

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

ENTERPRISE BILL [*LORDS*]

Fourth Sitting

Thursday 11 February 2016

(Afternoon)

CONTENTS

CLAUSES 15 to 18 agreed to.
CLAUSE 19 agreed to, with amendments.
SCHEDULE 3 agreed to.
CLAUSES 20 and 21 agreed to.
Adjourned till Tuesday 23 February at twenty-five past Nine o'clock.
Written evidence reported to the House.

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Monday 15 February 2016

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IN GENERAL COMMITTEES

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The Committee consisted of the following Members:

Chairs: SIR DAVID AMESS, † MS KAREN BUCK

- | | |
|---|--|
| † Argar, Edward (<i>Charnwood</i>) (Con) | † McKinnell, Catherine (<i>Newcastle upon Tyne North</i>) (Lab) |
| † Barclay, Stephen (<i>North East Cambridgeshire</i>) (Con) | † Mackintosh, David (<i>Northampton South</i>) (Con) |
| Bardell, Hannah (<i>Livingston</i>) (SNP) | † Morden, Jessica (<i>Newport East</i>) (Lab) |
| † Brennan, Kevin (<i>Cardiff West</i>) (Lab) | † Pawsey, Mark (<i>Rugby</i>) (Con) |
| † Brown, Alan (<i>Kilmarnock and Loudoun</i>) (SNP) | † Solloway, Amanda (<i>Derby North</i>) (Con) |
| † Churchill, Jo (<i>Bury St Edmunds</i>) (Con) | † Soubry, Anna (<i>Minister for Small Business, Industry and Enterprise</i>) |
| † Creagh, Mary (<i>Wakefield</i>) (Lab) | |
| † Esterson, Bill (<i>Sefton Central</i>) (Lab) | Glenn McKee, <i>Committee Clerk</i> |
| † Flint, Caroline (<i>Don Valley</i>) (Lab) | |
| † Frazer, Lucy (<i>South East Cambridgeshire</i>) (Con) | |
| † Howell, John (<i>Henley</i>) (Con) | |
| † Lewis, Brandon (<i>Minister for Housing and Planning</i>) | † attended the Committee |

Public Bill Committee

Thursday 11 February 2016

(Afternoon)

[Ms KAREN BUCK *in the Chair*]

Enterprise Bill [Lords]

Clause 15

DUTY TO REPORT ON EFFECT OF REGULATORS' CODE

Amendment moved (this day): 78, in clause 15, page 13, line 8, after “in”, insert

“section 21 (duty to have regard to the regulatory principles) and” — (*Mary Creagh.*)

This amendment would make it clear that the reporting requirements include reporting on the duty under section 21 of the Legislative and Regulatory Reform Act 2006 to have regard to a defined set of regulatory principles.

2 pm

The Chair: I remind the Committee that with this we are discussing the following:

Amendment 79, in clause 15, page 13, line 10, after “which”, insert “section 21 and”

See explanatory statement to amendment 78.

Amendment 80, in clause 15, page 13, line 14, after “businesses”, insert

“and such other persons as the regulator considers appropriate”

In conjunction with amendment 78, this amendment would require each relevant regulator to report not only on the views of businesses (and ‘other regulated persons’), but also on the views of such other persons as the relevant regulator considers appropriate.

Amendment 81, in clause 15, page 13, line 16, at end insert—

(iii) of the effect of the duties under sections 21 and 22 on the proper exercise of its relevant functions;”

This amendment would require each relevant regulator to report on the effect of the performance of the duties on the proper exercise of the regulatory functions to which they apply.

Amendment 82, in clause 15, page 13, line 18, after “in”, insert “section 21 and”

See explanatory statement to amendment 78.

Amendment 85, in clause 15, page 13, line 41, after “in”, insert “section 21 and”

See explanatory statement to amendment 78.

Amendment 86, in clause 15, page 14, line 28, at end insert—

““businesses” includes businesses and other regulated persons;”

Amendment 87, in clause 15, page 14, line 30, after “by”, insert

“section 21 to have regard to the principles in subsection (2) of that section and”

See explanatory statement to amendment 78.

