport capacity in the south-east is simply yet another such case. Bearing in mind that the Government recently repeated the Prime Minister's assurance that a decision would be made before Christmas, what issue has arisen or what information has come to light between 23 November and last Thursday evening, 10 December, that is of such significance as to require a further delay in making a decision, and yet was not known about before 23 November and could not, and did not, come to light during the lengthy consideration by the Davies commission or in the six months since the commission published its findings and recommendations? That is six months during which the Government have been considering the findings and recommendations of the Davies commission report, including on environmental considerations and air quality, for which the commission said there should be statutory guarantees. The items to be looked at, as set out in the Statement, are not new. They should have been being looked at during the past six months, and should have been known about when the Government gave a commitment to make a decision this month.

What specific further investigations or studies do the Government now intend to undertake to enable them to come to a decision, who will undertake those and within what timescale? Will the Government give an assurance that the results of those further studies and investigations will be made public well before a final decision is made? Will the Davies commission be asked to consider them, and say whether they would have led it to reach different findings or recommendations, with the views of the commission again being made public well before a decision is made by the Government?

We agree that there is a clear and immediate need for additional runway capacity in the south-east of England and a need to ensure that environmental and community concerns are balanced against the economic and operational case for expansion. The Government recently announced the setting up of the National Infrastructure Commission, headed by the noble Lord, Lord Adonis, to provide independent, authoritative advice on the merits and compatibility of major infrastructure projects, including when they need to be undertaken. Will the Minister say why the Government believe that the lengthy indecision over future airport capacity and additional runways we have faced and continue to face would have been avoided under the new National Infrastructure Commission? What would have been different had the National Infrastructure Commission been in existence earlier? In view of the further government delay of many months in reaching a decision, will the Minister indicate whether the Government will now take the opportunity to seek the views and advice of the National Infrastructure Commission on the most appropriate long-term decision on airport expansion in the south-east?

Will the Minister confirm what, if anything, the Government are committed to in relation to increased airport capacity in the south-east? Are they committed to at least one additional runway somewhere in the south-east? Significantly, the Statement does not directly answer that question. Will the Government also say when they expect to announce a decision? The Statement does not specifically say when there will be such a decision, only when the Government expect a package of work to be concluded, which is a totally different issue.

We appear to have moved backwards in time, because the Government have indicated that the option of an additional runway at Gatwick is still in the frame, as well as that of a third runway at Heathrow, as recommended by the Davies commission. The uncertainty and blight for those living near Heathrow and Gatwick continue for an apparently potentially lengthy period, as it does for the less than impressed business community, which is worried about the impact on the economy.

Finally, we are still left to deal with the immediate problems of airport capacity in the south-east. Heathrow is effectively full, and Gatwick is operating at 85% capacity. What, if any, plans do the Government now have to ease this problem, which is already having adverse impacts? In the light of the apparent further lengthy delay in making a decision—which simply adds to the delay caused by the time it took to set up the Davies commission, and the decision that its report and recommendations should not appear until after the general election—do the Government intend to address the lack of capacity in the south-east as it stands, bearing in mind that additional capacity is clearly some considerable time away?

Baroness Randerson (LD): The Minister has my sympathy this evening because this delay is clearly all about Zac and Boris and has nothing to do with the need to look at air quality in greater detail. However, it gives us an opportunity to push the Government on the issues mentioned in the Statement and to test them. Surface transport access to Heathrow and Gatwick airports is an essential part of solving this problem, yet there is no reference to issues relating to it in the Statement. Will the Minister say whether there will be public investment in the surface transport infrastructure that is badly needed, or only private investment by Heathrow and Gatwick airports? Heathrow seems to believe that public investment will be needed; Gatwick seems to believe that it will not. I will be grateful for the Government's take on this issue.

Given the further delay to which the noble Lord, Lord Rosser, just referred and the pressure it will cause, will the Government agree to look again at the increased use of regional airports alongside the work they are doing on the Davies solutions to airport capacity? Hub airports have moved on. We are in danger of answering yesterday's question today; indeed, in the case of Heathrow, we are in danger of answering the day before yesterday's question today, because this saga has gone on for so long. Dubai and Schiphol are now well established as the world's hub airports, and a new generation of planes makes certain aspects of this issue redundant, so this question could be overtaken by events.

The Liberal Democrats have always believed that there needs to be much better use of existing spare capacity, which will need better surface connection before we expand Heathrow or Gatwick in the near future. However, if there is to be another air quality report, who will do it, to whom will it report and will that report be published in full? Any additional work on air quality must have greater public confidence than the work the Davies commission was able to produce.

Lord Ahmad of Wimbledon: My Lords, I thank the noble Lord and the noble Baroness for their contributions. The noble Lord, Lord Rosser, asked a series of questions about the responses given in November and subsequently, and what factors have been considered. As I have said, we are emphasising the importance of environmental considerations regarding both air quality and other pollution, such as noise pollution.

One significant development, which I am sure the noble Lord is aware of, is that on 26 November a decision was taken by the Environmental Audit Committee specifically on outlining the need to ensure that, whatever decision is taken:

> "On air quality, the Government will need to re-examine the Commission's findings in the light of its finalised air quality strategy".

I pick up the question from the noble Baroness, Lady Randerson, on the specific issue of air quality. The commission published a large amount of analysis on air quality and greenhouse gas emissions. We will therefore accept the committee's recommendation to test the commission's work against the Government's new air quality plan, which I am sure she is aware will be published very shortly. We will develop measures to mitigate impacts on local people and the environment.

The noble Baroness rightly raised the important issue of surface access to airports. The Government have a plan for investment in road and rail transport networks to promote growth. The Government's road strategy for 2015-20, which I am sure she is aware of, includes investments that will improve strategic road access to Gatwick, Manchester, East Midlands, Birmingham, Heathrow and Stansted airports. I know that she has mentioned, and is a strong advocate for, regional airports, which I also support. I have always said that they are part of the overall offering of UK plc when it comes to airport capacity.

The noble Baroness may well also be aware that, as part of the Thameslink programme, we will deliver new state-of-the-art trains on the line between Brighton, Gatwick Airport and London by 2016. By 2018 these trains will start operating on two direct services connecting Gatwick to Peterborough and Cambridge, following the completion of the Thameslink programme. Turning briefly to Heathrow, I am sure noble Lords will be aware that in 2019 Crossrail will start running to Heathrow Airport and improve access to London City Airport from the west. Most recently, there have been improvements to the station at Gatwick as well. I am sure that noble Lords acknowledge that surface transport is an important part of whatever final decision is taken.

The noble Lord, Lord Rosser, asked various questions, such as what additional steps may be taken with regard to the final decision that we will be moving to. I mentioned in my Statement that we are looking to

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move forward on this and come to our conclusions by summer 2016. In terms of reviewing the position on all three options, we will be giving further policy consideration and prioritisation to the commission's package in respect of both Heathrow and Gatwick. We want the best deal for all affected communities, as I said, particularly on the areas of noise mitigation, including respite; air-quality mitigation strategies related to that; offers to local communities, which I mentioned in the Statement, specifically relating to compensation and job opportunities in terms of apprenticeships and employment; wider housing issues and infrastructure considerations; and of course the importance of carbon impact mitigation and sustainability, particularly during the construction phase. We will also be considering how to engage with and take account of community and wider aviation views. There will of course be further engagement with scheme promoters on expansion, specific mitigations, public commitments and the potential to maintain some competitiveness between the different options.

As I have said, the Government have moved forward on this. We have agreed with the Davies commission conclusions, which did not rule out any of the three options. We sustain these and continue to work on ensuring that the important issues of noise mitigation and wider environmental impacts are duly considered as part of the Government's decision.

6.25 pm

Lord Spicer (Con): My Lords, "Zac 1, United Kingdom 0" just about sums up my own view about the present situation, although I have to say that the Opposition are not throwing any particular light on the issue or coming up with any solutions of their own. Would the Minister at least concede that if this goes on for much longer, Heathrow Airport will drop out of the premier league of international airports; that Britain will be an island without an airport entry point commensurate with its economic size; and that the loss of jobs and investment will be massive, just at the time when some people think there is going to be an economic recession? Is this not a rather serious situation?

Lord Ahmad of Wimbledon: I thank my noble friend for his questions. He has been a consistent and vociferous questioner on this issue; indeed, he has another Question on the subject on Wednesday. He mentioned a particular scoreline. To get political for a moment, I certainly hope that there is a 1-0 scoreline when it comes to the May election in favour of my honourable friend in the other place.

My noble friend talked about the impact on the economy. I agree with him, and the Government feel very strongly that there is a need to make a decision that is based on the right decisions for the economy, the country and, as I have said specifically in my Statement, the environment.

We are now well connected. As my noble friend points out, there are constraints and they are beginning to bite. By 2040, all major south-eastern airports will be full. Failing to address this would cost passengers between £21 billion and £23 billion, and of course there would be wider indications for the economy, estimated to be in the region of £30 billion to £45 billion. However, with regard to the timetable of summer 2016 that I have talked about, the Davies commission reported that, whatever decision or option was chosen, we would need to complete by 2030. I assure the noble Lord that this would still allow for that decision to be taken and the appropriate expansion to take place in good time to meet the 2030 deadline.

Lord Clinton-Davis (Lab): My Lords, this is an absolute abdication of responsibility. British aviation has been put in a secondary position compared with other vital industries. What has been advanced is the interests of the Conservative Party, and as a result our competitors are going to be richly rewarded. Putting aside the Minister's discomfort, should we not consider how best British aviation can recover from this grievous blow? Meanwhile, words hurriedly uttered by the Minister are no alternative to government policy.

Lord Ahmad of Wimbledon: I assure the noble Lord that we are moving forward. I have talked of the timetable that we are moving to. As I said earlier, it will ensure that we meet the required deadline. Whatever decision is taken, the Government have accepted in principle the findings of the Davies commission. Three options were put forward and none was discarded by the commission. We are ensuring that all three stay on the table, and we are firmly committed to south-eastern airport expansion. The important thing is to ensure that all considerations are taken into account. With the timetable that we have outlined, we will be able to proceed forward. It will be a great asset for UK plc to ensure that we reach a decision quickly on south-eastern airport expansion capacity in summer next year.

Baroness Valentine (CB): Does the Minister understand how deeply frustrated the business community feels about this further delay? We had a three-year independent commission, which was supposed to take the politics out of it, but it has come back into political soup. It appears that the Government have answered the interim report of two years ago, which suggested that we focus on three options and that we accept that there was a need for expansion in the south-east. I do not understand what progress has been made in the last two years. In the interim report there was a recommendation for an independent noise ombudsman to sort out the noise issues. We have known for 15 years that we are in breach of European air-quality limits in London. It is simply unclear to me what the Government have been doing for the last three years.

Lord Ahmad of Wimbledon: We are moving forward. We will begin work straightaway on preparing the building blocks for an airports national policy statement, as I said in my earlier Statement; that is the most appropriate vehicle to set the framework for the planning consent for new capacity. Noble Lords should be assured that, with the proposals we are moving forward on and the important consideration being given to environmental impacts, we will still be able to move forward on whatever decision is taken in line with the Davies commission proposals.

The Lord Bishop of Bristol: My Lords, can the Minister comment on the remarks made by the chief executive officer of International Airlines Group, who said that as far as the airlines are concerned there is basically no business case at all for the extension of Gatwick? When he focused his comments on the Heathrow proposal, he said that the runway would cost £182 million but the total cost would be somewhere around £18.6 billion. He went on to say that this is a,

"gold-plated airport to fleece its customers",

and that he would consider moving his business either to Madrid or Dublin. If we are to spend all that money on one of these options and if the response of the airlines is to move business away, with the attendant jobs, will the Minister say something about that to your Lordships' House?

Lord Ahmad of Wimbledon: The right reverend Prelate raises the media report of comments made over the weekend by the chairman of IAG, which I have read. I assure the right reverend Prelate that we continue not just on this issue of airport expansion in the south-east but meet regularly with all airlines to ensure that, as we plan our infrastructure and how we plan to move forward on this agenda, airlines are part and parcel of our consultation. Obviously, the chairman has made some comments on issues he feels strongly about, but perhaps it would be inappropriate to speculate on the true intent behind his comments.

Lord Forsyth of Drumlean (Con): My Lords, I declare an interest as a regular flyer from Scotland to London who avoids Heathrow at every possible opportunity because of congestion, and as a member of the Economic Affairs Committee, which interviewed Sir Howard Davies when he published his report. Can my noble friend say how much the Davies report cost? Given that it was a very expensive, thorough and authoritative report, what is the point of commissioning a report which makes a clear recommendation, at very considerable cost to the taxpayer, and then ignoring it?

Lord Ahmad of Wimbledon: If I may, I will write specifically on the issue of cost, but it is not being ignored; estimates have been made of that. The important point my noble friend raises is about the commission. Yes, the previous Government initiated the commission in 2012. As I have said previously from this Dispatch Box, we have committed ourselves to ensuring that the report of the commission is duly considered, which we are doing and have done since its publication, and that will form the basis of however the Government choose to proceed. We are not discarding the findings of the Davies commission—on the contrary, we are supportive of them and are ensuring that all elements raised within the Davies commission and through the Audit Committee's recent report are built into our response. We will move forward in a positive frame in that regard in the summer of next year.

Lord Soley (Lab): My Lords, this is government with a vengeance: everything to do with the date of the mayoral elections in London and nothing to do with the environment. This has been trawled over for years. I will ask the Minister two specific questions. First, if the Government are going to resurrect the Gatwick proposal, has Gatwick local authority been consulted on the amount of storage space that will be required for all the cargo that arrives? Secondly, and very specifically—this is particularly important for the rest of the UK economy—have the Government taken into account the impact on the regional airports in the regions of Britain if Heathrow does not get that extra runway, thus enabling those regional airports to link into the global economy? Without that, there will be immense damage to business.

Lord Ahmad of Wimbledon: The noble Lord raises an important point about air freight, which of course contributes over 40% of the UK's non-EU trade and over £140 billion in total, which is a very important part of the offering. As the noble Lord rightly pointed out, this is an important issue and one of the many factors we are considering. We will be working on the proposals in front of us from the Davies commission to ensure that the best decision is taken for expansion of airport capacity in the south-east. It is an important consideration and it will be part of our discussions going forward.

The Duke of Somerset (CB): My Lords, might the Government consider spreading the pain and pollution by treating both Gatwick and Heathrow as just different terminals of the same London airport? A new runway at Gatwick, linked by dedicated high-speed rail link, might solve many of the problems that have been outlined this evening, as well as joining up the rail system with the other improvements that the Minister alluded to earlier.

Lord Ahmad of Wimbledon: The Davies commission put forward distinct proposals on south-east airport expansion. The important thing he raises, which the Government are fully committed to, as I have said earlier, is that when it comes not only to our airports in the south-east but our airports across the UK, we need to look at increased connectivity through surface transport. Indeed, a greater level of investment is going on through Crossrail, and the development of HS2 will ensure that our connectivity across our airports across the United Kingdom will be much stronger to allow for greater contributions to be made to economic development and to allow one airport to complement the other.

Lord McKenzie of Luton (Lab): My Lords, the Minister has made much of the need for more capacity in the south-east and in the London system. Will he at last take the opportunity to acknowledge the role that London Luton Airport can play in delivering that extra capacity? In 2011, Luton accounted for 7% of passengers at London airports and on DfT forecasts it will contribute 17% of London passenger growth by 2030. While the Government have been dithering, a local public/private partnership has been getting on with investing £13 million, and will have invested up to £18 million by 2020. Will the Minister at last just acknowledge that that is a real contribution?

Lord Ahmad of Wimbledon: The noble Lord has asked me "at last" to acknowledge that, but I have previously done so and acknowledge again that London Luton Airport continues to be an important part of

[LORD AHMAD OF WIMBLEDON]
the UK plc airport offering. As he has just outlined, it has been a successful part of that contribution and I am confident that that contribution will grow in the months and years ahead.

Lord Empey (UUP): My Lords, will the Minister not accept from me that even if a third runway at Heathrow or wherever were to be paved with gold, it matters little to some of us who cannot get access to it? The right reverend Prelate made the point about the comment made by the chief executive of IAG, which is only one comment. But the Minister will know of my interest in this matter; the regions do not have guaranteed access to a major piece of national infrastructure, and through European law the Secretary of State has no power to do anything about it and ensure access. Can the Minister revisit this issue, because it is fundamental? If it is a national piece of infrastructure, all parts of the nation should have access to it, but currently his department has no control over that.

Lord Ahmad of Wimbledon: I know that the noble Lord has raised this issue before and, again, I assure him that the Government have an answer to this. If a particular route is affected—for example, Gatwick to Newquay—the Government have stepped in when public concern has been expressed and have guaranteed support and financing for the route. We continue to ensure that all routes that need to be supported are supported. The Government take very seriously connectivity across the whole of the United Kingdom, including Northern Ireland.

Lord Hughes of Woodside (Lab): My Lords, the Statement says:

"We expect to conclude this package of work by the summer".

I take it that that is not a firm promise, as the Prime Minister said from the Dispatch Box that the decision would be made by Christmas. For the avoidance of doubt, for clarity and to stop this whole thing becoming a total Whitehall farce, will the Minister say when exactly we can expect to get this report?

Lord Ahmad of Wimbledon: I think I have been clear in saying that it will be by the summer. If the noble Lord is asking me to specify the year, I do mean the summer of 2016.

Lord True (Con): My Lords, I remind the House of my interest as leader of a London borough council. Like hundreds of thousands of other Londoners, I welcome this stay of execution on Heathrow, although I see two nooses still hanging in the yard. The Minister referred to air quality and noise. A bigger Heathrow would fail on those. I put to him also the issue of security—it would be foolishness to fly another quarter of a million flights over our capital—and that good old Conservative principle of competition. How on earth can it be in our national interest to load more, as the right reverend Prelate reminded us, on to a single monopoly airport owned by foreign interests and hedge funds—our fair-weather friends in China and Qatar? Is not the truth that the Prime Minister took the right decision in 2010 with "no ifs, no buts"? Perhaps we should have got on with building the alternative then, and we should certainly do so now.

Lord Ahmad of Wimbledon: The analogy with nooses that my noble friend draws is certainly not how I or the Government view it. This is an opportunity to expand airport capacity in the south-east, which is a central part of ensuring the growth of our country and our future development. As I said, it is important that we listen to all views—the Airports Commission produced a very detailed and thorough piece of work—and that we consider all environmental impacts, including air quality, noise and carbon emissions. I know that my noble friend has made representations in this regard and we are listening to those representations. It is important that we make the right decision for the south-east, for our country and for moving our economy forward.

Lord Birt (CB): My Lords, someone coming anew to this debate and hearing the Minister's opening remarks might think that Sir Howard and his colleagues set out three options, weighed them immaculately and left the choice open. It is hard to imagine a more thorough report than he and his colleagues wrote or a clearer conclusion and recommendation. What were the shortcomings in the report that have occasioned this delay? What did the commission not make clear?

Lord Ahmad of Wimbledon: One issue, which I mentioned earlier and which was referred to by the Environmental Audit Committee, was the need to ensure that air quality standards are applied to each proposal within each of the options that we are considering. We feel quite strongly that those need to be considered, reviewed and analysed so that we make the right decision on the basis of not just the economy but important environmental considerations.

Lord West of Spithead (Lab): My Lords, the failure to take this decision is seemingly either mind-blowingly incompetent or amazingly cynical. We have now had longer than the duration of the Second World War to think about this. As the noble Baroness said, in the last two years we seem to have gone round in circles. As I cannot believe that any Government would be so cynical over something so important for the wealth of our nation, I have to assume that it is mind-blowing incompetence. Will any heads roll in the Department for Transport because of this incompetence and failure to make a decision?

Lord Ahmad of Wimbledon: I totally disagree with the noble Lord. I do not think that it is either of the issues he proposed. I am sure he will recognise that it is important that these decisions are considered: they have to be the right decisions based on all the issues in front of us. The environment and environmental issues have been raised, and these are important considerations to ensure that we get the required expansion. I will be absolutely clear. I mentioned the summer of 2016. That timetable will in no sense delay the proposals in the Davies commission for achieving extra capacity by 2030.

Lord Kilclooney (CB): My Lords—

Earl Attlee (Con): My Lords—

Viscount Younger of Leckie (Con): I believe that it is the turn of the Conservatives.

Earl Attlee: My Lords, can the Minister now answer the question from the noble Lord, Lord Rosser? What has changed since the Government told the House that we would have a decision before Christmas? Or it is merely that the Cabinet as a whole lacks the moral courage to make the decision?

Lord Ahmad of Wimbledon: My noble friend has said something that I cannot agree with—and nor do I agree with it on principle. The Government have moved forward. We have agreed that airport expansion will take place in the south-east, and I am sure that he will acknowledge the importance of the environmental considerations. I said specifically that in the interim, on 26 November, we received a reasonable and full assessment from the Environmental Audit Committee and I quoted from its report. I commend the report to my noble friend, as he will see that we need to ensure that all the key environmental considerations are taken into account in making the final decision.