Amendment 83, in clause 15, page 13, line 31, at end insert—

“(d) the persons from whom information should be obtained for the purposes of a performance report.

This amendment would make provision for guidance to be issued on who should be asked for information for the purposes of preparing a performance report.

Amendment 84, in clause 15, page 13, line 31, at end insert—

“(6A) Before making guidance under subsection (5), the Minister must consult—

(a) persons carrying on businesses; and

(b) such other persons as the Minister considers appropriate.”

This amendment would require the relevant Minister of the Crown to consult businesses and such other persons as the Minister considers appropriate before making guidance relating to the performance reports.

Amendment 88, in clause 16, page 15, line 13, after “businesses”, insert

“and such other persons as the regulator considers appropriate”

See explanatory statement to amendment 80.

Amendment 89, in clause 16, page 15, line 15, at end insert—

(iii) of the effect of the duties under section 21 and 22 on the proper exercise of its relevant functions;”

See explanatory statement under amendment 81.

Amendment 90, in clause 16, page 15, line 30, at end insert—

“(d) the persons from whom information should be obtained for the purposes of a performance report.”

See explanatory statement to amendment 83.

Amendment 91, in clause 16, page 15, line 30, at end insert—

“(5A) Before making Guidance under subsection (4), the Minister must consult—

(a) persons carrying on businesses; and

(b) such other persons as the Minister considers appropriate.”

See explanatory statement to amendment 84.

Amendment 92, in clause 16, page 15, line 42, after “businesses”, insert

“and such other persons as the Minister considers appropriate”

See explanatory statement to amendment 80.

Amendment 93, in clause 16, page 16, line 9, at end insert—

“(11A) In this section—

“businesses” includes businesses and other regulated persons.”

Mary Creagh (Wakefield) (Lab): Congratulations to the Doorkeepers and engineers on shutting our window; I am sure we will all be peeling off our outer layers in due course.

I want to continue my remarks on the amendments to these regulatory clauses and the benefits of good regulation in creating green jobs and growth. In fact, in case we needed any further examples of that, there is a Waste and Resources Action Programme exhibition outside this very Committee Room, which has the strapline, “Less Waste More Jobs”. That beautifully illustrates what I was saying before lunch.

I want to take a little bit of time to look at the potential impact of the clauses on both the natural environment and the Office of Rail and Road. Let me begin with Natural England. Its statutory purpose is to “ensure that the natural environment is conserved, enhanced, and managed for the benefit of present and future generations, thereby contributing to sustainable development.”

Its statutory purpose is to protect the natural environment, while the contribution to sustainable development, which includes economic considerations, is an outcome arising from that protection.

The clearest manifestation yet of the potential of the growth duty to have an overriding or undermining influence on the proper exercise of Natural England's regulatory functions is its recent adoption of a new outcomes approach to the protection and management of our most important wildlife sites and precious places. That new approach was first introduced in a letter from Natural England's chief executive, James Cross, to a number of key stakeholders in October 2015, with an amended version subsequently published online.

The stated aim is for Natural England to move "away from being seen as regulators and more towards enablers" through "closer working with business to help them achieve their goals while also helping the environment". That will apparently involve "radically reducing the need for regulation", and helping businesses to "achieve their aims in a way that benefits the environment, but takes account of their circumstances" by seeking "the best outcomes for everybody, at the right pace".

While it is right to seek to minimise conflict and to achieve win-win outcomes via the agreement of "common and shared objectives" when possible, there will often be situations where the objectives of businesses will conflict with the proper exercise of Natural England's regulatory functions and its statutory purpose.

I cite that example in relation to the natural environment, but there are, of course, potential issues around the built environment because local authorities are also listed in clauses 15 and 16. As a former local councillor for seven years, I know that in these straitened times, councils will often err on the side of caution and will be fearful, particularly when making planning decisions. We can see a clear moment when officers will be advising on granting planning permission for something so that the growth duty or reporting requirements that will be placed on them are not subsequently challenged by businesses.

The final area I wish to talk about is the protection of the public interest in its most naked form: the health and safety of workers and the travelling public. Clause 17 applies this reporting duty to the Office of Rail and Road, Ofcom, Ofwat and Ofgem, which is the first time that has happened. In my time as shadow Secretary of State for Transport, I had a great deal to do with the ORR—the Rail Regulator, as it was then. Its statutory duty is to protect the health and safety of workers and the travelling public, to manage demand and supply for rail paths between freight operators and passenger operators and to protect the needs of disabled travellers and ensure they have access to the railway.

With this new duty, I can see clearly that the demands of growth could lead to conflicts of interest. For example, passenger rail travel has doubled over the past 20 years, and there is enormous pressure on those rail slots. It is the difficult duty of the rail regulator to decide which towns and cities get new train services and when the track operators will have access to freight paths to

undertake the upkeep and engineering works that keep the railways going. Those decisions are made versus the interests of the commercial operators who run those passenger services. It is in the interests of the rail regulator to ensure that those paths are not too close together and do not run too quickly so as to maintain a safe distance between trains. It must also ensure that there is a requisite number of safety operatives to oversee workers carrying out minor engineering works on the track to avoid tragedies, which sadly occur far too often.

I am concerned that extending the duty to report performance to the Office of Rail and Road, in particular, could end up putting pressure on the regulator to make decisions in the interests of growth that are inimical to the public interest, the protection of public safety, the protection of the health and safety of the workers on the railway, and of course the protection of disabled travellers, whose additional needs in terms of boarding and getting off trains may hold up the smooth operation of the service for a couple of minutes. I have heard anecdotal evidence from my constituents in Wakefield of people being told, "You are holding up the train. We are going to miss our slot. You are going to make us late, and we will lose money as result." Those pressures already exist, and adding a financial and growth pressure to the regulator could lead to perverse outcomes.

A similar argument could be made about Ofwat, which is responsible for making sure that water companies clean up the beaches, protect the rivers and maintain the reservoirs. The water companies might make more money if they invested less in the asset base but that would not necessarily be good if a reservoir failed and took out a town or village below it. When regulations fail, the consequences in terms of protection of the public are huge. When the Minister replies, I hope that she addresses in particular the issue of road and rail regulation.

Bill Esterson (Sefton Central) (Lab): Welcome back, Ms Buck. This is the first time that my hon. Friend the Member for Wakefield has spoken in the Committee since her success yesterday and I add my congratulations on her appointment as the new Chair of the Select Committee on Environmental Audit.

As my hon. Friend has said, the Labour party is pro-business, but we are not pro-business as usual and it is important that we challenge unacceptable business practice and exploitative practice. We support good regulation but at the same time we must ensure that unhelpful or damaging regulations are addressed. My hon. Friend cited excellent examples of good regulations that show how such reporting should be done. She also explained that we must take a longer-term view when we consider the environment or other aspects of life. The short-term, balance-sheet effects of regulation are not enough. Whether a regulation, an action or a change in the rules has an effect on a business or an economy in a matter of weeks, months or a year or so is very different from its longer-term impact, whether on the economy or, indeed, the environment. We should be trying to achieve the level playing field that has been a central theme of our deliberations on the Bill so far, and that level playing field should apply to business, consumers and the wider public. The costs of regulation to business can be apparently significant, but savings can be made

[Bill Esterson]

elsewhere. My hon. Friend the Member for Wakefield has given many examples of exactly that, but I will give a few others as well.

When the minimum wage legislation came in during the early part of the Labour Government, there was criticism that the regulations would produce a big cost to business and to the economy; that they would cost jobs. That turned out to be scaremongering and untrue. There was in fact a benefit, not just to the workers who saw big increases in pay and protection of their terms and conditions, but to the wider economy. People were in a position to spend more money in the economy, which had benefits for business and the wider economy. There was also a benefit in the protections that were given to those businesses that had always been good employers and paid decent wages.