Lord McKenzie of Luton: My Lords, perhaps I may correct an earlier omission in not drawing attention to my aviation interest in the register.

Welfare Reform and Work Bill

Committee (3rd Day) (Continued)

6.46 pm

Amendment 58

Moved by ***Lord Low of Dalston***

58: After Clause 15, insert the following new Clause—

"Safeguarding of vulnerable claimants: guidance

(1) The Secretary of State shall issue statutory guidance for the safeguarding of vulnerable claimants in relation to any sanction, reduction of benefit, or disallowance of benefit ("the guidance").

(2) The guidance shall incorporate all relevant provisions and operational protocols contained in the following Departmental operating guidance—

(a) procedural guidance within the Labour Market Conditions Guide;

(b) universal credit guidance for agents;

(c) Employment and Support Allowance (ESA) guidance for Jobcentres;

(d) ESA operational guidance for benefit delivery centres;

(e) ESA Incapacity Reference Guide;

(f) Core Visits Guide;

(g) Work Programme guidance;

(h) guidance for health professionals.

(3) The guidance shall specify—

(a) indicators of vulnerability and procedures for identification of vulnerable claimants;

(b) situations which may demonstrate good cause for inability to participate in a work-focused interview, undertake work-related activity, or attend mandatory Work Programmes or back-to-work schemes;

(c) where claimants must be referred for a Core Visit conducted by a Department for Work and Pensions (DWP) Visiting Officer;

(d) how to support claimants with additional or complex needs;

(e) liaison arrangements with mental health services where claimants are mental health service users;

(f) collaborative approaches through which DWP can work with independent advice and support bodies in assisting such claimants;

(g) who is responsible for ensuring that the guidance is complied with.

(4) "Vulnerability" and "vulnerable claimants" shall be taken to refer to individuals who are identified as having complex needs or requiring additional support to enable them to access DWP benefits and use DWP services.

(5) Complex needs may refer to difficult personal circumstances, life events, or health, disability or incapacity conditions that affect the ability of individuals to access DWP benefits and services.

(6) In issuing the guidance the Secretary of State shall ensure consistency of definitions, terminology and language in the guidance.

(7) The Secretary of State shall ensure that consistent principles, good practice and fairness in safeguarding procedures is applied across all types of benefit claims, including Jobseeker's Allowance claims, and by all agents involved in the assessment and administration of benefits.

(8) The Secretary of State shall report to Parliament annually on the application of the guidance."

Lord Low of Dalston (CB): My Lords, I shall speak also to Amendment 62. At Second Reading I spoke about two issues that had been highlighted for me by my work as chair of an independent commission which had been considering the future of advice and legal support on social welfare law in England and Wales: how to protect the most vulnerable from the worst effects of sanctions, and how claimants might get the advice and support they need to adjust to the changes brought about by welfare reform legislation. Amendment 58 deals with the first of these and Amendment 62 with the second.

Operational guidance has been developed over a number of years to build some minimum safeguards into the application of conditionality-based decision-making—for example, in dealing with claimants with serious mental health problems or cognitive impairments. It has been evolved in a piecemeal fashion around certain minimum requirements covering, in broad terms: the identification of claimants with mental health conditions or a background of mental illness and liaison with social and mental health services, with such cases referred to a higher managerial decision-maker before a benefit withdrawal decision is made; the requirement for the DWP to consider any good cause as to why a claimant may not have met a particular condition; and a requirement for the DWP to attempt to contact the claimant, conduct a face-to-face discussion about the conditionality and, if necessary, arrange a home visit if they do not accept that good cause.

Welfare reform legislation and new policy on sanctions since the 2012 Act in particular has complicated matters, although the same guidance on minimum requirements carries over to a significant extent. The guidance is, however, piecemeal and scattered over several different operational guidance manuals, each with subtle differences in language and terminology, leading to application and practice that is far less consistent than it should be. Overall, this has meant that the guidance is weaker in its application to new JSA claims—in fact, there is no JSA-specific guidance—universal credit claimants and clients of Work Programme providers.

Welfare rights workers can also point to numerous cases where the DWP has failed to apply safeguards correctly, especially following ESA work capability

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assessments. The consequences for vulnerable claimants can be devastating. In its inquiry on benefits sanctions beyond the Oakley review, the Work and Pensions Select Committee concluded that:

"Given the complexity of the existing legislation, there is a strong case for a review of the underpinning legislative framework for conditionality and sanctions, to ensure that the basis for sanctioning is clearly defined, and safeguards to protect vulnerable groups clearly set out".

The Select Committee further recommended strengthening and clarifying guidance around the protocols and purposes of home visits or core visits. It also recommended better guidance on vulnerability specifically directed to Jobcentre Plus staff in identifying vulnerable JSA claimants, including those with mental problems and learning difficulties who may face difficulties in understanding and/or complying with benefit conditionality.

I have a number of cases that illustrate the need for a stronger legal framework to protect vulnerable claimants in situations where they potentially face sanctions. Given the time, I will mention only one, but it graphically makes the point. Mr D had his ESA stopped after failing to attend a work capability assessment. The DWP was aware of his history of mental ill health and that he was receiving support from his local NHS mental health service. However, it did not carry out safeguarding procedures and did not attempt to contact his local NHS mental health service to find out more about the risks to Mr D's health if his income were to be stopped. After benefit was stopped, Mr D's mental health deteriorated and he became suicidal. His psychiatrist assessed that the benefits stopping was a stressor that put Mr D at severe risk of suicide. Mr D was assisted in contacting the advice service by his psychiatric nurse. After the advice service challenged the DWP on its handling of the case, benefit was reinstated and Mr D was placed in the support group of ESA.

Amendment 58 would address the state of the guidance and the recommendations of the Select Committee by inserting a new clause in the Bill which would provide a clear statutory underpinning and codification for all safeguarding procedures and guidance; put all the guidance in one place, which should make it more accessible, user-friendly and easier for professionals to use; require consistency and robustness of application, especially consistency between new and legacy benefits systems; and require the Secretary of State to report annually to Parliament on the operation of the safeguarding procedures. As the language used in the amendment is drawn from existing guidance—for example, as regards the approach to vulnerability—it does not attempt to impose a higher threshold of safeguarding requirements in relation to conditionality but rather to ensure that existing standards are made more effective, consistent and transparent. The amendment is therefore consistent with the scope of the Bill, and the 2012 Act and its predecessor legislation.

Amendment 62 addresses the question of how claimants might get the advice and support they need to adjust to changes brought about by welfare reform legislation. The universal credit support service framework is a DWP-led collaborative project with the Local Government Association to deliver local support for more vulnerable claimants and to assist those who might be unable to use the digital claims process or who may need help budgeting, given the transition to monthly payments. The DWP drives a lot of the demand for advice as a result of delays and failures within the system, so it is only right that it should have an obligation to support and fund welfare rights advice. It therefore needs to be engaged in directly supporting the advice sector to help vulnerable claimants transition to new benefit regimes and/or adjust to new entitlement rules, as well as helping to challenge the system when it gets decisions wrong.

Amendment 62 would insert a new clause in the Bill providing that the Secretary of State shall publish guidance for local authorities about their role in developing schemes to support claimants, especially claimants with additional needs or indicators of vulnerability, and report annually to Parliament on the operation of the universal credit local support service framework. It provides that guidance shall specify, among other things, the role of local authorities in developing partnerships to deliver support and a priority role for independent local advice agencies. Finally, it provides that the Secretary of State shall ensure that the universal credit local support service framework is appropriately resourced so that it can be rolled out to all local authority areas. It is difficult to establish how far the DWP intends to roll out its local universal credit support services beyond the initial UC pilot areas and how the funding for this works. Therefore, it would be helpful if the Minister told us what the department's plans are in this regard and what the relationship is between the universal credit local support service funding and other grants to local authorities, such as the troubled families programme, and the information and advice strategies required by the Care Act. I beg to move.

The Earl of Listowel (CB): I rise to support both these amendments and have attached my name to Amendment 62. I have an interest in this as vice-chair for the last 10 years of the parliamentary group for children in care and care leavers, and as a carer of a mentally ill adult. I know how fragile many of the individuals seeking welfare support are. The Minister himself may have been shocked to discover the issues around mental health as he has done his important work in building capacity in jobcentres. I strongly support my noble friend's amendments.

Baroness Sherlock (Lab): My Lords, I intend to speak very briefly as we have had a good debate on sanctions and the noble Lord, Lord Low, introduced his amendment with characteristic care and detail.

I just want to say a couple of things to the Minister. I know that the department is not attracted to statutory guidance in universal credit in particular. One of the reasons is that it likes to make personalised decisions. Before the noble Lady tells us how the system is meant to work, I want to flag something up. I worked in government and know that you always get complaints from non-profit organisations about how things are working. At some point, the noise being made reaches a certain level, and you know that maybe things are not working quite the way they are meant to work. It is my judgment that we are approaching that level.

The level of concern expressed by charities about the way the sanctions environment is working, particularly for vulnerable groups, and about the severity of some individual mistakes that have been made, suggests there may be something systemic going wrong. I am not suggesting that means it is going wrong on a large scale across the caseload, but that something is going wrong often enough, and on occasions badly enough, to merit attention.

When the Minister responds, even if she is not attracted to the way the amendment might resolve this issue, could she address the underlying problems and tell us how the Government might like to deal with them?

7 pm

Baroness Evans of Bowes Park (Con): My Lords, Amendment 58, tabled by the noble Lord, Lord Low, seeks to make part of statute all guidance relating to the safeguarding of vulnerable claimants in relation to any sanction. It also seeks to define vulnerability and to commit the Secretary of State to report annually to Parliament on the application of the guidance. In his speech on this Bill on 17 November, the noble Lord, Lord Low, said that the Work and Pensions Select Committee had called for safeguarding measures to be included in legislation. However, it did not recommend that specific action and did not suggest that the guidance should be put on a statutory basis. Therefore we do not believe that the amendment will achieve what the noble Lord intends.

As a principle, the guidance that the department produces to support the implementation of key policies is comprehensive. It is also regularly reviewed and refreshed to ensure that it meets policy intent, reflects new evidence about its effect and implementation and allows us to introduce easements within the scope of the current legislation. Much of the guidance relating to the safeguarding of vulnerable claimants in relation to any sanction, reduction of benefit or disallowance of benefit is based on individual assessment of need. Defining the scope of vulnerability too closely or predetermining who these groups are in statute could create unintended consequences. One example is the plight of Syrian refugees: fixed guidance might not have been able to respond to the specific and varied needs of those fleeing the conflict. Embedding a definition which may appear fit for purpose today within statutory guidance would remove important flexibility to ensure that we can respond to change quickly tomorrow and thereafter.

It is also worth noting that the existing vulnerability guidance already provides detailed material to assist work coaches in identifying and supporting the complex needs of vulnerable claimants. It is linked to an online vulnerability hub which has been specifically created to support staff in dealing with all forms of vulnerability and to ensure that guidance is in one place, which is what the noble Lord is suggesting. For instance, the hub contains information such as the mental health toolkit and the hidden impairment toolkit, both of which have been developed in conjunction with health experts and DWP work psychologists to ensure its effectiveness.

The content of all eight sets of guidance is reviewed frequently and the department works with both internal and external stakeholders to ensure that it effectively recognises and supports vulnerable claimants. We are also currently changing elements of the guidance in response to a recommendation made by the Work and Pensions Select Committee to supplement the existing work coach guidance to illustrate how conditionality can be tailored to take account of individual claimants' circumstances where they have complex needs or need additional support.

Amendment 62, in the names of the noble Lord, Lord Low, and the noble Earl, Lord Listowel, refers to the universal credit local support services framework, now called universal support delivered locally. Again, I am sure that the noble Lord has tabled this amendment to ensure that vulnerable claimants are identified and supported as we move to universal credit. However, again, we do not believe that the amendment is best placed to achieve this aim.

The universal support framework was developed in acknowledgement that some people will need additional help in making and maintaining a claim for universal credit, which for the majority of people will be an online service with payments made monthly direct to the household. The framework aims to align with a flexible approach to services for vulnerable complainants and those with complex needs and recognises that individual local needs may be best met through integrated localised support service offers. It aims to help DWP and local partners plan the level of appropriate services and delivery methods to support the delivery of universal credit and to support claimants in moving towards greater individual self-sufficiency and independence.

Universal support trials started across Great Britain in September 2014. Five of the trials ended on 31 August this year and the remaining six ended on 30 November. The trials tested digital inclusion, financial inclusion, different arrangements for triaging household needs and the sharing of data, skills and estates to create the right integrated local foundation to support more households into work. The final evaluation of these trials will published in late spring 2016, although a short summary of key learning will be published before then. The trials will also allow us to better understand the business case for universal credit delivered locally, claimants' needs, funding requirements and the delivery approaches that tested best. This information will be used to inform a refreshed framework alongside the full universal credit digital service from May 2016 and a refreshed specification of requirements.

The intention is that the universal support framework sets out the principles and specifications but is not prescriptive about delivery, although learning from the trials and local expertise will be brought to bear to enable continuous improvement. We want to ensure that local areas support their local communities as best they can and it will be up to them to decide how they want to bring resources together and to effectively provide the support needed. For instances, trials in Greater Manchester, Kent and Flintshire have all produced different ways of working which have been effective for those local communities.

On the basis of this explanation, I hope that the noble Lord will withdraw his amendment.

Lord Low of Dalston: My Lords, I thank the Minister for her full and careful reply and my noble friend Lord Listowel and the noble Baroness, Lady Sherlock, for their speeches in support of the amendments.

I missed out the end of my speech. I would have said that I hoped the Minister might agree that these are two useful amendments, almost of a good housekeeping nature. The Minister has given a substantial reply to the points that I made. In particular, she has told us that the guidance is available and referred to the hub. It is perhaps in more of a one place than I allowed for when moving the amendments. However, all in the garden cannot be said to be lovely when cases of the kind I mentioned in my remarks come to notice. I had a good many more up my sleeve than there was time to tell noble Lords about.

Although the guidance may be found in one place, there still may be a need for some rationalisation. The noble Baroness has told us that it is constantly kept under review and has been updated and I like to think that the process of continuous rationalisation is taking place. However, I wish to read the noble Baroness remarks—there was a lot in them to digest all at once and I should like to take time to consider them carefully—go back to my advisers on the local issue, take further advice and, if we feel there are further points we could make to assist the department or that there are still matters to discuss with a view to improving the guidance, I hope the noble Baroness and her colleagues at the department would be prepared to meet us to discuss these matters.

Having said that, I propose for now to withdraw Amendment 58.

Amendment 58 withdrawn.

Amendment 59

Moved by ***Baroness Manzoor***

59: After Clause 15, insert the following new Clause—

"Universal Credit (Work Allowance)

The Universal Credit (Work Allowance) Amendment Regulations 2015 are repealed."

Baroness Manzoor (LD): My Lords, I am delighted that in his comprehensive spending review the Chancellor bowed to pressure and agreed with my fatal Motion to scrap the proposed cuts to tax credits for working families. He was lucky to receive a £27 billion windfall to enable him to do this, but it was the right thing for him to do. However, this is little consolation to families who start claiming universal credit after April 2016. Despite George Osborne's decision in his Autumn Statement to scrap cuts to tax credits, the new universal credit system will mean a less generous benefit entitlement for working families.

The Institute for Fiscal Studies has estimated that 2.6 million working families can expect to be, on average, £1,600 a year worse off under universal credit than they would have been under the existing system. The institute says that the transitional protection means that potentially very different amounts of benefit could be paid to people in similar circumstances depending on when their universal credit claim started.

Universal credit transitional protection is the system the Government are implementing whereby an additional amount is paid to universal credit claimants to make up the shortfall. However, it can act as a barrier to taking on higher-paid work, according to the Social Market Foundation. This is because for many family types, universal credit will be less generous than the tax credit system it replaces. The foundation states that the difference will be quite substantial for some families. An example is that of a two-earner family with two children could be £2,700 better off receiving tax credits as compared with universal credit if both parents are working full time and earning £7.20 per hour. As a consequence, many families will be understandably reluctant to move from tax credits on to universal credit.

That is because the transitional protection will cease to apply if the family undergoes any change in its circumstances, such as a partner moving in or out of the household, a person moving off universal credit due to a lot of earned income in just one particular month or one or both adults leaving work, or indeed even moving home. The Social Market Foundation illustrates the problem by citing an example, stating:

"Suppose a family was receiving transitional protection as a result of being moved from tax credits to UC. One partner is offered a better-paid job, but one that would require the family moving home. The family faces a dilemma. Do they move to take up the job offer, increasing their income but losing their transitional protection payments? Or do they refuse the job offer in order to continue the receipt of their transitional protection?"—

That protection may be important for the family, particularly when moving between low-paid jobs.

"This example … illustrates precisely the kind of situation that universal credit was designed to avoid: a barrier to taking up better-paid work. The problem will be exacerbated in April 2016 when the cuts to UC create considerable differences in the generosity of tax credits as compared with universal credit".

Another problem is that, if income levels in a household fall, the universal credit entitlement does not rise to offset that fall until the transitional protection has been exhausted. Families losing work will face the double whammy of experiencing not only worklessness, but also of being transferred on to a much less generous welfare system under universal credit.

The Universal Credit (Work Allowance) Amendment Regulations 2015 will have exactly the same impact as the cuts to tax credits for working families which may need to have work allowance as part of their universal credit from April 2016. Under universal credit, cuts will be made to work allowance and large reductions will be made to how much families can earn before benefits start to be withdrawn—called work allowance under universal credit. This will mean that tax credits start to be withdrawn once family earnings are above £3,850 rather than the current £6,420 under tax credits. The IFS states that this will weaken the incentive for families to have someone in work.

As a result of the changes, universal credit, which when originally introduced by the coalition Government was intended to see 2.7 million working claimants better off, will now mean that 2.6 million working people will be worse off by an average, as I have said, of £1,600 a year. The whole point of universal credit is to make sure that it always pays more to be in work than on benefits. The Universal Credit (Work Allowance)

Amendment Regulations 2015 further undermine that vital principle. They are an attack on hard-working, low-income families.

I know that the Minister supports the framework of university credit, and I applaud him for doing so because I support the framework as well. However, this undermines some of the fundamental principles that we are working towards. I would be grateful if the Minister could give an assurance that, in light of the Chancellor's assurance to the public and to working families that work will always pay, the Government will consider repealing these regulations, or at the very least end the anomalies presented by them—particularly given that they were introduced, again, by secondary legislation.

Can the Minister also say what effect the Chancellor's announcement in the Autumn Statement on the minimum income floor, which is in line with the national minimum wage, will have on self-employed people, particularly as this means that universal credit claimants who have been self-employed for more than 12 months are assumed to have earnings of at least 35 hours a week at the national living wage? I understand that there are exceptions, such as for those with caring responsibilities, but claimants will receive no additional support if their income drops below this level. I beg to move.

7.15 pm

Baroness Lister of Burtersett (Lab): My Lords, I rise to speak in support of Amendment 59, to which I was happy to add my name. The work allowance was one of the jewels in the crown of universal credit, heralding a shiny new era of improved work incentives and making work pay. How quickly it has turned into the Cinderella of the social security system: first frozen, then cut in real terms, frozen again, and abolished altogether for non-disabled, childless households. When I questioned the Minister on this in an Oral Question on 27 October, he justified what has happened by referring to the experience of single people, arguing that they do not in fact need the work allowance for the incentives. I have since read the Resolution Foundation analysis and I accept that there may be a case for abolishing the work allowance for this group, but the foundation recommended that that should be in the context of the need for improvements elsewhere—in particular, an increase in the work allowance for lone parents, who are very responsive to such incentives, and a shift in the balance of the allowance between the first and second earners in a couple, with a new work allowance for second earners in families, just as some of us argued for during the passage of the Welfare Reform Act 2012. The foundation went on to say that that is a,

"crucial step in making UC pro-women, a test it currently fails".

The Social Security Advisory Committee picked this up in its report, *Universal Credit: Priorities for Action*, and agreed that second earners need further attention, and it recommended further consideration of the Resolution Foundation report to the Government. I would be grateful if the Minister told us what consideration has been given to that report.

The Resolution Foundation also emphasises the importance of uprating policy and argues that cuts in income tax should be passed on in full to families on universal credit via an equivalent adjustment to work allowance; otherwise, people on universal credit will not get the same benefit from an increase in tax allowances. Other analyses by the Child Poverty Action Group—I declare my interest as honorary president—and the TUC show that it is much more cost-effective to raise work allowance than to increase personal tax allowances in terms of getting parents into work and addressing child poverty.