The same, of course, is true today when we debate the challenge of the exploitative use of zero-hours contracts. Sports Direct is an employer that is often cited. There is grave concern at the way zero-hours contracts are used in that business for people whose only or main employment is with that business. That does not just make life very difficult and precarious for the individual; the competitors of Sports Direct or similar businesses where the zero-hours culture is a concern face pressures that are unacceptable, unfair and damaging both to business and to the wider economy.

There are many examples of how regulation can be a force for good. It can be a way of improving the wider environment and economy. It can help business, even though at first glance it may appear not to do so. As we seek to create a fairer society and a fairer and more successful economy, these matters are very important and we rightly have the opportunity to debate them. My hon. Friend was right to table the amendments. They do the job of highlighting the concern and the challenge. She has highlighted the long-term environmental and economic benefits of ensuring that we measure and evaluate regulation—the immediate impact and apparent negative effects, but also the longer-term, beneficial effects. In many cases, what may appear to have a financial cost in the short term has a much greater financial and environmental benefit in the long term. I am therefore pleased that my hon. Friend has tabled the amendments and I am happy to support them.

The Minister for Small Business, Industry and Enterprise (Anna Soubry): We must remember that clause 15 is specifically for this purpose—to require regulators subject to the regulators' code to report annually on the effect that the code has had and to obtain the views of business on that effect. That is what the clause is all about. Our approach does not preclude consideration of broader public interests when regulators report. As I have said, the key purpose is to address the impact on business, but that does not preclude all the other matters that the hon. Member for Wakefield has raised.

Regarding Ofgem, Ofcom, the rail regulator and Ofwat, clause 17 provides a way forward to include them in the regulators' code. That clause will remove the exemption, but not of itself bring them into scope; that can be done only following consultation and through secondary legislation. Those are important points to make when looking at the aim of the clause.

2.15 pm

In many ways, that is the whole thrust of the Bill and of the Government's work—to turn everyone's attention to business. When we regulate and when the regulators do their work, will they be looking at the interests of business? There is a strong argument, which I advance, that when business is able to do business, it is in everyone's interest. When business does business it is growing, employing people and providing more taxation, so that we can have the right sort of economy and money available to provide the good and important services that national and local government deliver to people.

It is all about making sure that the regulators turn their attention—in a way that they have not done enough in the past—to considering the effect and burden often placed on business by the way in which they go about things. There is no conflict of interest, because the regulators' obligations to regulate are not overridden. That is another important point. The regulator is required to have regard to the code, and of course to growth. Again, it is about changing the culture and moving the compass dial in the right direction. Expertise means that the regulator is best placed to weigh up all the interests. I am specifically talking to amendment 81 in making those points.

On amendment 83, reporting guidance can include guidance on whom regulators should approach for views when compiling their report, but that does not need to be specified in the Bill. On amendment 84, we will develop the guidance by working closely with the regulators and with business. Again, a statutory duty to consult is unnecessary and disproportionate. On amendments 88 and 93, we want to measure whether the code benefits business, which is why we are making it a requirement that the views of business are included in reports—I emphasise “requirement”. Regulators may include the views of others, if they wish, but that would not detract from the key policy objective of any of those regulators.

The purpose of amendment 89 is not clear. The new reporting obligation will require regulators to report on how the code is effective in the exercise of their regulatory functions, so the amendment is simply not necessary. If the implication of the amendment is that the code and principle somehow detract from the proper exercise of functions, that is not the case. The reality is that the code encourages the regulators to regulate effectively and proportionately, delivering greater protection at least cost. It does not undermine their capacity or capability to exercise their functions properly.

On amendment 90, reporting guidance may include guidance on the persons whom regulators should approach for views when compiling their report. Again, that does not need to be stated in the Bill. On amendment 91, we will develop the guidance by working closely with regulators and business. A statutory duty to consult is unnecessary and disproportionate. On amendment 92, we want to measure whether the growth duty benefits business. It is right, therefore, that Ministers may require regulators to provide them with the views of business, but the power does not need to be any wider. I strongly urge the Committee to come to the conclusion that the clause as drafted strikes the right balance between ensuring transparency and maintaining regulator independence.

As for amendments 78, 79, 82, 85 and 87, the regulators' code is based on the five principles and its aim is to give effect to them. I respectfully suggest that the suggestion

that the reporting duty should require them to be considered in addition to the code is confusing as well as unnecessary. On amendments 80 and 86, we want to measure whether the code benefits business—all the emphasis is on business. Therefore, it is right to include the views of business as a requirement. Regulators may include views of others if they wish, but to require it would detract from the key policy objective. I have already made my comments on amendment 81—sorry, I have not dealt with the points made by the hon. Member for Sefton Central, which I am more than happy to do.

The Chair: Order. Amendment 65 has not been moved.

Anna Soubry: I am so sorry. Then I will not address those, but I will thank the hon. Lady for her probing amendments. She makes some important points, but I just do not agree that we need to include the amendments. I thank her for the debate that we have had and I am delighted to note—*Hansard* needs to record this—that she has taken her ski jacket off, hopefully because she has warmed up.

Mary Creagh: The Minister said that there was nothing to prevent regulators from consulting with other bodies and people of interest, but that is to misunderstand the behavioural nature of large organisations that are set out in the statutory code, which tend to do what they are prescribed to do in statute. The clauses introduce a statutory requirement to consult with business and to report annually on the impact of businesses. By giving the regulator a duty to consult solely with the private interests of businesses while not consulting with the public interests that they are there to protect—of consumers, citizens, stakeholders and civil society organisations—she is putting the private interests above the public interests that the regulator exists to protect. I have made my point. She said that this would be done through secondary legislation. The House will have a chance to discuss the matter in the future and, no doubt, the debate will continue to rumble along. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Bill Esterson: I beg to move amendment 65, in clause 15, page 13, line 16, at end insert—

- “(iii) of the measures adopted by the relevant regulator to make regulations which have an impact on small businesses more comprehensible, and
- (ii) of the measures taken to promote awareness of regulations which affect small businesses;”

This amendment would create a new obligation on Regulators to provide an assessment on how they are simplifying their regulations and ensuring that they report on their efforts to extend awareness of regulations.

The Chair: With this it will be convenient to discuss the following:

Amendment 66, in clause 15, page 13, line 16, at end insert—

- “(v) an assessment of how the relevant regulator’s regulatory provisions contribute to and improve productivity;”

This amendment would create a new obligation on Regulators to provide an assessment on how their provisions improve productivity.

Amendment 67, in clause 15, page 14, line 6, at end insert—

“(10A) A relevant regulator must give to the Small Business Commissioner any information that the Commissioner may from time to time request which relates to regulatory provisions and their impact on small businesses.”

This amendment would impose a regulatory duty on regulators to provide information on request to the Commissioner, to aid the communication of key issues around productivity to SMEs and regulators.

New clause 19—*Report on money laundering regulations*—

(1) The Small Business Commissioner shall prepare and publish a report assessing a regulator’s performance and effectiveness at ensuring regulations relating to money laundering are proportionate, user friendly, widely promoted and easily adapted by small businesses.

(2) The report provided for by subsection (1) must include an assessment of the role of the Financial Conduct Authority and its activities to encourage awareness of the impact of money laundering regulations on small businesses.

(3) In this section a regulator is a person with regulatory functions to which section 108 of the Deregulation Act 2015 applies.

This new Clause would require the Small Business Commissioner to publish a report assessing a regulator’s performance and effectiveness at ensuring money laundering regulations are proportionate, user friendly, widely promoted and easily adapted by small businesses. This report must include assessment of the Financial Conduct Authority’s success in its role in encouraging awareness of the impact of money laundering regulations on small businesses.

Bill Esterson: We are all in a hurry to conclude, I am sure. Amendments 65 and 67 deal with the simplicity and accessibility of regulations, specifically placing a duty on regulators to simplify their regulations and ensure that they report on their efforts to extend awareness of them to small businesses. This is a task to be shared by the regulators and the small business commissioner. Regulations get a bad press. The perception of red tape from faceless bureaucrats is pervasive and that is the fault of Governments, of all kinds; they failed to communicate the reasons for regulations, what they did and how they supported businesses.