In his reply to my Oral Question, I felt that the Minister tried to brush the cuts in work allowance aside as somehow inconsequential. The noble Baroness, Lady Manzoor, has spelt out just how consequential they are for new claimants of universal credit. In his oral evidence to the recent Work and Pensions Committee's inquiry into tax credits, Torsten Bell of the Resolution Foundation said:

"That work allowance change is so large that our view is that it to a degree fundamentally changes how universal credit is going to feel for people on low hours".

He gave an example and said:

"Before the Budget a single parent on the minimum wage could have worked 22 hours under universal credit before she had any of her universal credit entitlement taken away. After both the reduction in the work allowance, which falls to £5,000 for her next year, and the increase in the national minimum wage"—

I would say, the so-called national minimum wage—

"if she is on that, she will now only be able to work 10 hours before she starts to see quite a significant, 76%, tapering of her entitlement. It is exactly that kind of incentive that the welcome purpose of universal credit was aiming to get around".

I think that he means disincentive. Picking up on the point made by the noble Baroness, Torsten Bell continued:

"When we are talking about these work incentives, more of the debate should be focused on what we have done to the original purpose of universal credit in these drastic cuts to the work allowances, in particular for single parents".

I know that the Minister cared passionately about that original purpose of universal credit and I cannot believe that he is happy about what is happening to work allowances. I would welcome a more considered response than it was possible to give in Oral Questions, now that he has more time to give such a response.

The Earl of Listowel: I will speak to Amendment 62D in this group and apologise to your Lordships for giving so little notice of it. The issue was only drawn to my attention on Friday. I felt that it was important and timely so I asked for a manuscript amendment. I am very pleased to see that the noble Baroness, Lady Armstrong of Hill Top, has attached her name. Unfortunately, she cannot be here. I have not had the opportunity to thank the Minister for saying that there would be a life chances strategy and I am sorry that I was so pessimistic. I was very pleased to read the comments made last week by Christine Lagarde, the head of the IMF, about the success of the economy in terms of employment and improving productivity. The Minister may feel that this is recognition of his good work and that of his colleagues in these areas.

This amendment was brought to my attention by the Family Rights Group and is supported by many other children's charities. Its purpose is to ensure that lone parents under the age of 25 who are also care leavers continue in the same system under the new arrangements, so that they will be £780 a year better

[The Earl of Listowel]
off. I very much welcome the extremely good work the Government have done and are doing for young people leaving care. The strategy has been a great success. Many people recognise that it is very difficult to get different departments to work together. Through the strategy, the DWP identified care leavers and can give them the additional support they need. Other departments also are aware of that. Staying Put has been a very important step forward. It recognises that young people leaving care should have the right to remain with their foster carer until the age of 21 where both parties agree. Some 50% of children in the general population stay with their parents until the age of 22, so these children should also be able to remain.

However, there is much further to go with these young people. Ofsted has recently started assessing care-leaving services. Its most recent report found that, of the local authorities it examined, 63% of the care-leaving services were inadequate or needed improvement. There is a very long way to go.

The Centre for Social Justice has done some important research on births. There is a much higher likelihood of teenagers leaving care becoming pregnant. One in 10 young people leaving care between the ages of 16 and 21 have their child removed. Often, they have been in care and then lose their own child. It is important that these lone-parent care leavers get all the support they can. This additional cash would be very important for them. They do not have the family network that many of our children have to support them. I hope the Minister is prepared to accept this amendment, and I look forward to his response.

Baroness Sherlock: My Lords, I will say a brief word on Amendment 62D and move on to the main amendment in the name of the noble Baroness, Lady Manzoor. The noble Earl, Lord Listowel, has clearly made the point about the particular vulnerability of young care leavers and the way the changes to the provision of support for under-25s and universal credit will affect them. In 2013, half of 22 year-olds in the UK still lived with their parents. This Bill makes it more likely that even more young people will need to live at home. The issue, of course, for care leavers is that they do not have a home to live in. One of the problems is that they are simply not in a position to depend on the kind of support and home environment that other young people can turn to as an alternative. Perhaps the Minister will comment on that in responding to this amendment.

Likewise, an important point was made by the noble Earl about the position of care leavers who are much more likely to become teenage mothers and, in turn, lose their children. Certainly, when they are supported appropriately by charities and given appropriate financial support, there is much more chance of their being able to keep the children with them and then try to break the cycle. Without that, there must be some risks. I will be very interested to hear the Minister's comments.

I really want to talk about universal credit and the implications of the amendment in the name of the noble Baroness, Lady Manzoor. We on these Benches have long supported the principle of universal credit. I know the Minister has done a lot of work to make sure that the new system will make work pay and will work for working families. But I am getting increasingly concerned, as are many people, about the Treasury's continuous slashing away at the money involved, which makes it harder and harder for universal credit to do the job. I do not expect him to comment on that, but he has my sympathies.

The speed at which this is being rolled out is also making a difference. As we know, from October 2013 there should have been no more claims for the old legacy working-age benefits. In fact, everyone would have been transferred over by April 2017. By last March, we should have had 4.5 million households on universal credit. The last time I saw the figure, it was about 141,000. There have been various slippages in timing and now it will not be fully rolled out until, I think, 2021. That matters because it goes right to the heart of the transitional protection arrangements for people moving across, as mentioned by the noble Baroness, Lady Manzoor. Along the way, the Treasury has made six—this is the seventh—cuts to universal credit: £6 billion has been slashed from the budget before it has even been fully rolled out. There are some potentially serious traps down the line.

I unreservedly welcome the fact that, after pressure from all quarters and being asked to think again by this House—I pay tribute to my noble friend Lady Hollis and congratulate her on her successful delaying Motion, which caused Mr Osborne to have the opportunity to think again—the Chancellor decided not to proceed with the tax credit cuts. Three million working families would have lost an average of £1,300 a year.

However, as has been mentioned, he did not reverse the comparable cuts in universal credit. I want to understand the implications of that, so I hope the Minister can help us. The Autumn Statement suggested that the Government are still planning to take £10 billion from working families through cuts to universal credit during this Parliament, as a result of removing work incentives and work allowances. That means that 2.6 million families will still be £1,600 worse off by 2020, on average. Therefore, I am trying to understand why the Secretary of State, Iain Duncan Smith, when touring TV and radio stations last week, was able to say that universal credit is a big success. He said on "The Andrew Marr Show" that nobody will lose a penny from the UC cuts. How can that be true?

In the wake of the Autumn Statement, the OBR put more figures out to help people understand. I have been poring over them with a wet towel around my head to try to make sense of them. I suspect that I have not, but the Minister will put me right. There are three issues: whether people on UC will be better off than those on tax credits, whether people transferring from tax credits to universal credit will lose out, and whether anyone will lose out in cash terms come next April.

7.30 pm

The House of Commons Library ran the figures for people on universal credit. It ran the figures for a single parent with two children working full-time on the minimum wage. The noble Baroness, Lady Manzoor,

mentioned this. I could make sense of it only by imagining a person, so I shall call her Jane. Jane is living in the home that she shared with her husband but they have split up and he has moved out. They own the home, the two children are living with her and she is working full-time on the minimum wage. If she were currently claiming universal credit, the Library figures suggest that next April her UC award would fall by £3,084 a year. Dynamically—are noble Lords proud?—because her wages and her tax will change, she will not be £3,000 a year worse off; she will be £2,384 a year worse off. Maybe the Minister could tell me whether that is right and whether there are any working families on UC to whom that could happen next April.

The Library also ran the figures for someone in exactly the same circumstances but still on tax credits. I shall call him John; he lives next door to Jane. John, after paying tax and national insurance, and getting tax credits, will get tax credits worth £2,981 a year more than Jane's, who lives next door in the same circumstances. Again, could that happen and is it right? If John's circumstances change so that he ends up moving across to join Jane on universal credit, the real question that comes up is: does he get transitional protection? The Secretary of State seemed to think he would but I would be interested to know what happens. If his circumstances then change—maybe he gets a new job or meets a new partner—would he lose his transitional protection?

Jane and John are hypothetical but the questions are very real for the working families out there in the 98 areas where universal credit is running. There is widespread confusion about what kind of transitional protection is available. My understanding is that the last published document said that transitional protection is available only if you move on to universal credit as part of the mass migration of people who are moved from tax credits to UC. That will not now happen until 2018. However, the Secretary of State, Iain Duncan Smith, said that the DWP will somehow protect the other claimants—I think he said by using the flexible support fund. Could the Minister tell us whether that is right? The flexible support fund is a discretionary fund managed by jobcentres that is normally used to help people who have barriers to work. They might need to travel to interviews; they might need tools to do a job or that kind of thing. The fund's budget is only £69 million, so if it is that, will the budget be increased to fund this and, if so, by how much?

There are four specific questions that I would be grateful if the Minister could answer. First, what transitional protection will be available for current universal credit claimants when their work allowances are cut in April? How long will it last and how will it be paid for? Secondly, if you are moved across to universal credit as part of the managed migration in 2018, will you get transitional protection and how long will it last? Thirdly, if, like John, you end up moving on to universal credit sooner, ahead of the mass migration, what transitional protection will you get? Finally, in any of these cases, what happens to transitional protection if your circumstances change? Does it stop? If so, can the Minister confirm precisely which circumstances? Would that mean that changing your job, meeting a new partner or having a baby could see your income reduced by thousands of pounds? What started as something that was meant to be a help to working families is becoming a source of real anxiety. I very much look forward to hearing the Minister's answers.

The Minister of State, Department for Work and Pensions (Lord Freud) (Con): My Lords, the amendment proposed by the noble Baroness, Lady Manzoor, would repeal the Universal Credit (Work Allowance) Amendment Regulations 2015, which were laid before Parliament on 10 September 2015 and come into force next April. The amendment tabled by the noble Earl, Lord Listowel, and the noble Baroness, Lady Armstrong, would increase the standard UC allowance payable for lone parents who are also care leavers. Both amendments refer to issues recently considered by this House. The work allowance regulations were lying before the House as recently as last month and we have already discussed care leavers in debates on the Bill, most recently last Wednesday.

The Bill does not make any changes to the standard allowances in universal credit, which are set out in the Universal Credit Regulations 2013, debated in this House in February of that year.

The Government set out in the summer Budget measures to transform Britain from a low-wage, high-tax, high-welfare society to a higher-wage, low-tax and low-welfare society. This package of measures included changes to UC and tax credit allowances but also the introduction of the national living wage and further increases to the personal tax allowance. Noble Lords will be aware that the Chancellor has subsequently announced changes to the tax credit element of this plan in response to concerns raised mainly by noble Lords about the timetable for implementation. However, the overall strategy remains unchanged. The welfare system needs to be brought under control to make it fair to the taxpayer and support economic growth.

This is perhaps a reasonable time to pick up the point made by the noble Baroness, Lady Lister, about all the improvements that there might be to universal credit. I acknowledge that there may well be improvements. One of the opportunities that we have, uniquely in universal credit, is to start doing randomised control trials to discover how we might improve it. Some of those suggestions may well work when we have discovered the dynamic effect of making those changes. We do not know at this moment, but we and future Governments will have the opportunity to test some of those propositions.

Doubtless noble Lords will have seen analyses published by various organisations assessing the impact of these changes on claimants and are clearly concerned about the possible impact on families. As I start trying to explain the impacts, it is important to explain why those analyses tell only part of the story. First, they fail to reflect that the summer Budget measures are a package. The comparator, which excludes work allowance changes but includes all other summer Budget measures, reflects the Government's policies to deliver low taxes but not those to deliver low welfare. If we are to deliver our commitment to stable public finances, we cannot deliver one without the other.

[LORD FREUD]

Secondly, they fail to take account of all elements of government policy that will have an impact on families between now and 2020, including spending on vital public services such as the NHS and schools, on which so many families rely. If you take the sort of analysis that has been carried out by the IFS and the Resolution Foundation but instead compare the net incomes of those on tax credits in 2015 with what they would get under UC in 2020, taking into account the national living wage, increases in the personal allowance, better provision for childcare and economic growth, the cash position would look broadly similar in 2020.

Thirdly, and perhaps most importantly, the analyses fail to take account of the dynamic impact of universal credit, or indeed of any changes in behaviour as a result of the measures in the Bill. We are introducing universal credit precisely to give people more choice and opportunity to get into and progress in the labour market. The early impact is already documented, but static analyses cannot help showing claimants as passive recipients of welfare, unresponsive to the new possibilities that this Government are opening up with these reforms. This is particularly important when we consider universal credit claimants directly affected by this change when it comes into effect next April. The overall numbers are of course small, given the controlled rollout. They are also made up primarily of childless singles.

Let us be clear about the group we are talking about. They are a group with no barriers to full-time work. Indeed, many of them already move off universal credit altogether by finding full-time employment. Those with residual universal credit awards in work are normally working part-time and would therefore have got absolutely nothing under the tax credits system. The changes in April will reduce that generosity but will still leave this group better off than under the previous system.

I recognise that there are some more complex cases in the current caseloads, with higher entitlements and greater barriers to increasing earnings. To respond to the first question asked by the noble Baroness, Lady Sherlock, I can say that the Secretary of State has announced that we will use adviser support and the flexible support fund to ensure that each of those families is supported through the change.

Baroness Hollis of Heigham (Lab): Would the noble Lord expand on that answer? How many lone-parent families? How much will they be supported by in terms of their finance—is he saying that it would be as though the cuts had not affected them—and for how long?

Lord Freud: It would be a small number of families; I do not have the precise number.

Baroness Hollis of Heigham: Can he give us a feel: are we talking about 100 or 1,000?

Lord Freud: It is a small number. It is probably towards the lower end of that, but I do not have the precise number. We will use the flexible support fund—the measures the Secretary of State was talking about—to help them to make the transition, so that they manage the change.

Baroness Hollis of Heigham: Does that mean that they will not be worse off in cash terms during their transition by virtue of the support system?

Lord Freud: It is not the same as transitional protection, as I was indicating. It is our means of helping people adjust to the change we are seeing in universal credit for those groups.

Baroness Hollis of Heigham: How will that happen?

Lord Freud: We will help them make the transition. It will vary for each of those families: it might be some more work or it might be upskilling to earn more. The numbers are very particular and specific but they are clearly a focus of our obligation to those groups to help them to manage their position. We will put the resource in to help them to do that. That is what we are talking about. Helping those on lower income towards financial independence requires a tax and welfare system that encourages and rewards work, and one which provides people with the right support to progress in the labour market and provide their families with long-lasting security.

The next question asked by the noble Baroness, Lady Sherlock, was about how the transitional protection works. The people who get transitional protection are only those who we have managed migration for, which, as the noble Baroness pointed out, will start in 2018. It is not designed to provide indefinite financial protection. Over time, transitional protection will be eroded as claimant circumstances change. It will be appropriate to end it when circumstances underlying the award are no longer recognisable as those on which the legacy calculation was made. We have not yet regulated for transitional protection, but we have described its principles. We will bring forward those regulations in due course.

Baroness Manzoor: Will the Minister say what those changes will be? The changes in circumstances are really important. The Minister has not highlighted those issues.

Lord Freud: We put them out at the time of the Bill. They were reasonably large changes. There is a list of them: re-partnering would trigger one, as would a new member of the household. Other changes might be a sustained drop in earnings—an equivalent almost to moving out of work—or one or both members stopping work. As I said, those are all indicated. We will set out those changes in due course.

Baroness Hollis of Heigham: Can the noble Lord envisage a situation in which a couple—a family—received this, he moved out and she became poorer, but the result was a change in circumstances, so her reduced income was made worse because she no longer had transitional protection?

7.45 pm

Lord Freud: The trouble is that one can make up particular stories and play around, but overall the position is that, as we get through to the time when the managed migrations happen and the national living wage and various other things come in, the norm will be pretty stable, as I said before.

I will move on to the next question on those people who move earlier—that is, not in the managed migration—and reconfirm that they are effectively making a new claim for universal credit. Therefore, they will not be transitionally protected. I think I have gone through those very specific questions.

Baroness Manzoor: In terms of the flexible element of the budget, can the Minister say, as the noble Baroness, Lady Sherlock, requested, how large that budget will be? It is not the transitional protection money but the other fund that may be available.

Lord Freud: I do not have the precise figures here so it is quite hard for me to know how much of that flexible support fund will need to be diverted, but it is a mixture of support and funding. It is a question of how that is combined. We do not anticipate a large amount because the numbers are not very large. We have not isolated the precise numbers. It is too difficult—we just have not done that—but our anticipation is that it is not a substantial amount.

Let me pick up the point from the noble Baroness, Lady Lister, on incentives to work. There are only two ways of reducing the cost of universal credit: looking at either the taper or the work allowances. The taper is what maintains the incentives to work and to work more. Keeping it at a steady rate so that people can understand exactly where they are, so that if they change their work hours they can understand exactly what happens in a way that they cannot with the present system, was something that we saw as a priority, particularly at a time when the economy is strong and there is work available. There may be a different dynamic at different stages of the cycle, but that is the position we are in now.

On the question from the noble Baroness, Lady Manzoor, the minimum income floor will continue to be calculated by reference to the national minimum wage, which includes the national living wage.

I turn now to Amendment 62D, tabled by the noble Earl, Lord Listowel. In the current system there is considerable complexity around the rates for young people, with some differences between benefits. The structure of age-related rates in universal credit is much simpler than the benefits it replaces, with just four rates of the standard allowance: two for singles, two for couples. That compares with 15 in employment and support allowance, for example.

The age-related rates are now established in universal credit and the Bill does not make changes in this area. Doing so would start to replicate some of the complexity that we are looking to remove and noble Lords have heard me grumble about "carbuncleising" enough to know what I mean. However, the Government do recognise the challenges which these young people face. We should be supporting vulnerable young people and parents to stabilise their lives and find work and we have a number of measures within the context of universal credit. We will ensure that care leavers claiming universal credit who need help managing their money and paying bills on time will have access to personal budgeting support. Care leavers are exempt from serving waiting days in universal credit to ensure a smooth financial transition, and single care leavers aged 18 to 21 are exempted from the shared accommodation rate for LHA housing costs. I ask the noble Baroness to withdraw her amendment.

Baroness Hollis of Heigham: I am still trying to make sense of the responses which the noble Lord very helpfully gave to my noble friend Lady Sherlock. I know that the Minister does not like hypothetical questions, but if we want a dynamic—to use his word—situation, we have to look at it in those terms. A lone parent with two children is currently on tax credits. Let us say that, in 2018, she re-partners. Her partner moves in and the tax credit transitional protection ends because his income floats it off. Within a year, he leaves her: does she then have to make a new claim to universal credit? Putting aside any question of the level of the national minimum wage, would that be at a lower rate, in cash terms, than she would have received on tax credits? In other words, what sort of linking would there be? If he moved out in less than six months, would she be able to resume her previous tax credit claim or will the cuts kick in at any point when there is a change in circumstance—even if it effectively only lasts for a fortnight—that takes her on to UC?

Lord Freud: We have not yet put out the detail of the transitional regulations and that is where one would expect to see them. We will be producing some precision in how the regulations will work.

The Earl of Listowel: My Lords, I am grateful for the Minister's response and for the work which the Government do to support care leavers. I omitted to say why Amendment 62D was timely: today, research from the University of Lancaster highlighted a huge leap in the number of newborns being taken into care. In 2008 it was about 800, in 2013 it was over 2,000; a very considerable number. Some of that is down to better early intervention; taking children very quickly out of damaged families. However, Nicky Morgan, the Secretary of State, is concerned about this and it suggests, again, that we need to be even better at supporting these vulnerable families. I hear what the noble Lord has said and I will look carefully at it.

Baroness Lister of Burtersett: Will the Minister say when, roughly, he expects to be publishing the transitional regulations? Will he, in his normal helpful way, commit to publishing a draft of the likely contents first, so noble Lords can discuss them, rather than just be presented with the actual regulations?

Baroness Hollis of Heigham: Before Report.

Lord Freud: I will take that request in the helpful way that it was offered. I will write to the noble Baroness to see if I can give her any comfort.

Baroness Manzoor: I thank all noble Lords who have taken part in discussing this group of amendments, particularly the noble Baronesses, Lady Lister, Lady Sherlock, and Lady Hollis, and the noble Earl, Lord Listowel. I also thank the Minister for his considered response and for allowing me to intervene when he was speaking. A number of issues have been raised. The noble Baroness, Lady Hollis, stated very clearly

[Baroness Manzoor]
what happens to an individual when there is a change of circumstances. It is important that there is some guidance before Report. I have not been reassured by the answers which have been given. I have every sympathy for the Minister in terms of what he is trying to deliver, but I passionately believe that cuts are affecting people who want to work and will want to go into work under what is being proposed. I will consider what has been said, but I am likely to bring it back on Report. As the noble Baroness, Lady Lister, said, I would be grateful to receive any other information that would help us make our minds up. On that basis, I beg leave to withdraw.