The Bill is a prime opportunity to take a significant step towards improving the situation, to place a duty on regulators to simplify and explain, and to share this with the small business commissioner so that the commissioner in turn can use their position to raise awareness and understanding among the small business community. The Minister for Policing, Crime and Criminal Justice said on money laundering in response to a written question from my hon. Friend the Member for Bishop Auckland (Helen Goodman):

“The Government is committed to ensuring that the UK has a robust anti-money laundering regime.”

I am not entirely sure that the rhetoric matches the reality of the situation, but new clause 19 seeks to ensure that the anti-money laundering regime is at least comprehensible and transparent to small businesses. It applies the same principles of simplicity and effective communication that we are trying to achieve for small businesses through amendments 65 and 67 to regulations on money laundering. On the publication of its report, “Don’t Look, Won’t Find” in 2015, Transparency International’s senior advocacy manager, Rachel Davies, said that current anti-money laundering rules represented a “shambolic system”. [*Interruption.*] I am getting

[Bill Esterson]

some agreement. As well as coming under fire in the report for lobbying on behalf of the same firms that they regulate, the majority of the 22 regulators publish no information about the fines that they issue. The Government's first national risk assessment of money laundering found that banks and other financial institutions were at "high risk" of exposure to corrupt funds.

Now is not the time to get into a wider debate about money laundering, Ms Buck.

The Chair: Absolutely correct.

Bill Esterson: I am glad I got that right. However, it is patently clear that the UK must face up to a serious problem, which includes the way in which anti-money laundering rules are regulated. New clause 19 seeks to ensure that small businesses are supported as much as possible in complying with anti-money laundering rules. For the vast majority of small businesses, anti-money laundering rules are another bewildering set of regulations. While the UK is facing up to these problems, the least we can do in this legislation is to make it as straightforward as possible for small businesses to understand and comply with those regulations.

Let me turn to amendment 66. When we discussed amendment 62, we called for a nominal and monetary tally of regulations to be included in the Government's business impact target. I acknowledged at the time that, although important for the sake of transparency about the impact of regulations, focusing solely on umbrella financial costs to small businesses was something of a blunt instrument. Amendment 66 therefore goes a step further. Our intention is to address the challenge that policy makers face in assessing the broader impact of regulations on the economy and, indeed, society more broadly.

The burden and benefits of regulation are rarely distributed equitably. The point is that simply talking in terms of the overall financial burden on businesses and couching one-in, two-out or other savings targets in those terms overlooks the different circumstances of the more than 5 million small businesses in the UK. What benefits one may burden another. A regulation that plays to a small business in Manchester or London might make life harder for a rural start-up, or it might have a disproportionate impact on a small business that exports to the EU, and so on.

Current assessments disproportionately measure the direct impacts of new policies. Indirect impacts are harder to quantify, but that does not mean that we should pretend they do not exist. Longer-term impacts are even harder to measure, because the impacts spiral out from the business itself to include the knock-on impact on the wider economy, but that is exactly why it is important to factor them in. Amendment 66 adds that magic ingredient, productivity, into the mix for consideration during assessment. Indeed, much recent debate in the Treasury and Department for Business, Innovation and Skills circles has been about how to improve the UK's productivity. When we consider productivity and not just cost, we radically change the nature of impact assessments. Instead of monitoring what goes in—that is, the immediate financial impact

on small companies—we monitor what comes out: the impact of the regulation on how businesses operate, how they grow and whether they can take on more staff, and, ultimately, the impact on GDP.

Adding productivity takes the blunt instrument of the assessments as they stand and adds a far more nuanced approach. It is an approach that more accurately reflects the complexities of the small business landscape and an approach that ends the strange idea that regulations can somehow be considered in isolation—that they can exist in a vacuum outside the wider economy.