Amendment 59 withdrawn.

Amendment 60

Moved by ***Baroness Manzoor***

60: After Clause 15, insert the following new Clause—

"Housing benefit: age of entitlement

In section 130 of the Social Security Contributions and Benefits Act 1992 after subsection (1)(a) insert—

"(aa) he is aged 16 or over"."

Baroness Manzoor: My Lords, I am pleased that the noble Lord, Lord McKenzie, has added his name to Amendment 60. Support for housing costs for 18 to 21 year-olds is not contained in the Bill but it was announced in the Budget. From April 2017, 18 to 21 year-olds making a new claim for universal credit will not be automatically entitled to support for their housing costs. As the Bill creates no new powers for this, these measures are likely to appear in regulations, using powers already contained in the Welfare Reform Act 2012. Crisis states that it has serious concerns that removing young people's access to support with their housing costs will lead to an increase in youth homelessness. Crisis, the Joseph Rowntree Foundation and the *Homelessness Monitor* state that youth homelessness is already on the rise, with 8% of 16 to 24 year-olds reporting being recently homeless.

According to the Crisis analysis of CHAIN data, in four years the number of young people sleeping rough in London has more than doubled. There are many reasons why young people may find themselves homeless, including parental relationship breakdowns; abuse and violence from family members; and leaving care. For many young people, housing benefit is all that stands between them and homelessness and is an important safety net.

My proposed new clause attempts to address this hole in support for young people. The amendment says "aged 16" in order to avoid excluding 16 year-olds already entitled to housing benefit from eligibility in the future. But the amendment is ultimately about stopping the Government's attack on 18 to 21 year-old claimants. Some 15% of current 18 to 21 year-old claimants are in work. They need this housing benefit to subsidise their rents; one only has to look at the level of rent in cities such as London.

Housing benefit is also vital for those living in areas of low employment to enable them to move to somewhere where they will have more chance of getting a job. Does the Minister really believe that it is better for our economy, and our young people, for them to remain in the family home, away from possible employment opportunities, than to temporarily pay for their housing benefit? I recollect the "get on your bike" sentiments expressed by Norman Tebbit—now the noble Lord, Lord Tebbit. These appear to be holding little water now. I beg to move.

8 pm

Lord Low of Dalston: My Lords, I rise to speak to Amendment 62C. In the Summer Budget, the Chancellor announced that under universal credit there will be no automatic entitlement to support for housing costs for 18 to 21 year-olds. This is to make sure that young people are unable to leave home and start claiming housing support unless they have a job. It is intended to mirror the choices made by young people who choose to live at home until they can afford to support themselves. The Government have been clear that vulnerable groups will be exempt, but have not yet confirmed how this will work in practice. Amendment 62C is intended to fill this gap by setting out the vulnerable groups which should be exempt. I am grateful to the organisation Crisis for briefing me on this amendment. It is also supported by Nacro, the Salvation Army, Caritas Social Action Network, Centrepoint, Shelter, Action for Children, St Mungo's, Homeless Link, the YMCA, the Prison Reform Trust and the Albert Kennedy Trust, so we can be sure that there is a good deal of consensus as to the groups which should be exempt.

The Government have committed to protect care leavers, those with dependent children and those receiving the equivalent of ESA or income support. Young people living in homeless hostels or domestic violence refuges are also expected to be exempt given that they will continue to be funded through housing benefit and not universal credit, at least in the short term. If the groups listed in the amendment are not exempt, there is concern that we could see a further rise in youth homelessness. This could also damage the prospects of the young people affected finding employment. In four years, the number of young people sleeping rough in London has more than doubled, and 8% of 16 to 24 year-olds report recently being homeless. For young adults who are trying to rebuild their lives following a period of homelessness, failure to provide the safety net contained in this amendment—if the protections for the most vulnerable are not sufficient—may make it much harder to keep their lives on track.

For many young people housing benefit is all that stands between them and homelessness. This includes those who have experienced violence or abuse from family members. Some younger adults may be unable to live with their parents because of relationship breakdown but find this difficult to prove—for example, if they have been thrown out because they are gay or if a parent has remarried. To make sure that all young people at risk of homelessness are protected, the list of those who will be exempted from the proposals must take into account all the reasons young people may need support with their housing costs.

The projected savings from this measure are small in relation to the overall savings from the Welfare

Reform and Work Bill. The Treasury has estimated that this measure will save the public purse £25 million in the first year, rising to £40 million a year in 2020-21. However, if the Government's exemptions are not sufficient to protect young people at risk of homelessness, greater costs will be incurred. Homelessness is estimated to cost the Exchequer £1 billion a year. Investing in homelessness prevention on the other hand can make significant savings. Recent research commissioned by Crisis found that tackling homelessness early could save the Government between £3,000 and £18,000 for every person helped. The report uses illustrative vignettes, each based on qualitative data from 165 interviews to give an overview of the costs of homelessness. Each vignette explores two scenarios: one where homelessness is prevented or resolved and the other where homelessness persists for a year. One of these vignettes concerns a 19 year-old who is expected to leave the parental home and exhausts sofa-surfing arrangements with friends. In the first scenario she is helped into immediate temporary accommodation in supported housing for four weeks. She then receives a low-intensity floating support service during a short-term return to the parental home, which enables her to make a planned move into suitable shared private rented accommodation. Parental relationships become positive while she is able to live independently and she secures paid work within a year.

In the second scenario the local authority finds her ineligible for the homelessness duty. She receives a list of private rented accommodation but no other assistance. She relies initially on sofa-surfing but negative experiences from these arrangements lead to a deterioration in her mental health. She makes increasing use of homelessness services and uses drugs as a result of stress and depression. She has a non-elective long stay in hospital as a result of the deterioration in her health. She is admitted into a residential detoxification service for six weeks but lack of settled suitable housing presents major challenges. The research calculated that preventing her homelessness in the first scenario cost £1,554. By comparison, this cost rose to £11,733 when her homelessness was not properly resolved, as described in scenario 2. If this young person were unable to meet the eligibility threshold for claiming the housing costs element of universal credit, the first scenario would not be open to her.

I shall go through the groups of young people who would be protected by the amendment. Crucially, the system must be flexible enough to cover more difficult or complex cases. First, I shall address those who are owed a rehousing duty under the Housing Act 1996 and the comparable Scottish and Welsh legislation. By definition, people who are already homeless have nowhere else to live and should be exempted from these proposals or they will be at serious risk of street homelessness. Young people who approach their local authority and meet the statutory definition of unintentionally homeless in Scotland, and of being in priority need in England and Wales, should automatically qualify for support. Local authorities have a statutory duty to house those who meet this threshold, which they will be unable to meet if the young people owed the duty cannot claim the housing costs element of universal credit.

Secondly, I shall address those who are homeless or at risk of homelessness being supported by local authority housing options teams. In England, the threshold for priority need is high, however, and most single people will not meet it. Nevertheless, they are owed a general duty of advice and information about homelessness and the prevention of homelessness. Across England, Scotland and Wales, many homeless people are supported by local authority housing options teams to prevent or alleviate homelessness. In England, statutory homelessness guidance advises housing options teams to use family mediation services to prevent homelessness when family or friends are no longer able or willing to accommodate. It is therefore vital that those who fall short of the statutory homelessness threshold, as well as those young people at risk of becoming homeless, are protected.

Thirdly, I address those who are homeless or at risk of homelessness and are being supported by voluntary or statutory agencies into more settled accommodation. While many homeless young people are housed in supported accommodation which will continue to be funded through housing benefit, homeless hostels are not right for everyone who has experienced homelessness. Others may struggle to find a bed space since numbers of beds are declining. Those being supported by homelessness organisations to find and sustain alternative forms of accommodation should therefore be protected. This includes private rented sector access schemes and supported lodgings. Withdrawing support from young people using such schemes would undermine the Government's own efforts, including significant investment to tackle single homelessness.

Fourthly, I address those who have formerly been homeless as young adults aged 16 or over. People who first become homeless when young are particularly vulnerable to repeat homelessness. To mitigate the risk of people becoming homeless again following a period of stability, it is important that young homeless people who qualify for the housing cost element of universal credit can continue to do so following a change in circumstances up to the age of 21. Young people ready to move on from a homeless hostel or domestic violence refuge must be able to access financial support to maintain a private tenancy, or moving on will be impossible. The chance to move on in this way will in turn enable other young homeless people and those experiencing domestic violence to access hostel and refuge places.

Fifthly, the amendment refers to,

"a person without family or for whom the home environment is not suitable to live in".

The Government have been clear that those who cannot live at home will be protected. We welcome this commitment, since relationship breakdown is a leading cause of homeless young people no longer being accommodated by parents. A broad exemption to protect young people at risk of homelessness due to family breakdown will prevent young people having to become homeless before they can access support. This protection must apply to those without living parents or parents in the UK, and to those for whom it would be damaging to remain in or return to the family home. For example, up to 24% of homeless youth identify as lesbian, gay, bisexual or transsexual, and in 69% the primary cause identified is rejection or abuse after coming out to parents or caregivers.

[Lord Low of Dalston]

Some young adults need to leave home because the family home is unsuitable or puts them at risk of harm. This may be because of overcrowding, for instance, if the family has downsized due to the social sector size criteria. Overcrowding is a form of hidden homelessness with implications for family cohesion and well-being. In some cases of severe overcrowding, councils may offer to rehouse adult children independently, rather than move the entire family. If young people in overcrowded homes can no longer access housing support, this will not be possible. For some young people, the neighbourhood may be unsuitable: for instance, due to risk of involvement with gangs or other anti-social and unlawful activity. A 2011 cross-government report, *Ending Gang and Youth Violence*, committed to roll out schemes to rehouse former gang members wanting to exit the gang lifestyle and cited joint police and council projects which seek accommodation for people at high risk from gang violence. This work will be significantly undermined if young people in such circumstances cannot access support for their housing costs.

Sixthly and finally, regarding "those leaving custody", young people leaving custody are at particular risk of homelessness due to their higher levels of need, vulnerabilities and chaotic lives. Thirteen per cent of young homeless people are offenders and 22% have an offending history. Accommodation is critical for effective resettlement. A return to the family or neighbourhood may expose them or their families to risk of harm and the negative social networks which they are trying to leave behind. An exemption for young people at the point of release will provide stability and support to help them adjust at this critical time, when the risk of reoffending is greatest.

Baroness Hollins (CB): I support Amendment 62C, as spoken to by my noble friend. I do not usually speak on homelessness but I have a keen interest in the mental health and well-being of young people. I am also a huge admirer of Crisis and other charities offering support to people experiencing homelessness. I was extremely concerned to hear that the number of young people sleeping rough in London has more than doubled in four years, and that 8% of 16 to 24 year-olds report having recently been homeless, for reasons such as those outlined by my noble friend—being victims of or at risk of violence or abuse, or a breakdown in family relationships. According to Crisis, tackling homelessness early can save the Government between £3,000 and £18,000 per person. Can the Minister describe exactly which homeless young people will be entitled to the housing costs element of universal credit?

8.15 pm

Lord Best (CB): My Lords, I support Amendment 62C, in the names of my noble friends Lord Low of Dalston and Lady Hollins. This is one of a number of amendments to the Bill addressing issues of special concern to charities seeking to help homeless—very often, young homeless—people.

I see the tension here between the objectives of the Department for Work and Pensions, which is so very concerned to see the huge housing benefit bill reduced, and the objectives of the Department for Communities and Local Government, which of course wants to see rising homelessness reduced. It is not going to be possible for the objectives of both departments to be met and a balance between these conflicting aims has to be achieved. It is utterly pointless for the DWP to win in cutting the benefit bill for housing costs if the homelessness position deteriorates further. The supposed savings will then look very paltry, not least when set against the costs to other government departments in physical and mental health, social care, criminal justice and more. This anxiety that cost-cutting measures will undermine homelessness charities is reflected in the list of 12 charities seeking to persuade your Lordships to accept this amendment, as set out by the noble Lord, Lord Low, with Crisis as the co-ordinator of their efforts. They are a roll-call of nationally important charities trying very hard to tackle the horrors of homelessness.

Amendment 62C addresses a key concern of the charities, which has been very well spelled out by my two colleagues: that the vulnerable 18 to 21 year-olds who come within the priority categories set out in the amendment will no longer be able to get enough financial help with their rent to obtain the accommodation and support which they need and which the charities and local authorities can organise or provide for them if the rental funds are forthcoming. If the charities have to turn away young people because they are denied access to sufficient support with their rent, then street homelessness—as the noble Baroness, Lady Hollins, has said, it has doubled in London since 2011—will get worse. That means more young people sleeping rough and facing the cold, the abuse, the violence and the illness that goes with that.

Later amendments in my name also address the same issue of the problems which will emerge if benefit payments for housing—in this case, the entitlement to the housing element in universal credit—are reduced for vulnerable young people. The other reductions, for us to discuss in detail later, which potentially affect housing costs for young homeless people are, first, the proposed 1% per annum cut to social housing rents, which could put some social housing charities out of business and, secondly, the new idea that rents in social housing should be capped at the local housing allowance levels set for private landlords, although the charities' rents may include special support services that no private landlord would ever supply.

I am making the overarching point in respect of all these cuts that the DWP's earnest desire to reduce the costs of housing benefit—in future, of universal credit—really must avoid crushing efforts to help those who are or will be homeless. To save time in our later deliberations, I simply flag up the common policy point which relates to all these amendments, since the Minister may want to respond in the round. I hope that he can provide reassurance that the DWP's different ways of reducing benefits for housing will stop short of squeezing those people in the most acute difficulty and those bodies desperately trying to help them.

I think all of us, and every Government I have worked with over the last 45 years, have been clear that we must give special attention to trying to ensure that young people at risk of homelessness are supported. If

we fail, and yet another young person ends up living on the streets, it is incredibly hard for that person to keep away from crime, alcohol, drugs, depression and ill-health and to get back on their feet, as we all know and as was so well illustrated by the example quoted by the noble Lord, Lord Low.

I feel sure the Minister gets this and has no desire for the Government's welfare cuts to pull the rug out from under the charities that are trying so hard to address the evils of homelessness. This amendment would remove one of the new threats to these bodies continuing their vital work by ensuring a range of vulnerable young people are not going to be denied housing support just because they are aged 18 to 21 and will be in at least no worse a position to pay their rent than those who are older. Indeed, 18 to 21 year-olds may have a greater need for help simply because they are young. I commend the amendment to the Minister and hope he will be able to tell us that Government recognise the case being made and have no intention of harming the vital work of the charities that can offer a life-saving lifeline to very vulnerable young people.

The Earl of Listowel: My Lords, I rise very briefly to support the amendment of my noble friends. On a visit to a Centrepoint hostel in Soho several years ago, I spoke with a very young girl—16 or 17 perhaps—and asked her why she was there. She said that her mother had a new boyfriend who did not want her around. The OECD said in its report on family formation that this country will overtake the United States in the 2030s in terms of the numbers of young people growing up without a father in the home. We have to think about the changes in families and about the Children's Commissioner's report on the sexual exploitation of children. Most sexual exploitation takes place within the family, from people within the family who the children know. Some 90% of lone parents are going to be women, and if different men are regularly coming into the household, this issue of girls in such households having worries about sexual exploitation or being sexually exploited also has to be considered. I commend the amendment to the Minister.

Lord McKenzie of Luton (Lab): My Lords, as your Lordships have heard, we have added out name to Amendment 60 in the name of the noble Baroness, Lady Manzoor, and I cannot think why we did not do likewise for Amendment 62C, which we support and which also has the support of the noble Baroness, Lady Hollins, the noble Lord, Lord Best, and the noble Earl, Lord Listowel.

The proposition to remove access to the housing element of universal credit for 18 to 21 year-olds from April 2017 has been some time in the making. Its progression—or, more likely, regression—can be tracked from a series of references by the Prime Minister at his party conference. Its original focus was to remove housing benefit for people aged 16 to 24, but this has now been narrowed, as we have heard, to 18 to 21 year-olds for universal credit. There are of course already lower levels of housing benefit allowances for single people under 25 and couples under 18, as well as restrictions under the shared accommodation rate. Can the Minister confirm that the Prime Minister's desire to have an extended denial of housing benefit or universal credit for 16 to 25 year-olds is now off the agenda? The rationale for the policy has a familiar refrain:

> "This will ensure young people in the benefits system face the same choices as young people who work and who may not be able to afford to leave home".

That is a simplistic view of the choices facing many young people and in any event ignores the fact that housing benefit can be claimed by those in work.

This policy is being introduced at the same time as the new youth obligation for 18 to 21 year-olds on universal credit—the so-called boot camp. As the noble Lord, Lord Low, points out, we are promised that there will be exemptions, and the amendment is probing what might be available. The policy starts from April 2017 for 18 to 21 year-olds who are out of work. Can the Minister confirm specifically that there will be protection for vulnerable claimants, as spelt out by the noble Lord, Lord Low, and that they will definitely include those with recent experience of work, young people living in homeless hostels or domestic violence refugees, care leavers, those with dependent children, those receiving ESA, or its equivalent, or income support and those who cannot live at home?

Like the noble Lord, Lord Low, we are grateful for the briefing provided by Crisis and its insights into the consequences of these proposals should they not be ameliorated—in particular, the consequences for those who are homeless or who have experienced or are at risk of homelessness. Its briefing reminds us that if the protections and exemptions are not sufficient, any savings from this measure will be wiped out by costs elsewhere, mostly from increased homelessness.

The policy has generated a range of criticism, as we have heard. The Chartered Institute of Housing says that it could mean young people being less willing to take risks in moving for work because of the removal of a safety net. Centrepoint says that claiming housing benefit is for many a short-term solution to a situation they find themselves in, providing them with a safety net from which they can get their lives back on track. Shelter opposes the measure because it asserts that,

> "every young adult deserves somewhere safe and decent to live"—

and who could disagree with that?

House of Commons briefing paper number No. 06473 of 26 August 2015 refers to the *Uncertain Futures* paper published by YMCA England. This points out that, of the estimated 3.2 million 18 to 21 year-olds, just over 19,000 young people are currently claiming jobseeker's allowance and housing benefit, and that 71% of the 18 to 21 year olds who access JSA do so for less than six months. It also points out that 7,200 young care leavers between 19 and 21 years-old in England are currently out of work and would potentially be able to claim JSA and housing benefit and that nearly 1,400 18 to 21 year-olds are currently living in YMCA supported accommodation and claim JSA and housing benefit. It points out, on lifestyle choice and the assertion that people just want to live on the dole, that most young people are entitled to £57.90 a week in JSA—frankly, what we would blow on a meal at the weekend.

[LORD MCKENZIE OF LUTON]

YMCA England concludes:

"By removing automatic entitlement to Housing Benefit for 18 to 21 year olds the Government could be in danger of inadvertently taking away support from the young people who need it most and in doing so, exposing many more vulnerable young people to the risk of becoming homeless and therefore damaging their prospects of finding work in the future. Action is needed to address youth unemployment, but without protections thousands of vulnerable young people will face uncertain futures, not knowing if they will have anywhere they can call home and leaving them less able to find work".

Lord Freud: My Lords, the Government's policy proposal is to remove automatic entitlement to the housing cost elements of universal credit for certain young people aged 18 to 21. I confirm to the noble Lord, Lord McKenzie, that that is the Government's policy. It will apply only to relevant 18 to 21 year-old claimants who make new claims in the areas where UC digital has rolled out. This will ensure young people in the benefits system face the same choices as young people who work and who may not be able to afford to leave the family home.

I start with the amendments tabled by the noble Baroness, Lady Manzoor. It is not fair that taxpayers should have to pay for young people who are not working to be able to live independently when young people in work or education may not be able to afford to do so. Having said that, the Government recognise that vulnerable people need to be protected. Work is currently being undertaken with a wide range of stakeholder groups to understand who these vulnerable young people may be. I can reassure the noble Baroness that the policy will not stop people looking for work in other areas of the country in the same way that young people not reliant on benefits can look for opportunities away from where they live.

We need to complete the consultation work in order to ensure that a robust policy is put in place. I acknowledge the remarks of a wide range of noble Lords, including the noble Lord, Lord Low, the noble Baroness, Lady Hollins, and the noble Lords, Lord Best and Lord McKenzie, but we are doing this work. It is too soon to make decisions on the specific exemptions that will be applied, but we will bring forward detailed proposals once the work is completed—although, to anticipate the question, that will not be in time for Report. Indeed, to jog back to the previous amendment, I do not anticipate that the work on the work allowances that we discussed in UC would be done in time for Report. As I mentioned previously, the change will apply only to new universal credit claims from April 2017.

8.30 pm

On the amendment tabled by the noble Lord, Lord Low, we recognise that there will be vulnerable young people who do not have the stability of a family home to rely on, and we want to do everything we can to help them. That is why we will ensure that the exemptions that I have just discussed will be in place to protect those who are vulnerable. We are discussing this policy with landlords, housing associations, including Crisis, and charities. As these groups are often closest to young people, they have a unique perspective on the support that they require.

I shall leave the rounder issues raised by the noble Lord, Lord Best, until we move into housing, which will be later on in the consideration of this Committee. I urge the noble Baroness to withdraw her amendment.

Baroness Manzoor: I thank all noble Lords who took part in discussing the two amendments. I am very grateful to the Minister for stating that there are likely to be exemptions in certain aspects of this area. Of course, my amendment referred to current entitlement—the 16 year-olds who currently are entitled to housing benefit—and I wanted to safeguard that same provision for the future, for the reasons so well articulated by noble Lords. I personally would have preferred to see what the exemption said.

On that basis, I am particularly keen to explore this area much further, because I am very concerned about those of 16-plus and the fact that they are excluded from the 18 to 21 year-old group, for their vulnerability in terms of work and where they are going out to work. I am thinking of someone living in a small village. That comes to mind when I think of two young people who may well be searching for work; they are very likely to go into low-paid work. That means that if they are going into the city, which is quite a number of miles away from them, they cannot come backwards and forwards from home. In fact, it would be very expensive for them to do so, so they would be looking for accommodation in the cities. They would be unable to do so as matters stand, under this Bill.

I feel very strongly that there needs to be a clause such as the one that I have indicated. Indeed, I take on board the other amendment—and like other noble Lords I am not sure why I did not have my name to it. I understand where the noble Lord, Lord Low, and others are coming from.

I give notice that I shall come back to this amendment on Report. On that basis, I beg leave to withdraw the amendment.

Amendment 60 withdrawn.

Amendment 61

Moved by ***Baroness Donaghy***

61: After Clause 15, insert the following new Clause—

"Self-employment and minimum income floor

In Schedule 1 to the Welfare Reform Act 2012 (universal credit: supplementary regulation-making powers), in paragraph 4, at end of sub-paragraph (4) insert ", and may prescribe modifications of such provisions in respect of particular persons or classes of persons"."

Baroness Donaghy (Lab): In moving Amendment 61, I shall speak also to Amendment 66 in my name. The detailed amendment comes before the general one, but it is about the self-employed—and the Minister will not be surprised by that because I raised this in the Welfare Reform Bill discussions. I am coming back to haunt him.

With approximately 4.8 million self-employed people, this is an important area for growth in our economy, which makes it even more surprising that this Bill

makes no reference to the particular and varied needs of the self-employed at such time that they might need some support from the social security system. I am grateful to the Low Incomes Tax Reform Group for its briefing.

Amendment 66 would add a new reporting obligation on the Government about self-employment and the impact of the minimum income floor in particular. The self-employed are a very diverse group which includes freelancers, farmers, seasonal traders and workers in construction and IT. Their needs will be different if their businesses are start-ups or are ongoing business. We need an annual government assessment. Some will take up to five years before their business is viable, and some will experience extremes of volatility in their income depending on their profession. We do not know enough about how this diversity fits into the social security system. The self-employed might be flexible, but their experience of the system is anything but.

I am arguing for a different system for the self-employed and for groups within the self-employed, particularly bearing in mind the Chancellor's announcement that the minimum income floor will be the equivalent of the national living wage from next April, when it was originally the statutory national minimum wage. That is comparatively good news for the employed, but is bad news for the self-employed. To require the self-employed claimant to achieve an earnings pattern similar to that of the employed claimant is fundamentally to misunderstand the nature of profit and to ignore the fact that a business has to meet its costs and expenses before it can declare a profit. They include rent, heating, lighting, office equipment, vans, tools et cetera.

Reporting to Parliament would help to reveal what work is organised and regular under the new, much more stringent test to qualify for working tax credit. It would help to reveal how monthly reporting to DWP for universal credit purposes adds to the difficulty in the lives of the self-employed. This also has to be seen in the context of the Chancellor's recent announcement that small businesses will have to report quarterly from 2020 instead of annually, just as our largest companies are dropping quarterly reports to their shareholders. Apparently, it is going to be made easy because the Government are,

"going to build one of the most digitally advanced tax administrations in the world".—[*Official Report*, Commons, 25/11/15; col. 1361.]

Does that statement not fill you with terror?

The assumption is that more frequent reporting will improve accuracy, but that is far from the case. It does not take account of annual reconciliation, disputes about holidays or sickness, seasonal working or long periods of not working for freelancers, particularly writers and actors. We have the best actors in the world, but it is important that they do not all come from Eton. Equity recently conducted a survey of its members and found that 20% had claimed some form of benefit in the previous 12 months and more than half of them had claimed tax credits. When asked about their earnings, 25% of Equity members said that they earned between £5,000 and £10,000 from their self-employed work in the previous 12 months, and just over 23% earned between £10,000 and £20,000. Equity has said that when you factor in net profit figures, it is clear that many will hit the problem of the minimum income floor. I hope I will be forgiven for repeating what I said at Second Reading, which is that is that a minimum income floor is set for the self-employed who are deemed to be earning the national minimum wage—recently changed to the national living wage—whether or not they earn it.

You could argue that at least this is equal misery for all under the new system, but it is worse for those self-employed people with fluctuating earnings. If earnings in any month from April 2016 onwards are high enough to disentitle the claimant from universal credit, the surplus earnings regulations will apply to bring the surplus earnings in that month into account as earnings for universal credit purposes in each of the next five months. To summarise, actors will be worse off because of the application of the minimum income floor. That is why I ask in Amendment 61 for more flexibility to be applied to certain work groups because of their fluctuating earnings. It may seem an obscure amendment because it refers to the Welfare Reform Act 2012. However, the purpose is the same as it was when we discussed the self-employed during the debates on that Act. There is no evidence that a flexible approach has been adopted since the Act, and I do not believe it is impossible to prescribe the modifications that I have asked for.

To be self-employed, activity needs to be undertaken on a commercial basis, with a view to making a profit, and, as I said earlier, it must be organised and regular. With effect from April 2016, a self-employed claimant must register as self-employed with HMRC for self-assessment and provide their unique taxpayer reference with their working tax credit claim. It remains uncertain how HMRC will determine whether an activity is undertaken on a commercial basis; whether there will be different interpretations of whether someone is employed or self-employed for tax and tax credit purposes; and how claimants and prospective claimants will be helped to ensure that they claim on the correct basis to avoid unwittingly incurring an overpayment. HMRC is still developing its guidance, apparently.

The Minister's letter to Peers of 25 November 2015 says that the same tests for determining the commerciality of a trade will be applied to tax credits as to income tax. However, the Minister goes on to say that if HMRC decides that the test is not met for tax credit purposes, the income from the activity will still be subject to income tax. It would be interesting to know on what basis that income would be taxed; if it were taxed as profits of a trade, it would be an indication that the tests of commerciality are not the same.

The minimum income floor will be particularly problematic—a word that I cannot say—for seasonal trades and trades that take more than 12 months to move into profit; newly established businesses taking on their first employee; businesses experiencing a downturn, a bad debt or the bankruptcy of a key customer; businesses depending on the weather; and businesses that incur large expenses in certain months. I have already mentioned entertainers and those in other unpredictable trades, but there are also bed and breakfast owners in the winter season; arable farmers

[Baroness Donaghy]
who earn all their profit at or around harvest time; and livestock farmers, who face the cost of rearing and getting their livestock to market.

The fundamental objection to the monthly minimum income floor is that it opens up a gap in the treatment of employed as opposed to self-employed claimants. For example, a livestock farmer who has had his universal credit restricted by the minimum income floor in the seven months of the year when he makes little or no profit, and who receives no universal credit at all in the five months in which his business becomes profitable, will be entitled to considerably less universal credit over the course of the year than an employed claimant who may earn the same over the whole year but whose earnings are spread evenly over 12 months. It is wholly wrong that the amount of welfare support that a worker receives should depend so much on cash flow rather than earnings. The position is made worse by carrying forward surplus income and expenditure with a view to total annual profits being assessed over the course of the year, as the minimum income floor will continue to be applied on a monthly basis.

Many self-employed claimants will be disadvantaged by the minimum income floor even when their annual profits exceed it. Given that the intention of universal credit is to assist claimants at the point when they most need help, it seems perverse to restrict entitlement when cash flow is at its lowest and to exclude from entitlement when profit from that expenditure is finally received.

For claimants whose income and expenditure arise unevenly, would the Minister consider accepting Amendment 61 so that they may opt for appropriate and tailored conditionality instead of the minimum income floor? This would limit the risk to the DWP while addressing an otherwise unfair anomaly. Assuming that a statistical framework is already in place for self-employed and the minimum income floor, why should it not be made publicly available and sector-specific so that we can see who is most disadvantaged?

8.45 pm

In discussions during the passage of the Welfare Reform Act, I seem to remember making a plea that the exemption period of one year for a start-up, while welcome, would not be sufficient for most businesses. The Prince's Trust indicated that one year is simply too short a time to assess the profitability of a business. The Government's response is to demand monthly returns for working tax credit and quarterly returns for income tax. I am rather fearful of asking government for any improvements if it risks the retaliatory response that the self-employed will in future have to report on a daily basis.

The Child Poverty Action Group has also raised concerns about the minimum income floor and its alignment to the national living wage. It says:

"The median weekly income of self-employed workers is £207, yet the minimum income floor is currently £234.50 and will rise to £252 a week".

It goes on to say:

"A self-employed worker with two children earning £207 a week already losing out on universal credit … combined with a reduction in the work allowance and the cut to the first child element this family will lose £1,252 next year if they are renting and £2,102 if they are non-renters".

In conclusion, there is a need for more publicly available information about the self-employed, the wide diversity of groups and the impact of the minimum income floor. There is also a need for flexible alternatives to the minimum income floor; I suggest some tailored conditionality. The requirement for monthly returns is bureaucratic, inefficient and will not lead to desired outcomes. There must be a more efficient system; for example, averaging profits over a period that is appropriate to businesses, which should be a minimum of one year. I hope the Minister will acknowledge that the self-employed do not fit into the social security system easily, even though there may be periods of their lives when they desperately need help.

Baroness Campbell of Surbiton (CB): My Lords, before I speak to Amendment 67 I apologise to the Minister for not being here at Second Reading. Unfortunately, it clashed with the hearing of the Select Committee on the Equality Act on disability provisions and I was very torn as where to go, so I ask him to forgive me for not being there at that time.

I am delighted that Amendment 67 has the support of the noble Baroness, Lady Doocey, and my noble friends Lord Low of Dalston and Lady Hollins. Amendment 67 would require the Secretary of State to report each year on the Government's progress in meeting their commitments to halving the disability employment gap. My amendment is designed to ensure that this commitment has the prominence it needs if it is to come to fruition.

I was delighted and honoured to receive many invitations last month to speak on the 20th anniversary of the Disability Discrimination Act 1995. One of the key objectives that drove our campaign at the time was to end discrimination faced by disabled people in the workplace. The Disability Discrimination Act made it unlawful to discriminate against disabled employees, which was a good start, but we all know that legislation alone cannot provide all the solutions—and it did not.

One need only glance at the statistics to see that disabled people are still facing significant challenges which prevent them pursuing interesting careers. At present, the employment rate for disabled people is 47.6%; for non-disabled people, it is 80.5%—a gap of over 30%, and it has been stuck at that level for more than a decade. The Government identified this gap as one of their election priorities and committed to halving it by the end of the term. That was a very bold commitment but one that I praised enormously.

The Minister for Disabled People in another place has put his weight behind the Disability Confident campaign to raise employers' awareness of disabled people's potential, in the hope that they will get the same opportunities as their non-disabled peers. It is a laudable aim but not quite as new as it purports to be. The Business Disability Forum has been promoting a similar campaign in great detail for years upon years. Nor is this a solution to the gap. It helps, of course, but it will not achieve the objective on its own. As many organisations working in the field have found, awareness-raising is important but it goes only so far—and not that far, I am afraid.

The disability employment gap illustrates the systemic and deep-seated inequality that disabled people in the workplace face. It is constantly there, whether the economy is booming or in recession. That is why the Government need to step up their oversight and target action where it is needed. It is not enough simply to count the employment numbers. It is the employment gap that needs to be measured in more detail. The Minister for Disabled People in the other place said that measuring progress towards full employment will include some—I repeat: some—reporting of the gap. That is of course welcome but, if change is to be driven across government, we need to have a proper reporting mechanism enshrined in law to incentivise all departments to scrutinise what goes on beyond the headline figure. Reporting against specific groups of disabled people will give the Government a greater understanding of how to tackle the complex reef of barriers to work. These are deeply ingrained at every stage of the path to employment, including further and higher education and apprenticeships, which I shall come to later.

Support for disabled people in other areas is crucial to their ability to work. It also needs factoring in when addressing the employment gap, as I shall briefly illustrate. In a recent research study carried out by the charity Scope, 79% of disabled users of social care said that support services are vital to help them to work, seek work, volunteer and study. The research further showed that fewer than half of disabled people now receive the support they need to live independently and access jobs.

Inadequate support for independent living is another massive barrier to the employment of disabled people. Without assistance to get out of bed, wash, dress, have breakfast and leave the house, it is nigh-on impossible to find and retain a job. The lack of work income has an impact on the independence of disabled people, and in the end creates a vicious circle. Therefore, reporting on the gap would help the Government to get a more accurate picture of what is behind these figures. It would enable them to plan a well-co-ordinated cross-departmental response to the long-term chronic unemployment cycle in which disabled people are caught.

In the recent spending review it was announced that more than £115 million would be invested in the joint health and work unit. A requirement to report annually to departments on progress towards halving the disability employment gap, in the detail set out in my amendment, would support the unit and provide a cross-departmental employment focus.

I look forward to the Minister's response to my amendment. I hope he will appreciate that it is an enabling amendment that is intended to be helpful and to ensure that the Government continue to support disabled people in playing an active role in our country's growing economy. It is time to move on from awareness raising.

Baroness Doocey (LD): My Lords, I rise to support Amendment 67 in the name of the noble Baroness, Lady Campbell of Surbiton, and in particular to support the right of disabled people to access employment. As the noble Baroness has just said, it is quite shameful that almost half the working age population of disabled people is without a job.

The Bill includes little detail on how the Government plan to halve the disability employment gap. Perhaps the Minister could kindly tell the House what practical and measurable steps they are taking to achieve the target and how they plan to involve disabled people themselves in formulating the plans.

Disabled people clearly know from personal experience the barriers they face to finding and staying in work; despite the best intentions of successive Governments, disabled people face major discrimination when trying to get work. Employer attitudes are a particular problem, not because employers do not care but because they often see disabled people as "risky hires".

One of my friends, who has an excellent degree, exceptional IT skills and is very personable, has spent 10 years trying to get work without success. The fact that he is blind has been a major problem, largely because employers have absolutely no idea what specialist equipment is available that would allow him to play a full part in the workplace. He tells stories of explaining to employers that he can type because there is a special programme. It is not that employers do not care; they do not know. It is therefore essential to find ways to educate employers about the specialist employment support that is available to disabled people. Although I am sure that the large employers understand what systems are available, I have spoken to about 50 SMEs and the vast majority have little or no idea of how disabled people operate and the huge contribution they could make to their business.

In the latest spending review the Government announced plans for a new work and health programme to provide specialist support for claimants with health conditions or disabilities and those who have been unemployed for more than two years. Can the Minister confirm that the programme will be similar to the Work Choice model and say whether it will respond directly to the specific barriers to work that disabled people experience?

Access to Work is a vital scheme that enables many disabled people to stay and progress in work. The Government also announced in the spending review a real-terms increase in spending on Access to Work. This is extremely welcome, but it can only make a difference if employers and disabled people know that it exists. This is not the case all the time. The investment also comes with a great opportunity to improve Access to Work itself. Will the Minister, for example, consider an approach which delivers Access to Work through a single personal budget for employment support that is available both before and during employment? Disabled people tell me that this could make a huge difference, because it would guarantee prospective employers that any adjustments a disabled person needed would follow the person and would already be in place. It would take away the concern that they would not be able to provide what was needed.

If reporting requirements are included in the Bill, it will provide a departmental and cross-government focus on these laudable goals and ensure that achieving them is embedded in the organisational culture. It will also ensure that successive Governments remain committed to delivering the changes in policy, practice and, more particularly, public attitudes that mean that disabled people can find the employment they want and so desperately need.

9 pm

Baroness Pitkeathley (Lab): My Lords, Amendment 64 concerns those people who are kept out of the workforce as a result of their caring role. Every year, 2.1 million people take on an unpaid caring role and nearly 2.1 million people find their caring role comes to an end. While not of all of those whose caring role finishes have given up work to care or may be of working age, a considerable number of them are in that situation. Indeed, Carers UK research shows that 2.3 million people have given up work at some point to care, unpaid, for loved ones.

People give up work to become a carer for all kinds of reasons. It may be simply through personal choice or because there are some unreliable services out there that provide substitute care. Others feel forced to leave through a lack of carer-friendly employment practices such as flexible working and paid care leave.

The Government do not currently collect information about the number of working-age carers who remain out of work after their caring role ends. However, evidence from Carers UK's *Caring and Family Finances* inquiry indicated that former carers who are of working age remain significantly less likely to be in work than non-carers of working age.

Leaving work to care puts pressure on the day-to-day finances of carers and their families, but it can also have far-reaching consequences for their long-term financial independence as they struggle to return to work after a caring role. Former carers out of work report high reductions in their income as a result of the legacy of caring, with over 80% saying that their income was more than £10,000 a year less than it would have been if they had not been carers.

The end of caring responsibilities can cause complete disruption to family finances, but the wider economic impact is also vast. Research from Age UK and Carers UK indicates that £5.3 billion has been wiped from the economy in lost earnings because of people who have dropped out of the workforce due to caring. Providing the right amount of support to enable carers to return to work is essential, not only for their health, well-being and finances but for the wider economy.

Our ageing population and the fact that more people are living with long-term conditions means that the demand for care will rise. Measures therefore need to be in place for those who choose to give up work to be able to return. A requirement to report on the support available to former carers and the number of former carers in employment would ensure that this often-hidden group would be given the tailored support they need. Does the Minister acknowledge that more needs to be done to help former carers back into employment and will he undertake a review of the support currently available to former carers? Does he agree that helping former carers back to work benefits both the carer's own personal health and finances and the economy as a whole?

Baroness Hollins: My Lords, I will speak to Amendment 67, in support of my noble friend Lady Campbell. Given the Government's ambitious commitment to halve the disability employment gap, it seems logical and common sense to require the Secretary of State to report on progress, but such a report would need to be broken down by disability or impairment. For example, the Spinal Injuries Association draws attention to a number of issues that prevent people with new spinal cord injuries returning to work. I shall mention just two of those. The first is the need to have the right care and support package in place that is flexible enough to enable a person to work. The second is the need for accessible transport to and from work.

The employment rate for people with learning disabilities, mental illness and autism remains stubbornly low, which highlights the very real structural and attitudinal barriers that exist for them. Worryingly, the Health & Social Care Information Centre reports that the percentage of people with learning disabilities in paid work has dropped from 7.1% to 6% in the past few years. To be frank, the current government employment schemes have failed people with learning disabilities. The National Development Team for Inclusion has done some thorough research into the cost-effectiveness of employment support for people with mental health problems and learning disabilities. It shows that much of the current public spending in this area is being wasted, as it goes on non-evidence-based models that are more expensive and have poorer outcomes than the approaches that do work. If scaled up, effective interventions could be expected to support up to three times as many people in retaining paid work. This would save considerable sums in traditional care services.

A major obstacle for people with learning disabilities to getting into work is the lack of aspiration, for themselves if they have grown up not having any expectation of working, and of their families, their supporters and the professionals who advise them. The two approaches found by the NDTi to be effective were individual placement support and supported employment. I declare an interest here as I have published a book for employers which tells the story of Gary Butler and his work at St George's, University of London, where he is employed to teach medical students how to communicate with people with learning disabilities. It is interesting because it is a job which only those with learning disabilities can do. The normal image of work that is suitable for such people is traditionally along the lines of collecting trolleys at Sainsbury's and so on, but there are jobs which are particularly suited to people's own needs and interests. St George's has been employing two people with learning disabilities as trainers for 23 years. It is something that I initiated after having seen a similar kind of scheme in Boston.

With the right support, people with learning disabilities and those with mental illness make valued employees who are more likely to stay in work with lower sickness rates than non-disabled people, and there is research evidence for this. I hope that the Minister will recognise the value of a detailed report so as to understand any remaining barriers to halving the disability employment gap and, as my noble friend said, to get behind the figures.

Baroness Drake (Lab): My Lords, I rise to speak to Amendment 64A. On 25 November, the Chancellor stated that he was determined that the economic recovery would be,

"for all, felt in all parts of our nation".—[*Official Report*, Commons, 25/11/15; col. 1358.]

Increasing employment is a key indicator of the benefits of economic recovery, but there is much debate about whether the increase has been at the cost of job quality, weak pay growth and productivity performance, and rising and deepening job insecurity for a significant number of workers. Understanding the reality and extent of these concerns is important to understanding progress to full employment. Level of employment is a necessary but not sufficient indicator of whether the recovery is benefiting all parts of the nation and providing opportunity for all, which the Chancellor aspires to.

The plethora of amendments to the Clause 1 obligation to report on progress to full employment reveals that many noble Lords share that concern, if for slightly different reasons. Amendment 64A requires the report to address additionally what is happening within the labour market, in particular but not exclusively in terms of changing employment practices and types of employment, as well as on self-employment, non-guaranteed hours of work, quantitative and qualitative underemployment—that is, people working fewer hours than they want, or at a lower level of skill than they are capable of—and younger workers.

The UK Commission for Employment and Skills reports that, since 2008, the UK labour market has been more efficient than some other economies in keeping people at work, but that there have been significant changes in the nature of that employment and that those at the margin are impacted especially harshly. Labour productivity is struggling to recover. This results from factors such as the decline in youth employment, rising underemployment, a falling number of jobs in middle-skill occupations and a shift to a lower-wage, lower-skill economy. There are concentrations of unemployment and evidence of quantitative and qualitative underemployment. The commission found that nearly half of establishments reported that they had employees with skills more advanced than their job required, which accounts for 16% of the workforce and 4.3 million workers—indeed, more than are considered to have a skills gap.

If the commission is correct, when it comes to considering how full employment is interpreted, the available supply of labour will be much bigger than those officially classified as unemployed. Economic growth has increased employment but not always of the type and with the hours that people seek. If the Government want to achieve opportunity for all and lower welfare, the higher minimum wage cannot be a direct replacement for welfare. Arithmetic tells us that the £4 billion rise in pay it will produce will not compensate many whose benefits will fall as a result of the £12 billion cuts. The minimum wage targets the hourly pay of low earners and we hope that it will deliver increased productivity. Welfare supports low-income families. A goal to benefit all families needs the progress report to cover types of employment and practices.

The rise in self-employment—83% of net gains in employment between 2007 and 2014, rising to 4.5 million and 15% of workers—was accompanied by a 22% fall in self-employed average median income. The Resolution Foundation found that more than half of full-time, self-employed people are low paid, compared to around one in five employees. My noble friend Lady Donaghy gave an excellent articulation of the problem and any repetition from me would merely detract from that clarity. To restate, increasing the minimum wage is a solution largely confined to those directly employed. The minimum wage does not apply to low earning, self-employed people. Whether self-employment falls with recovery is uncertain, but policies focused on increasing high-wage employment need to deliver for the self-employed too.

The labour market has witnessed the rise of other precarious forms of employment, such as a sustained increase in the use of fixed-period contracts, casual employment, short-term arrangements and non-guaranteed hours. Recent ONS updates on the use of non-guaranteed hours contracts—zero hours for short—reveal around 1.5 million such contracts where work was carried out in the survey period, which is an increase of 6%. But in addition to the 1.5 million, there were 1.9 million contracts where no work was carried out, which is up from 1.3 million. This is not a small business phenomenon, as nearly half of businesses with employment of 250 or more make use of non-guaranteed hours contracts, compared with 10% of businesses with less than 20.

The key observation is that the increased use of non-guaranteed hours contracts over a period of stronger employment recovery suggests that they are becoming a permanent feature. The Resolution Foundation comments that,

"it is clear that this form of working is not fading away as our employment recovery gains ground … some people value the flexibility offered by ZHCs, for many they bring deep insecurity … for those affected—particularly in low-paying sectors … the danger is that job insecurity is becoming deeper".

The Clause 1 report needs to inform us whether such contracts are becoming a standard form of employment in low-paid sectors, such as hospitality, care and retail, and how the Government will respond.

9.15 pm

The Government aspire to a higher-wage economy but, given the extent of polarisation in the labour market, with the growth of both low and high-skilled jobs and the decline of middle-skilled jobs, this is uncertain. What is certain is that a route out of in-work poverty is job progression or upskilling, but how will that be achieved in industries characterised by sustained insecure and low-paid jobs?

The Commission for Employment and Skills observed that chief among those affected by tough labour market conditions are young people. Their participation has diverged markedly from the rest of the workforce. Between 2007 and 2013, 1.2 million over-50s found work, while 400,000 fewer younger people were employed. Yet we know that for young people sustained unemployment can have a scarring effect, lowering their future earnings and employment outcomes.

I am sure the Minister will assert that there are indications that the quality of labour market participation is improving, but whether those improvements are sustained, whether economic recovery benefits all parts of our nation and what that means for the definition of and progress towards full employment—in terms of the available supply of labour—should all be considered against the evidence over the course of the Parliament. That is the purpose of Amendment 64A.

Baroness Manzoor: My Lords, I shall speak to my Amendment 65. I recognise that my proposed new clause may be imperfectly drafted, as the word "disabled" should perhaps have been defined. As this is a probing amendment, I hope the Committee will make allowances.

My amendment is pretty self-explanatory, in that it requires the Secretary of State to,

"lay a report before Parliament annually on the progress which has been made towards halving the disability employment gap".

It also requires that,

"the report must set out how the Secretary of State has interpreted 'disability employment gap' for these purposes".

I would like the report to include,

"an assessment of the sectors in which disabled people have primarily secured jobs … an assessment of the type and level of jobs primarily secured by disabled people, and … an assessment of the progression of disabled people within the job market".

My amendment will help to improve the transparency of employment outcomes for disabled people and allow monitoring of the Government's target.

I am, however, rather concerned because we have asked the Minister for reviews of sanctions, conditionality criteria and so on. From my perspective, we have not had an answer that might have given us some hope. However, I hope the Minister will give this measure careful consideration because, across the Committee, I see there is some support for it.

Baroness Lister of Burtersett: My Lords, I shall speak briefly in support of Amendment 64 in the name of my noble friend Lady Pitkeathley, an indefatigable champion of the rights of carers. I also express my support for other amendments, particularly those concerning the disability employment gap, on which we heard very eloquent arguments from the noble Baroness, Lady Campbell of Surbiton.

It is very welcome that the constraints on labour market participation created by the care of children are much better recognised now than they were in the past, but we still have a long way to go with regard to carers, who are an increasingly important part of the labour force. I hope that the carer strategy the Government are working on will address the need for policies that make it easier to combine paid work and care, such as the statutory paid care leave for just a few days a year which many other countries provide. I have argued for this very important policy in relation to a number of Bills going through your Lordships' House. We are becoming a laggard compared with other countries. We can learn a lot from them.

As care is such an important part of the economy, the amendment underlines the case for reporting on the position of carers and former carers in the labour market as part of any duty to report on employment trends. I suggest that it might go a bit further, so that any such report includes information on those who combine paid work and care and those who have had to give up paid work to care, as well as former carers.

Baroness Grey-Thompson (CB): My Lords, I speak in support of Amendment 67 in the name of my noble friend Lady Campbell of Surbiton. I wholeheartedly support the Government's laudable aim to halve the employment gap. Leonard Cheshire has called it the most ambitious and exciting commitment to disabled people in the last decade. However—I am sure that the Minister was expecting a "however" from me—without reporting it becomes just awareness. Awareness will not do it. There has been awareness-raising for as long as I can remember. There is a moment of "wake up", when people realise they should be slightly more open to disabled people, but then they forget what they are meant to do. Charities such as Scope, Mind and Mencap, to name a few, have had amazing public campaigns to raise awareness. There is a host of such organisations. Disability Confident is a bit of a step forward, but the shift in attitude is minute. We know that because the employment gap still exists.

It is important to look at the reality of how this changes for specific impairment groups. We are not one homogeneous group. We are not "the disabled"; we are disabled people. Different solutions will be required for different people: two wheelchair users do not require the same solutions, let alone the difference between me as a wheelchair user and somebody with a learning disability. We can all be treated and discriminated against in very different ways. With changes to things such as disabled students' awards and Access to Work, which is too complicated and inflexible—it takes too long to apply to get support—and the other changes that have come in, a number of people have written to me to say that their access to work has been cut with extremely short notice. They have gone from full-time support to suddenly having 12 hours a week. They are then pushed out of work. Instead of helping them it is making their lives far more complicated.

Disabled people are tired of awareness; we are tired of waiting. Disabled people just need a bit of help. The biggest change will come if we move away from awareness. If the Government are really serious about closing the employment gap, the tone must come from this Chamber and the other place with them accepting the amendment.

The Lord Bishop of St Albans: My Lords, I rise briefly to support Amendment 65 in the name of the noble Baroness, Lady Manzoor, and Amendment 67 in the name of the noble Baroness, Lady Campbell of Surbiton, which would legislate for a disability employment gap reporting obligation.

If we are to take the Government at their word—that the measures in the Bill reducing benefits for the disabled are about incentivising work, rather than simply cutting the cost of the benefit budget—I freely applaud the intention, if not necessarily the execution. The disability employment gap is, of course, a sad indictment of a society that has for perhaps too long been willing to ignore the aspirations of the disabled to engage fully in society through work. As the Government's own impact assessment found, 61% of those in the work-related activity group want the opportunity to earn a living. It is quite right that the Government have committed to this laudable aim of halving the disability employment gap. We all applaud that.

There are, of course, measures within the present Bill that the Government claim will contribute towards reducing the employment gap by incentivising paid employment; the WRAG cut is the obvious example. However, as was evidenced in this Chamber last week,

there are quite a few people with a great deal of experience in this area who have grave concerns about the effectiveness of the measures. This kind of carrot-and-stick approach cannot be a substitute for the proper strategic, joined-up thinking across the departments that will be required if we are to help disabled people overcome the considerable challenges they face in entering or re-entering the workplace.

I acknowledge that the Government are making good progress on this issue on some fronts. For example, I welcome the announcement in the spending review of the new work and health programme. However, a proper reporting obligation will bring much needed clarity and transparency to the issue of disability employment, as well as allowing the Government to think more strategically about how best to allocate resources in an effort to close the gap. This obligation is made even more essential, given the seriousness of the implications of measures like the ESA WRAG cut for those who currently rely on such benefits. If the WRAG cut does not facilitate increased numbers of disabled people moving into work—or, even worse, makes it harder for them to find employment, as a number of charitable bodies have suggested—we need to know about it. These amendments would cost the Government almost nothing, but would give them a sound platform going forward as they seek to fulfil this excellent pledge to close the disability employment gap. I therefore hope that they will support some form of these amendments as we go forward.

Lord Suri (Con): My Lords, it is a pleasure to be able to support Amendment 67, which is crucial. At present, the disability employment gap means that disabled people are over 20% less likely than their counterparts to be in full-time employment. Employment has many benefits other than the obvious one of economic advantage. The recognition of your employment acts as an important societal signal, improving your reputation among your peers. Furthermore, in what the Prime Minister has termed the "global race", the cost to the country of having unutilised human capital is immense. Quite simply, high levels of unemployment for the disabled are not something we can afford.

The new clause which Amendment 67 would introduce would nudge the Secretary of State into dealing properly with this issue, and laying out a clear strategy to close the disability employment gap. The current Secretary of State has made significant strides towards helping the disabled into work. It would also allow Members of Parliament and Peers to scrutinise the work done in this field separate from any other scrutiny of employment statistics which goes on. Some might argue that this is not required or that it is impracticable to have a separate report for disabled people but, as the amendment says, these people are, "marginalised from the labour force and require a specific focus".

Lord McKenzie of Luton: My Lords, before I get to Amendment 62, I will comment on the range of amendments which other noble Lords have spoken to. Each of these has the aspiration of getting appropriate reporting requirements from the Government, particularly to address the challenge of closing the disability employment gap. We heard from the right reverend Prelate the Bishop of St Albans about the importance of reporting, particularly in the context of something such as the ESA WRAG. If that is going to challenge closing the employment gap then reporting is needed to make sure it is better addressed. He said that we have ignored for too long the aspiration of disabled people to work.

9.30 pm

The noble Baroness, Lady Grey-Thompson, supports the ambition of halving the disability employment gap, stressed the importance of reporting to help achieve that and thought that Access to Work was too inflexible as a programme. The noble Baroness, Lady Manzoor, stressed the importance of making sure that the various sectors of the economy accessed by disabled people—the types of jobs—are effectively reported on as well, not just the crude aggregates. My noble friend Lady Drake made a not dissimilar point in terms of looking not just at aggregates but at job quality, job security, underemployment and upskilling, and asked why we have this growth of zero-hours contracts when the economy is growing. The noble Baroness, Lady Hollins, said that if we are committed to halving the disability employment gap, it is logical that we report on progress, and spoke about programmes involving individual placement and support. The noble Lord, Lord Suri, said that we cannot afford not to address this issue through reporting.

My noble friends Lady Pitkeathley and Lady Lister focused on carers, and said that the report must include people who have been kept out of the workplace because of their caring responsibilities and wish to return to it. That issue has probably been too long overlooked. The noble Baroness, Lady Doocey, focused on the issue of employer attitudes.

The noble Baroness, Lady Campbell, as ever, gave a very authoritative view of what is needed. She identified that there is still systematic and deep-rooted discrimination; that we need to change employer attitudes and reporting each year will be important to seek to address that; that this will need a cross-government approach; and that it is time to move away from awareness-raising.

My noble friend Lady Donaghy focused extensively, and with great authority, on the self-employed, making the point that the tax credits system is not effectively geared to deal with self-employed people who do not readily fit the procedures. She was less than pleased with the concept of monthly returns, suggesting that they were bureaucratic. My noble friend touches on hugely important issues, given the growing importance of self-employment to our economy.

As I said, we have Amendment 62 in this group, which offers a definition of full employment as 80% of the working population. As a number of the other amendments do, it also calls for the report on full employment to specify what progress has been made towards halving the disability employment gap. In this latter regard it covers the same ground as amendments in the name of the noble Baronesses, Lady Manzoor and Lady Campbell, and others, which reasonably require more ongoing details—for example, of the type of jobs that disabled people are able to secure and what steps are required when progress is insufficient. We have no difficulty in being able to support those.

[Lord McKenzie of Luton]

We welcome the Government's commitment to report on progress made towards full employment, as we do their stated aim of halving the disability employment gap. We note that the definition of full employment is to be left to the Secretary of State to interpret at each annual report, and so could be a movable feast. As we did in the other place, we offer 80% for the definition, and hope that Ministers in your Lordships' House will be a little more forthcoming on how they would approach that measurement. Perhaps we can at least have some indication of how the Government propose to construct their definition. Will it be a single measure regardless of the components of the data? What about the progress, for example, of former carers—the subject of the amendment of my noble friend Lady Pitkeathley? We know, for example, from the ONS that there are some three-quarters of a million contracts with no guaranteed term—more than 100,000 up on a year ago—and that 1.5 million contracts do not guarantee a minimum number of hours. My noble friend Lady Drake touched upon these issues as well. In 2014, just under one in 10, or 3 million people, wanted to work more hours. They are the underemployed. How will these issues be included in the reporting?

My noble friends Lady Donaghy and Lady Drake raised various matters about the self-employed. Perhaps the Minister can say something about how the reporting is going to cover their situations. These are very relevant issues and I support their amendments. We know that the rise in total employment since 2008 has predominantly been through self-employment, a point which I think my noble friend Lady Drake raised. In 2014, there were 4.6 million people who were self-employed in their main job—15% of those in work. There were also almost a third of a million employees who had a second job in which they were self-employed.

Let us compare the second quarter of 2014 to the first quarter of 2008. Unemployment among the self-employed rose by 732,000 but the number of employees rose by 339,000. As the inflow rate has stayed fairly steady, the increase seems attributable to a decline in the off-flow rate, rather than a great flood of entrepreneurial activity. Although it is mainly men who are self-employed, the most common roles being in construction, taxi driving and management consultancy, the number of women in self-employment is increasing at a faster rate than for men. According to the ONS, the average income for the self-employed has actually fallen by 22% over the period since 2008-09, which again was a point that I think my noble friend Lady Drake referred to. The purpose of touching upon these issues is to emphasise that employment policy is not just about counting aggregates but should be about the quality of jobs—"decent work" is a term that is growing in use. We hear that what gets measured and reported on will get the attention of government, so how wide will their attention span be on this issue?

We have long since signed up to the importance of work and supporting those who can get back into work. We adhere to the Waddell and Burton doctrine about work—good work—being good for one's health. But the proposition about work being the best route out of poverty is, as we have discussed on a number of recent occasions, coming under strain. It certainly will without in-work benefit support from government. However, 80% of the active population is an ambitious target to have for full employment. It was one adopted by the previous Labour Government and noted at the time by the noble Lord, Lord Freud, as ambitious, although good progress was made before the banking crisis of 2008. We know that the Minister is wary of targets, but on what will the Government base their judgment of full employment?

My right honourable friend Stephen Timms MP picked up on the suggestion that the Government would prefer a formulation to the effect that the target employment rate should be the highest in the G7. I cannot imagine that this would satisfy a purist such as the Minister, but he may wish to comment. Of course the UK, at 73%, is currently somewhere in the middle: I believe it is behind Germany and Japan but ahead of the US and France.

Reaching or making progress towards full employment must inevitably entail the Government beginning to deliver on their commitment to close the disability employment gap. The employment gap between disabled people and the rest of the working-age population stands at an alarming 33%. It has been remarkably stubborn around that level for a number of years and, as we have heard, that statistic masks a range of different outcomes, as we discussed when debating the ESA changes and the review produced by the noble Lord, Lord Low, and his colleagues. The employment rate for those with learning disabilities is just about 8%, and for those with autism about 15%.

The consensus is, I think, that if progress is to be made on this gap it will require a radical reform of the employment support being delivered to disabled people. It also needs a change in public and employer perceptions. Debate in another place referred to the failure of the Work Programme, and the highly regarded Work Choice looked as though it lacked sufficient focus.

In the other place, the Minister said that it was necessary to report on closing the gap because it is inextricably linked to reporting on full employment. The difficulty with that position is that there will be a range of issues which impact on attaining full employment. Even if the Minister does not accept our 80% this evening, could he outline how he sees the target rate being constructed and the extent to which it will address a range of issues which noble Lords, in their amendments, have identified this evening?

Lord Freud: My Lords, I start by addressing the amendments relating to self-employment, Amendments 61 and 66, tabled by the noble Baroness, Lady Donaghy. Amendment 61 relates to self-employment and the minimum income floor, and how it works within universal credit. Universal credit is there to support those on low incomes and ensure that work always pays. It supports self-employment where it is a realistic route to financial self-sufficiency, alongside other support available to help businesses.

However, the welfare system is not there to prop up unproductive or loss-making businesses. The minimum income floor is there to incentivise individuals to increase their earnings from their self-employment. Those subject to the minimum income floor are exempt

from having to search for or carry out any other work, allowing them to concentrate on making a success of their business and maximising their returns up to and beyond the level of the minimum income floor. I should just point out that the changes to the national living wage mean that the pay of the competitor to the self-employed will go up, so in relative terms they have an opportunity also to increase their pay. The other thing that the minimum income floor does is address a loop-hole in the tax credits system whereby individuals can report little or zero income but still receive full financial support, which is neither a desirable or sustainable situation to maintain.

Amendment 61 seeks to allow for flexibility in the application of the MIF. This power already exists and provides a number of significant easements on when the MIF is first applied and the level it is set at. The most significant example of this is our exemption from the MIF, for up to 12 months, of claimants who are within one year of starting out in self-employment and are taking active steps to increase their earnings. Monthly reporting allows universal credit to be adjusted on a monthly basis, which ensures that claimants whose income from self-employment falls do not have to wait several months for an increase in their universal credit. Following a report from SSAC, we have put in big disregards on the surplus earnings on a monthly basis. This approach eradicates the overpayment and underpayment issue generated by the current system, which is done on assumed average earnings.

The noble Baroness was quite right that we need to make this work for particular groups. She picked out Equity, with which we do have regular meetings, to make sure that we understand not so much its concerns as the reality of the working lives of people within Equity and adjust to them. We are testing how to provide support for the self-employed and to help them increase their earnings, employing some specialised work coaches in a trial. We will test all this out as we roll out. The noble Baroness is, of course, well ahead of the game. The number who are self-employed among universal credit claimants is currently low. We need to monitor how all this works, including the implementation of the minimum income floor, as we roll out universal credit with more self-employed in it.

9.45 pm

I turn to a series of amendments to provide for the annual report on full employment to include specific data on various groups. I must point out that we have not built into universal credit the requirement to capture specific new management information associated with the amendments under our current plans. In my view, seeking to do so now would not represent value for money, given the relatively short timescale for which we want to report the information. More importantly, I think, it could disrupt the universal credit implementation timeline.

Amendment 66, tabled by the noble Baroness, Lady Donaghy, would extend the reporting duty to include information about the self-employed. The UK labour market is one of the most diverse in the world, with self-employment accounting for more than a quarter of the growth in employment since 2010. As we want to do all we can to encourage entrepreneurs, the Government have launched two reviews to consider how we can better support self-employment. In addition, the new enterprise allowance provides a weekly allowance during the first six months to all JSA and ESA claimants, income support lone parents and some universal credit claimants from day one of their claim to help them build their business.

The amendment would require the annual report on progress towards full employment to include information on the number of people who are self-employed. As noble Lords will be aware, these figures are published every month by the ONS as part of labour market data. We do not feel, therefore, that we need to monitor specifically the share of self-employed jobs.

I turn to the other amendments in the group. I think that the noble Lord, Lord McKenzie, misspoke he said Amendment 62—he meant Amendment 63. I am sure that everyone else in the Chamber understood exactly what he was referring to. He said that full employment should mean 80% of the working-age population. I of course blushed with pleasure when he mentioned my piece in 2007 on reducing dependency, which set out the challenges that the country needed to face if it was to be serious about full employment. As he rightly said, I wrote about it in the context of the then Labour Government's aspiration to achieve employment of 80% of the working-age population.

Quite a lot has changed in that 80% figure. The first reason we have to adjust is that the ONS definition of the population has moved as a result of equalisation of pension age at 65 for both men and women, which means that the 80% aspiration has moved down to 78% mechanically. There is another, slightly less mechanical change, which is the make-up of the population moving towards older people and young people entering the labour market later because their participation in education has been increasing. The combined effect of those changes, I have estimated—I had a feeling that the noble Lord might want a very detailed analysis—probably pulls the 80% figure to nearer 75%.

The manifesto commitment uses as the comparator the highest employment rate of the big seven industrialised countries. As things stand, ironically, that would mean raising our employment rate to around 75%—more or less the same figure. I am using the UK stated rates, not the international comparison rates. From today, it is moving from 73.7%, in the latest reported figures, to 75%, which is roughly a million people. That would represent our highest employment rate—actually, we currently have our highest employment rate—but the target also means that, if the other competitive countries move up further, that pulls our target up with it. On balance, achieving the target would put us pretty close to something as challenging as I wrote about way back in 2007.

The first part of Amendment 63, along with Amendments 65 and 67, tabled by the noble Baronesses, Lady Manzoor and Lady Hollins, and the noble Lord, Lord Low, would require a separate annual report on the progress being made towards halving the disability employment gap. The latter amendments would also require some specific information, such as the employment

[LORD FREUD]
rates of different groups of disabled people. However, as progress against the disability employment gap commitment is a key factor of our overall commitment to full employment, these amendments are not necessary, as that progress will be reported in the annual report on full employment in any case.

The point raised by the noble Baroness, Lady Campbell, on how we need to bring together employment, health and social care to support disabled people into work is one that we accept. One of the things that we are proposing, which the noble Lord, Lord McKenzie, has called for, is a radical reform of how we provide this support, which is what we intend to do with a White Paper in 2016 which will set out our proposals in this area.

On the access to work issue, the spending review announced a real-terms increase in funding, which will allow it to expand sustainably. That is in response to a query from the noble Baroness, Lady Grey-Thompson.

A similar request was made in Amendment 64 on carers. This Government recognise the vital role that carers provide; many carers are also in work. The current Family Resources Survey data show that in 2013-14 around half of all carers were in some kind of work, with 34% working full time. The ONS already publishes information on the number of people who are outside the labour market and looking after family or home, but the reality is that it would be very difficult to track all former carers who have returned to employment following the end of their caring role, because some will not claim benefits as they will be able to move back into work without the help of Jobcentre Plus. Those who start looking for work and initially claim benefits can get access to a range of support through the Jobcentre Plus network. Work coaches can tailor appropriate help drawn from a menu of provision to prepare people for a return to work, but when they successfully move into work they do not have to tell Jobcentre Plus the reason why they have ended their claim.

The noble Baroness, Lady Drake, proposed Amendment 64A, which would require the report to include information on the self-employed, which I have already discussed, NEETs and underemployed groups. In discussing some of the trends, she made the point that self-employment makes up most of the total employment growth since 2007—that is a slightly statistical quirk, since it happened because the number of employees fell sharply in the recession, as it always does. All the losses in employee numbers have since been regained and figures are up by 1.5 million since 2010.

Baroness Drake: The Minister is taking us through a series of reasons why he cannot give the granularity in the report that people seek. Given that the Chancellor said that it was his aspiration to have a higher-wage, low-welfare economy that benefits all, unless Parliament has some granularity in the metrics for assessing that progress, it sounds as though the Chancellor is setting his own aspiration and his own marking system. Everyone agrees that there has been a material change in the nature of employment over the last 10 years, which influences what people can earn and how they can participate in the labour force. If one aspires to a low-welfare economy that benefits all, we need to understand these trends and what is happening to people with disabilities, the self-employed, carers, people on zero-hours contracts and so on. The Minister seems to be listing why that cannot be provided.

Lord Freud: As the noble Baroness knows perfectly well, so I do not have to tell her, a lot of these issues are quite contentious and there is a lot of analysis going on, some of which takes many years to complete and to come to fruition. Our problem is that this commitment runs through the rest of this Government to 2020, and putting in some of the management information requirements that these amendments in practice look for is expensive and risks delaying universal credit, because we are on a tight timetable. I know noble Lords have a primary interest in seeing us move with as much speed as we safely can. We would probably not be provided with adequate information anyway, given the length of time it takes to get it into shape, to take us out to the 2020 deadline. I hope that has cleanly summarised why we are not objecting with horror to the prospect. We looked at it very deeply, but we have to use the information that is available and the extra information we are gathering to get this report to work.

Baroness Drake: I am not trying to put an argument for deferring universal credit, and I understand some of the difficulties, but at the very least the Government should be able to commit to giving us an interim report on the progress they are making on these issues, so we can begin to understand the likely developments and how successful the Chancellor's aspirations are.

Lord Freud: The whole point of our clause is that we will set out our proposals on how we intend to report on employment. Clearly, a lot of the thoughts expressed here and the specific requests and reasoning are pretty valuable to us as we develop how best we can do a good report on what is happening to our progress to full employment.

Our latest figures on NEETs are rather encouraging and show that around 14% of 16 to 24 year-olds are NEETs, which is the lowest figure on record. It is a constantly changing group, and many people leave the labour market for short periods between jobs, so it does not tell us, of itself, where we stand in relation to full employment. Zero hours—which I almost thought I would not talk about, because we always have a little snip at each other about it—is only 2% of the market and we have outlawed exclusivity clauses in those contracts. Over the past year, part-time work has been driven entirely by people choosing to work part-time, which might not have been the case in the depth of the recession. Again, it is a constantly changing group.

On some of the concerns expressed by the noble Baroness, Lady Drake, I sometimes feel I am living in a parallel universe. Employment growth has been dominated by full-time and permanent employment. It has risen in all regions since 2010. Underemployment is on the turn and going the right way. Wages are now growing quite a lot faster than inflation and temporary work in the UK is among the lowest, so the trends are a lot more encouraging than they have been.

Given these arguments, and given that statistics on these issues are already widely available, I do not believe that specifying them in the report is necessary. However, I understand that full employment is not just about a particular percentage of working-age adults in work, and, as I have said, we will give further consideration to how this annual report can best reflect the diversity of labour. I apologise for the length of my response. I urge noble Lords to withdraw their amendments.

10 pm

Baroness Donaghy: I thank the Minister for his response, which I will read carefully in *Hansard*. I thank noble Lords who have taken part in the debate. In view of the time, I shall be brief. The point of this group of amendments to this important part of the Bill was to indicate that some of us do not think there is sufficient focus on these areas when the issue of social security comes into consideration. These are not add-ons. Like the Minister, we sometimes think we live in a parallel universe. It is not a question of propping up failing businesses; it is a question of some seasonal and fluctuating businesses wanting their annual income to be taken into consideration, so there is some fairness when they claim for social security. The Minister says that there is some flexibility already and the powers already exist, but I have to say there is very little evidence for that, apart from the grand announcement that those in the first year of business will be exempt.

Yes, the number of self-employed on universal credit is low, but if you see an articulated lorry thundering down the middle of the road towards you, you probably have an idea that you might get run over if you stay in the same place. All I am trying to say is that the establishment of a minimum income floor will cause trouble with universal credit in future—and it would be well to heed that warning. In view of the time, though, I beg leave to withdraw my amendment.

Amendment 61 withdrawn.

Amendments 62 and 62A not moved.

Amendment 62B

Moved by ***Baroness Sherlock***

62B: After Clause 15, insert the following new Clause—

"Disability living allowance (mobility component) for young children

In section 73 of the Social Security Contributions and Benefits Act 1992 (the mobility component), for subsection (1) substitute—

"(1) Subject to the provisions of this Act, a person shall be entitled to the mobility component of a disability living allowance for any period and throughout which—

(a) he or she, from birth and on account of a condition, must always be accompanied by bulky medical equipment which cannot be carried around with him or her without great difficulty; or

(b) he or she, from birth and on account of a condition, must always be kept near a motor vehicle so that, if necessary, treatment for that condition can be given in the vehicle or the child can be taken quickly in the vehicle to a place where such treatment can be given; or

(c) he or she is over the age of five and is suffering from physical disablement such that he or she is either unable to walk or virtually unable to do so; or

(d) he or she is over the age of five and falls within subsection (2) below; or

(e) he or she is over the age of five and falls within subsection (3) below; or

(f) he or she is over the age of five and is able to walk but is so severely disabled physically or mentally that, disregarding any ability he or she may have to use routes which are familiar to him or her on his or her own, he or she cannot take advantage of the faculty out of doors without guidance or supervision from another person most of the time.""

Baroness Sherlock: My Lords, I seek clarification on an issue that was raised with me by a charity called Together for Short Lives, which represents parents and children with life-limiting and life-threatening conditions. The amendment is brief but the issue is this: I understand that children under three are not eligible for the higher-rate mobility component of DLA. I believe that the rationale is that children under three are generally not independently mobile, although anyone who has babysat a toddler might disagree. The assumption is that under-threes will have to be carried in arms, lifted into prams and buggies and from them into cars and car seats anyway, whether or not they have a disability.

For most children and their parents that is true, but Together for Short Lives points out that there are small numbers of children who need help and should have access to the mobility component of DLA. That is because there is a small group of children who depend on ventilators for survival, who may have one or more shunts and IV lines for feeding or drug administration, or other technologies that are life-sustaining. The children are in effect constantly attached to life-sustaining equipment that is often bulky or heavy. The child has to be placed in a wheelchair or medical buggy capable of carrying the equipment, monitors and so on, so that the lines and tubes can be securely attached to the child. Parents therefore need specially adapted or broad-based vehicles capable of carrying these small children, linked together with their decidedly not small equipment, securely. The children cannot easily be lifted in and out of cars like most children of their age.

I want to put to the Minister the case for why this small group of children needs the mobility allowance. Some of the children always have to be placed in a medical buggy or wheelchair when not in bed because they need postural support. These are heavy items. In addition to the life-sustaining equipment attached to them, most of these children require a variety of equipment to go with them wherever they are. This could include a spare ventilator and battery, monitors, oxygen supply, a mask, emergency tracheotomy kits and feeding kits. That is on top of the usual paraphernalia that all parents of children under three find that they need to carry with them at all times. The children cannot travel on public transport, because buses will not take oxygen bottles, and there is the inevitable risk of infection.

As well as being susceptible to infection, the children are often prone to medical crises, such as fitting, and their parents need to be able to get them to hospital immediately for life-saving treatment 24/7. If they do not have a car, the children may not be assessed as safe

[Baroness Sherlock]
to live at home and will need to remain in hospital or a hospice. As well as being heart-breaking for families and their children, that could, of course, cost rather more than the higher-rate mobility allowance of £57.45 per week.

What would this all cost? As a result of the Welfare Reform Act 2012, disability living allowance has been replaced by PIP for people aged over 16, but DLA is still given to under-16s. This amendment seeks to open up access to the higher-rate mobility component of DLA for under-threes who require life-sustaining equipment as described above. I am told that there are nearly 49,000 children with life-limiting and life-threatening conditions, but only a very small proportion are under-threes who require life-sustaining equipment.

To establish how many might need this component of DLA, Together for Short Lives submitted a freedom of information request to the Department for Transport in 2014 to ask how many parents of children under three had asked for a blue badge because their child was dependent on heavy medical equipment or needed to be near a vehicle in case they need emergency medical treatment. It found that 1,530 children had blue badges. The wording of this amendment is aligned to the criteria for blue badges. If those figures are correct, the cost of giving all 1,530 children access to the higher-rate mobility component of DLA of £57.45 a week would be about £4.5 million. That is a small sum for DWP but would transform the lives of families with a child with a threatening or life-limiting condition.

What I have described feels to me like an anomaly—I cannot believe that the department intended this to happen. I hope that the Minister will give it a very careful response. I am sure that there cannot be anybody listening to this debate here or outside whose hearts would not go out to the children and families in these circumstances. I hope that the Minister agrees that I have made the case that babies and children under three who depend on big and heavy life-sustaining equipment to stay alive and/or have need for immediate access to transport for medical reasons should be regarded as having an additional mobility need and become eligible for the mobility element of DLA. I beg to move.

Lord Freud: I thank the noble Baroness for tabling the amendment and for providing that degree of clarity over its purpose. I must express my own empathy regarding the intention of what this amendment aims to achieve. There can be no doubt about the harrowing position of families with very young, severely disabled children. However, I find myself in the unusual situation of needing to reflect a position set out by the noble Lord, Lord McKenzie, some six years ago when he was the government Minister for Work and Pensions.

On that occasion, what was to become the Welfare Reform Act 2009 was being debated in Grand Committee. Noble Peers may recall that that Act introduced, by way of amendment in the other place, a new provision which now gives access to the higher rate mobility component of DLA to severely visually impaired people. In Committee a further amendment, in much the same terms or at least intended as the amendment we are discussing today, was introduced by the noble Baroness, Lady Thomas, who is not in her place today. On that occasion the noble Lord, Lord McKenzie, was sympathetic to the situation set out by the noble Baroness, Lady Thomas, but ultimately resisted the motion. He said that,

"in this difficult financial climate, we need to consider carefully the potential cost of any such change … This amendment would, of course, result in additional costs".

He estimated costs at that time to be around £15 million a year and went on to say:

"This would obviously be a significant increase in what is, unfortunately, a difficult economic situation, and is simply not affordable in the current context".—[*Official Report*, 25/6/09; col. GC 538.]

I have never been sadder to have to agree with the noble Lord and to resist an amendment.

On the techie side, the amendment confers entitlement to neither the higher or lower rate of the mobility component. That is because the distinction between the two rates has been lost. There would also be some unintended consequences of the amendment—most notably that it would remove entitlement from the 16,500 children and adults who currently receive the higher-rate mobility component as a consequence of a severe visual impairment. However, I think that that is just a matter of drafting and I would not want to dwell on that issue—we could always sort it out.

The primary reason for there being a lower age limit for entitlement is that, while many children can walk by the age of three, not all will do so, regardless of disability, and few will be able to walk for any considerable distance. Age three therefore provides a reasonable boundary line between what may be considered developmental delay and walking difficulties arising from a disability or long-term health condition.

I think we can all agree that the majority of very young children, whether disabled or not, will need a considerable degree of support and help from parents and carers. Most parents will also be reliant on a range of bulky and possibly heavy items, such as prams or buggies, and items of equipment for feeding and changing. Nevertheless, I recognise that some young children with particular conditions may be heavily reliant on additional therapeutic equipment, some of which can be bulky and heavy. However, such technologies are improving all the time and in some instances equipment is becoming lighter, smaller or in other ways more transportable.

Despite the mobility component being unavailable to children solely on the basis of a need for such equipment, there already exists a range of provisions, financial and in kind, which can help support such children and their parents. For example, the care component of DLA places no restriction on how it can be used, and any entitlement to DLA can bring with it access to the disability premiums in the income-related benefits or tax credits. Parents may also be able to receive a blue badge for free parking if their child is reliant on heavy equipment or needs to be near a vehicle for treatment.

That, in turn, leads me to question the provision in the amendment which focuses on children who need to be near a vehicle for treatment or where a vehicle is used to transport them for such treatment. I question

this for two reasons. The first is on the basis that the provision could help only those parents who already have use of a motor vehicle or who would gain access to one through the higher-rate mobility component of DLA. As I said earlier, the amendment is not clear in its intent regarding the rate at which children under three should become entitled, meaning that, by effect, it is also not clear whether such children would be given access to the Motability scheme and, in turn, a motor vehicle. Hence, the amendment as currently drafted would exclude families without access to a vehicle.

Secondly, I question this provision on a more practical basis. If a child requires emergency transportation along with bulky medical equipment, it is doubtful whether transportation by the parents would be a reasonable and practical expectation. Our emergency services, which are much better equipped in terms of medical training and suitable vehicles, are in place for exactly this kind of situation.

Finally, I must turn to the financial implications of the amendment, which are estimated to be still in the order of £15 million. Clearly, this amendment goes further than that debated previously and, in the time available, we have been unable to determine how many children could potentially be entitled on the basis of access to a nearby vehicle. However, patently that would add to what is already a significant extra cost burden and would further damage our capacity to stay within the welfare cap.

I am sympathetic to the broad intentions behind the amendment but, particularly now, the Government cannot accept it on the basis of the unfunded cost implications. Therefore, regrettably, I have to agree with the noble Lord, Lord McKenzie, and I urge the noble Baroness to withdraw the amendment.

Baroness Sherlock: My Lords, before I withdraw the amendment, which I will do, can the Minister tell me how many children his costings are based on?

Lord Freud: I thought that I knew the answer to that, but I am a bit uncertain. I hope that inspiration is striking.

Sorry, it is not 1,600; 18,500 children under the age of three are in receipt of DLA and 5,500 children impacted.

10.15 pm

Baroness Sherlock: I am grateful to the Minister for that. I am grateful also for his thoughtful reply. When he reads *Hansard*, and given all that he tells us of his view of the current economic situation and how it compares to when my noble friend Lord McKenzie was in office, he might like to reflect on whether his own assessment may be different from that. However, I can see that the two men are obviously of one mind. I ask the Minister to think very hard. My noble friend Lord McKenzie has put his name to this amendment and is very much supportive of it.

I wonder whether the Minister might also be willing for his department to meet somebody from Together for Short Lives, perhaps with me. I think that they would like to be able to understand the basis of the arguments that he was making, not so much in terms of the money but in terms of other things.

Lord Freud: I would appreciate meeting them with the noble Baroness. I really regret what I have had to say.

Baroness Sherlock: I thank the Minister for that. On that basis, I beg leave to withdraw the amendment.

Amendment 62B withdrawn.

Amendments 62C to 64A not moved.

Clause 1 agreed.

Amendments 65 to 67 not moved.

Clause 2: Apprenticeships reporting obligation

Amendment 68

Tabled by ***Lord Young of Norwood Green***

68: Clause 2, page 1, line 16, after "target," insert—

"( ) information about the uptake of apprenticeships broken down by region, age, ethnicity, disability, sector, qualification and level,

( ) a report by the UK Commission on Employment and Skills on the quality of apprenticeships being provided,"

Lord Bassam of Brighton (Lab): My Lords, before the noble Lord gets to his feet to move his amendment, I have had discussions with the Chief Whip and I am not terribly happy about us proceeding as late as we are. I do not think it is right or proper, particularly since a number of colleagues in your Lordships' House are severely disabled and they are spending a lot of late hours working on this Bill. I am prepared for us to proceed with this group of amendments, but I hope that this debate can be relatively short, notwithstanding the importance of the issues. I hope colleagues will see sense in that; we should not be working as late as this on this sort of legislation.

Lord Taylor of Holbeach (Con): I say to the Opposition Chief Whip that the order of consideration was designed at the request of the Opposition, so that those who are severely disabled could participate in the debates in Committee at the beginning of business. I admit that, today, we have had other business to deal with. However, the truth is that we are still not at the point at which we were due to start business on the third day, which was Amendment 72. This House has a tradition that it tries to deliver the business. I understand that I need the support of the Opposition in doing that. I believe that we should complete one more group of amendments, which will take us past the normal hour for taxis but that is not unusual in this House. Given the unusual nature of the discussions that have taken place on this Bill, that is not an unreasonable thing to ask. I hope that the noble Lord—my "usual channels" partner—is prepared to accept my decision. We still have not reached the target we set ourselves when we discussed this matter earlier today.

Lord Young of Norwood Green (Lab): My Lords, given the time, I shall endeavour to be succinct and to the point. Nevertheless, Amendment 68 is important as it seeks to ensure that we receive a proper report

[LORD YOUNG OF NORWOOD GREEN]
from the Government on the various aspects of apprenticeships defined in it. I shall speak also to the other two amendments in the group.

The Government have set themselves an ambitious target of 3 million apprenticeships during the life of this Parliament. The challenge will be to ensure that they sustain quality as well as quantity. A recent report by Ofsted said that the expansion of apprenticeships has been a disaster, with too many poor-quality programmes that fail to give young people new skills or better chances of a job. The Chief Inspector of Schools, Sir Michael Wilshaw, accuses some employers of wasting public funds on low-quality schemes that undermine the value of apprenticeships. Indeed, a recent Channel 4 episode of "Dispatches" revealed exploitation of apprentices working for the retailer Next.

Poor-quality apprenticeships were particularly prevalent in retail, healthcare, customer service and administration according to the highly critical report from Ofsted. About 140,000 people started apprenticeships in business administration last year and 130,000 began healthcare apprenticeships. Standards were much higher in the motor vehicle, construction and engineering industries, where numbers were much smaller. So far, apprenticeships have not trained enough people for sectors with skills shortages, smaller businesses are not being involved and not enough advanced schemes leading to higher skills and wages are being created. Widespread concern has been expressed by business about the introduction and application of the proposed new training levy.

Amendment 68A, tabled by my noble friend Lady Nye, seeks to ensure accurate reporting of information in the areas of disability, gender and so on. It also contains an important point about the destination data for those completing apprenticeships.

Amendment 69 again draws to our attention the worrying situation for disabled people under the age of 25 seeking apprenticeships. We know that apprenticeships provide an excellent route into work for young people, including disabled people. However, too often apprenticeships are inaccessible to disabled people. The number of disabled apprenticeships has declined from 11.5% in 2007-08 to 8.7% in 2014-15. During the passage of the Bill, we would like to see further commitments from the Government to support more disabled people to participate in apprenticeships. This is why I welcome Amendment 69.

I have a few questions for the Minister which I am sure she will enjoy. What steps is she taking to ensure the quality of apprenticeships and to prevent the exploitation of young people, recognising the damage this can cause to the reputation of apprenticeships, and the waste of public funds? What steps are the Government taking to ensure that all schools give career advice on apprenticeships, bearing in mind the need to encourage young women, black and ethnic minority groups and disabled people to recognise the advantages of apprenticeships as a career option? Bearing in mind that only 5% of youngsters aged 16 currently go into an apprenticeship scheme, how will she ensure that young people are made aware of their right to receive proper training and education in a safe working environment?

What steps are the Government taking to expand the participation of small and medium-sized enterprises in apprenticeship schemes, given that only some 25% of them currently take on apprentices? Do the Government plan to expand the use of group training associations and ATAs? What will be the nature of and timetable for the introduction of the new training level, which I presume will be accompanied by a statutory instrument and an impact assessment? I would be grateful if the Minister confirmed that. Finally, can the Minister comment on the future of UKCES, the United Kingdom skills body? I beg to move.

Baroness Campbell of Surbiton: My Lords, I shall speak to Amendment 69, tabled in my name, and to which I am delighted to see that my noble friends Lord Addington, Lord Low of Dalston and Lady Grey-Thompson have added their names in support. I also support Amendment 68, tabled by the noble Lord, Lord Young, and Amendment 68A, tabled by the noble Baroness, Lady Nye.

My amendment is intended to address the particular barriers faced by disabled people wishing to enter apprenticeships. It places a duty on the Secretary of State to lay before Parliament a report on the number of disabled people aged under 25 who are seeking apprenticeships in order to identify the barriers that prevent successful take-up. The amendment also requires the report to set out examples of good practice by employees and apprenticeship providers that remove such barriers.

I welcome the Government's commitment to create 3 million apprenticeship opportunities over this Parliament. Apprenticeships provide an excellent opportunity for disabled students wanting to engage in vocational education alongside their non-disabled peers. For many disabled people, it will be the first time they experience mainstream employment and education. Apprenticeships introduce disabled people to the world of work in a supportive learning environment, which is much needed by young people who are facing additional barriers to entering the world of work. In addition, apprenticeships are crucial to the Government's commitment to halving the disability employment gap—a central plank of their incredibly ambitious aim to cut the welfare budget.

In 2014, Disability Rights UK with the support of Barclays published a guide called *Into Apprenticeships*. It demonstrated through case studies that apprenticeships provide opportunities for young disabled people to secure training for employment. Such schemes also help employers to become "disability confident". Noble Lords will recognise that this is also the name of a current campaign being supported by the Minister for Disabled People in another place to encourage employers to remove those disabling barriers. This will boost employment outcomes for disabled people. However, as I said when speaking to my previous amendment, I am sure that the Minister appreciates that awareness and education alone will not shrink the significant employment gap between disabled and non-disabled people. There must also be regular reviews of progress. Existing barriers that prevent disabled people from accessing apprenticeship opportunities must be removed. This is echoed by the Equality and Human Rights Commission in its recent report, *Is Britain Fairer?*

The requirement for non-specific industry qualifications to access apprenticeships is one of the greatest barriers. In Peter Little's 2012 report, *Creating an Inclusive Apprenticeship Offer*, he says: "Apprentices with LDD"—learning difficulties and disabilities—

"are often disadvantaged due to the fact",

that functional and GCSE,

"qualifications are assessed out of context. Thus an Apprentice working to the vocabulary and numeracy associated with a particular job may find it difficult to relate to a completely different set of language and numbers presented during assessment".

There is substantive evidence that significant numbers of disabled people, especially people with learning disabilities, are prevented from gaining an apprenticeship certificate because they have not got GCSE maths and English. These requirements could so easily be replaced by the successful completion of work-related requirements such as the relevant industry-accepted vocational qualifications. The National Voice for Lifelong Learning, which has been working with the Government on apprenticeship placements, has said:

"Some learners are more than capable of achieving the competence and knowledge based elements of an apprenticeship but, due to their learning difficulty are unable to achieve English and maths at the required standard. Until there is a relaxing of this rule disabled learners will continue to be disadvantaged in work and training".

10.30 pm

In evidence submitted by the Alliance for Inclusive Education to the Lords post-legislative committee on the Equality Act and disability, it gave an example of a horticultural college reluctant to,

"allow [horticulture] students on the course because of the functional skills aspect. To me, this seems to discriminate against students with LDD, especially one who is working on a level 2 standard in his vocational subject".

In a progressive labour market, I believe such artificial barriers to apprenticeships miss out on talent and stigmatise certain groups of disabled people as unemployable. Recently, I was captivated by a TV series, "Kitchen Impossible with Michel Roux Jr", in which a group of disabled people were recruited on an apprenticeship programme by one of the finest chefs in the country. At the end of the apprenticeships, four of the candidates entered the world of work. The programme did not in any way contrive to be something that it was not. It took place in a restaurant with paying customers. Of the experience, Michel Roux said:

"It wasn't perfect, but they grew from that and that's the thing, because they were given the chance and also because I was fairly strict on them and treated them like I would any other apprentice. It was a privilege to work with these guys ... it's certainly opened up my eyes to disabled people",

in the hospitality industry. Disabled people have so much potential. Most candidates did not have GCSE maths or English at the required grade.

The apprenticeship route provides a great opportunity for the Government to meet their objective of enabling more disabled people to secure long-term, paid employment. This aim can be achieved only if the Government have the appropriate information on the uptake of young disabled people's participation in apprenticeships. The Government then will be able to respond by removing the barriers that prevent those young people from accessing such an important route into education, training and employment.

This amendment is a cost-neutral initiative. It is an enabling amendment whereby the Government could genuinely make a difference to young disabled people's apprenticeship experience and their chance of a job afterwards. I am sure that the Minister in the other place would see this amendment as giving added value and the information that he needs to bring disability confidence to apprenticeships as well as to work. I look forward to the Minister's response to this amendment.

Baroness Grey-Thompson: My Lords, I support Amendment 69, to which my name is added. When I added my name, I received lots of really good examples of how apprenticeships can work for disabled people, especially when there was understanding of the needs of the disabled person and flexibility in some of the cases where it was required. As my noble friend Lady Campbell said, apprenticeships are really important. It is a massive opportunity for disabled people to develop their skills. But the barriers into apprenticeships can be very different from those into work, which is why this amendment is so important. One person who contacted me said that he wanted to offer an apprenticeship to a 19 year-old young man who has autism. The young man wanted a job and he was good with computers. He said that he wanted to get away from under his parents' feet. He was offered an apprenticeship through a college. However, they then got stuck in the process of the assessments, which derailed everything. The college wanted to do the assessment in the college and not in the workplace, which made the young man feel very uncomfortable. He then went through this whole process of "dithering" and the young man pulled out because he could not get clear support for the opportunity he was going to be offered. It is a massive mistake and a real shame that young people are getting so close to being offered an apprenticeship but then feel that they cannot take it.

Another young man, who has a visual impairment, has lost out on two positions. He started working but lost out because his employers were unable to be flexible with the opportunity offered.

I have been sent many more good examples than bad examples; it is a shame that we are not using them. This amendment would provide an incredibly useful resource to help others and, if it is reported on in the right way, would help the Government achieve their aim of getting more disabled people into apprenticeships.

Baroness Nye (Lab): Before I speak to Amendment 68A, I apologise for not being able to take part at Second Reading. I also take this opportunity to declare an interest as a trustee of the Young Women's Trust, to which I am grateful for the briefing it provided.

My amendment calls on the Government to include in the report the number of apprentices disaggregated by protected characteristics. As I support the other amendments in this group in the name of my noble friend and others, I shall concentrate on young women and apprenticeships.

[Baroness Nye]

The Government's target of 3 million apprenticeships by 2020 is to be welcomed because they can be an important route to skills development and work for all young people, but only if they are of high quality and reach those such as the under-25s who are in the most need. It is also welcome that the Government propose to report on progress each year, but it is important that the information contained in that report is useful and not just a pat on the back for numbers going through the system. The report should identify areas where more attention is needed and inform policy development, because evidence shows that apprenticeships are not working as well for young women as they are for young men.

The Young Women's Trust aims to improve the lifelong opportunities for young women aged 16 to 30 with few or no qualifications, who might be unemployed or in precarious or insecure employment and who are on very low or no pay. Because of a lack of understanding, the Young Women's Trust undertook a year-long inquiry into the problems of young women who are not in education, employment or training. It produced a report called *Scarred for Life?*, which was based on consultations with young women and other interested parties, as well as polling conducted by ComRes.

The polling showed that young women work in fewer sectors than men. Two-thirds of female apprentices work in just five sectors, while the same proportion of men work in more than 10. Female apprentices account for fewer than 2% of apprentices in construction, 4% per cent in engineering and still only 12% in IT and telecoms, but 93% of early-years childcare and beauty places are female. The IPPR has said that traditionally masculine areas may receive better-quality training and these sectors also lead to better employment and further education prospects. As young women are less likely to receive training as part of their apprenticeship, they are more likely to be out of work at the end. This is compounded by other research which shows that employment gains from further education are generally not as great for women as they are for men.

The apprenticeship wage also deters women without parental support from applying. Young women say they understand the logic of earning less before being qualified but the pay is just too low to support themselves. Young women also receive less hourly pay on average than men; they could earn £2,000 less over the course of a year. Apprentice equal pay day was marked on 28 October—for the following 64 days, female apprentices would be working for free.

Young women also recognised that when apprenticeships worked well they were a good route into employment. However, they were concerned about how to meet their current needs while training. There is insufficient flexibility to balance apprenticeships and other responsibilities such as caring. They therefore have different priorities in considering apprenticeships.

Data from the Skills Funding Agency and BIS show that 90% of apprentices are aged over 25, with a greater proportion of women in that age group. It is therefore likely that they have been recruited from the existing workforce and that opportunities are not being provided to young people who are just starting out or who are NEET. These challenges prevent thousands of young women making the most of their potential as well as meaning that the wider economy and companies miss out on a vital source of talent.

Destination data are especially important in measuring quality. Apprenticeships are worth while only if they develop skills in all young people and provide a good route into employment. Young women are three times more likely than young men to be out of work after completing an apprenticeship. University education has long been assessed against destination data. Similar measures should be applied to apprenticeships if the esteem in which they are held is to be raised.

If the figures in the Government's proposed annual report were disaggregated, it would also give added impetus to employers to develop a diversity policy for their apprenticeship schemes; to monitor the protected characteristics of their intake; and to work with careers services, schools and others to attract a diverse workforce, which I believe would command support from all quarters. Without any measurement of the quality of the apprenticeships, the jobs that might or might not follow, or the impact on the reduction of low wages, they offer no real route out of poverty.

I will listen with interest to the Minister's reply to the questions posed by my noble friend, but, given the lateness of the hour, I will not add to them.

Baroness Manzoor: My Lords, I have added my name to Amendment 68. The only thing that I wanted to add—all other noble Lords have eloquently put forward the reasons why there should be reporting obligations relating to apprenticeships—is that I note that gender is missing from the amendment. It was an oversight, rather than because we did not care passionately about this particular issue. Once again, I am pleading with the Minister: we really need to be able to differentiate between the different groups to see where apprenticeships fall and who is getting what apprenticeship. The noble Baroness, Lady Nye, made a very important argument relating to young women, but the same applies to disability, race and so forth. There are variations that we need to bottom out so that employers can then have appropriate strategies in place to address the anomalies.

Baroness Lister of Burtersett: My Lords, I will speak very briefly in support of my noble friend Lady Nye, who has made such a good case about gender. She made most of the points I want to make, but I have been sent information by City & Guilds, which has done research into careers advice, which shows how gender-biased careers advice is channelling young women into a very gender-biased labour market. So it is being reinforced. It is crucial that the apprenticeship system does not reinforce and aggregate that gender bias which we have heard about from my noble friend. As other noble Lords have said, it is about not just quantity but quality. From a gender perspective, quality is about the sectors within which young women and young men are being channelled.

The Lord Bishop of Durham: My Lords, in the north-east I get to see apprentices in the car industry, the subsea industry, traditional industries such as stonemasonry, farming, and all kinds of sectors in

schools. It is brilliant to be able to see them face to face, to meet them and talk to them. There are brilliant apprenticeships and we need to grow them. Therefore, the 3 million target is fantastic, but I have to say that where the Bill refers to,

"information about the progress made in the reporting period towards the apprenticeships target",

which is simply the figure of 3 million, that does not give the information about the types of apprenticeship that there are. In the light of the previous comments, I add that in two particular manufacturing industries I went to there were fantastic apprenticeships with brilliant young men, but no young women at all. I am told that there have not been any. We need this kind of information to ensure that apprenticeships are of the quality and standard needed. Because of the lateness of the hour, I will stop at that.

Baroness Evans of Bowes Park: My Lords, I will attempt to respond to various points, but again, due to the lateness of the hour, I will try to keep my remarks brief. Where I do not respond to points I will endeavour to get further information to noble Lords relatively quickly.

The Government are committed to reaching 3 million apprenticeship starts in England in 2020. Clause 2 will place a duty on the Secretary of State to report annually on progress towards meeting that target. The amendments that have been tabled would place additional reporting requirements on the Secretary of State to publish a range of information as part of the annual apprenticeship reporting requirement set out in the Bill.

10.45 pm

In relation to Amendments 68 and 68A, tabled by the noble Baronesses, Lady Sherlock, Lady Manzoor, and Lady Nye, and the noble Lords, Lord McKenzie, and Lord Young, I can reassure noble Lords that the Government already report on apprenticeship figures by region, age, gender, ethnicity, disability, sector, qualification and level as part of their quarterly statistical first release. We will continue to do this and I can assure the noble Baroness that we will report a breakdown of figures on age and disability. We also publish information on the courses in which apprentices are enrolled in each academic year as part of our national aims report and we will continue to do this as part of the annual reporting requirement set out in the Bill.

The Government do not provide information on other protected characteristics, as set out in the Equality Act 2010, such as sexual orientation, gender reassignment, marriage and civil partnership, pregnancy and maternity, in order to lessen the burden on training providers, which we are keen to do. In addition, these characteristics do not determine funding. I can reassure the noble Baroness, Lady Nye, that the Department for Business, Innovation and Skills measures the destinations of apprentices once they have completed an apprenticeship in a number of ways. This includes measuring longer-term wage and employment outcomes, short-term employment outcomes, self-reported impacts and the progression of advanced apprentices to higher education. We will continue to publish this information.

In relation to the first part of Amendment 69, tabled by the noble Baronesses, Lady Campbell and Lady Grey-Thompson, and the noble Lords, Lord Low and Lord Addington, where a young person has applied for a vacancy via the "find an apprenticeship" system and has self-reported their disability status, it is possible to count applications made. BIS is currently exploring whether it is then possible to track whether a young person has subsequently started an apprenticeship. However, it is not possible to count the number of applications made direct to employers. Therefore, on the basis that the information would be incomplete, we do not believe it is practicable to require the Secretary of State to report in this way.

I turn to apprenticeship quality and the second part of Amendment 68. I can reassure noble Lords that the Government are already committed to a range of measures to ensure the quality of apprenticeships. I know that this subject is very dear to the heart of the noble Lord, Lord Young, and we have discussed it on several other occasions. We have already ensured that all apprenticeships are real paid jobs, have a minimum duration of a year, include substantial on and off-the-job training and include English and maths when not already achieved. In addition, as announced by the Chancellor in the spending review, the Government intend to establish a new institute for apprenticeships. This will support employer-led reforms to ensure quality. We anticipate that this will be active from 2017 onwards The noble Lord, Lord Young, asked about the role of UKCES. It has played a valuable role since its launch but the Government have decided to create the new body which I have just mentioned. We are therefore working with UKCES to explore the implications of the spending review and will make an announcement in due course. In answer to the noble Lord's question about small business access to apprenticeships, small businesses are directly involved in all phases of trailblazers, such as the Test Factory for digital industries. We have made clear in the implementation plan and trailblazer guidance that standards must have wide support from employers across the sector.

In relation to careers advice, noble Lords will be aware that schools are legally required to secure independent careers guidance for 12 to 18 year-olds. This must be delivered in an impartial manner and include information about a range of options, including apprenticeships. Statutory guidance published in March 2015 is clear that schools should give employers, and other providers delivering apprenticeships, the opportunity to inform all pupils directly, on school premises, about what they offer. Finally, on timetables for the apprenticeship levy, more detail will be available in due course. I cannot say any more than that at this point. Ofsted and Ofqual will also continue to play an essential role in ensuring the quality of apprenticeships.

Finally, I turn to the latter part of Amendment 69. The Government believe that the overwhelming majority of young people with special educational needs and disabilities are capable of sustainable, paid employment with appropriate preparation and support, and we already know that thousands of disabled people have benefited from apprenticeships. In 2014-15, 44,090 of those starting an apprenticeship declared a disability

[Baroness Evans of Bowes Park]
or learning difficulty; that is, 8.8% of total starts. I reassure noble Lords that we are committed to building on this success.

As the noble Baroness, Lady Campbell, mentioned, Peter Little OBE undertook a detailed review of the inclusiveness of apprenticeships for people with learning difficulties or disabilities, and since its publication we have done more to try to ensure that apprenticeships are accessible. For instance, the National Institute of Adult Continuing Education has produced an employer toolkit and the Education and Training Foundation's Excellence Gateway contains a section on special educational needs and disability with resources. In addition, apprentices can apply for Access to Work funding for adjustments to the workplace and training providers can use funding to support the apprentice's learning. Reasonable adjustments are available for qualifications to ensure that an apprentice with a disability has the chance to show what he or she knows or can do. Appropriate adjustments will depend, among other things, on the individual, their disability, and the qualification, but may include extra time, a special room, assistive technology or the use of a scribe.

Turning to the third part of the amendment, I reassure noble Lords that the Skills Funding Agency has funded a number of case studies in recent years specifically looking at accessibility and best practice for apprentices with learning difficulties or disabilities, which are available for employers to access through the employer toolkit.

Again, I apologise for the quick run through. As I say, I will endeavour to get back to noble Lords on other points that I have missed, but I hope that, on the basis of this explanation, noble Lords will consider not pressing their amendments.

Lord Young of Norwood Green: My Lords, I thank the noble Baroness for dealing with all those questions without hesitation, repetition or deviation. That was a brilliant effort. I would like a bit more detail on some points and welcome her further comments. I am sure that I am not the only person in that situation. Although she gave us lots of assurances, given the importance of these issues I only wish that schools were applying those assurances in practice in relation to both careers advice and access by employers. My experience is that many are not doing that despite the legal obligations. Given that we have seen a statistical decline in the number of apprenticeships for people with disabilities, it would be useful if we could meet the noble Baroness to go through some of these issues. Nevertheless, on the understanding that we will look carefully at the response to the questions in *Hansard*, I beg leave to withdraw the amendment.

Amendment 68 withdrawn.

Amendments 68A and 69 not moved.

Clause 2 agreed.

House resumed.

House adjourned at 10.53 pm.

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