Anna Soubry: The regulators code requires regulators to take account of the needs of small businesses and to tailor their regulatory approach accordingly. The Bill's new reporting requirement requires regulators to be transparent about the effect that these considerations have had on those they regulate, including small businesses. This will be even more explicit when we develop reporting guidance for regulators. The growth duty will require regulators to consider economic growth fully when regulating, and productivity is part of that.

2.30 pm

The Bill's growth duty reporting obligation ensures that regulators are transparent on the growth duty, including on their support of productivity. That will be even more explicit when we develop reporting guidance for regulators, and where regulatory issues are raised with the commissioner they can be addressed in the commissioner's annual report.

I turn specifically to amendment 67 and new clause 19. I know that I am repeating what I have said before, but in relation to the money laundering aspect in particular, these measures would again hugely increase the remit of the small business commissioner. I do not disagree with many of the concerns that have been raised, not only by the hon. Member for Sefton Central but by many people who actually run businesses of whatever size, and indeed by ordinary individuals simply seeking to open or change a bank account, or make some difference in their financial arrangements. I am absolutely happy to put it on the record that I share the many concerns about our money laundering regulations.

This area is a very good example of where Parliament had all the very best of intentions, but unfortunately there have been many unforeseen and adverse consequences. Ms Buck, I do not know whether they have come your way by virtue of your work as a constituency MP, but there are many tales of people setting up the most simple form of small business and finding that it can take two to three days just to open a bank account. That is the stuff of madness and I say to the hon. Gentleman that I am not the only Minister who is concerned. It is part of the deregulatory work or red tape challenge—call it what you will, but it is a huge and very important part of the work that we are doing specifically to look at the money laundering regulations, so that we get the balance right. Money laundering is wrong. We know that especially sophisticated gangs can use all sorts of devices now to launder money, so it is right that we have proper regulation and all the criminal offences, but it is wrong that it should take two days to open the simplest bank account. So we have got to redress the balance and get it right.

On that basis, I hope that the hon. Gentleman will not only withdraw all the amendments but take my word that we speak as one on our concerns about money laundering and that it will not be too long before we can really move forward, having made some great progress on untangling red tape and making sure that measures do not have unforeseen consequences. However, it would not be right to broaden the remit and scope of the small business commissioner, because we want him or her to deal with the relationship between big businesses and small businesses, specifically in relation to late payment.

Bill Esterson: I certainly take the Minister's assurances on money laundering; perhaps this is something that we will revisit on Report in more detail, but certainly over time we will do so. I agree that it is a far from straightforward matter to resolve.

I will just give another example of the effect of a new regulation when it is brought in and requires an assessment. Of course, that is the new schedule to the Bill on Sunday trading. Sunday trading will have an impact on businesses large and small. Some large businesses want it; some are less keen on it. Many, if not most, small independent retailers particularly benefit from having some kind of competitive advantage one day a week, and they are extremely worried about the negative impact of a change in the regulation of Sunday trading, as are workers who will have to work more on Sundays; as are families, who will be affected; and as are faith groups and others, who see the special nature of Sunday being affected.

It is a good example of some of the much wider impacts of a change in regulation, which go way beyond the immediate financial impact on businesses. Clearly, some larger firms plan to gain by cornering yet more of a share of the retail market by trading longer on Sundays, but I cannot see the argument for the idea that there is more to spend just because it is spent on a different day. All that will happen is that less money will be spent at the smaller independent retailers if the larger ones can benefit. That is therefore a good example of the need to consider the wider consequences and shows that the amendments have particular resonance, given the Minister's proposals for later in our deliberations.

The Minister for Housing and Planning (Brandon Lewis): The hon. Gentleman is generous in giving way. He has just alluded to the point that I was going to make. He will probably want to discuss that when we reach clause stand part, because we will debate those very points, doubtless at some length, as we have made extra time available for that in Committee. Those items will be tackled, and I will make it clear to the hon. Gentleman that there is more to this than he just outlined.

Bill Esterson: I was hoping for something more from the Minister, but we will not have more time in Committee.

Anna Soubry: We will.

Bill Esterson: We have been given more time on Report, unless the Minister is giving us another day in Committee, and he tables such a proposal when we

come back next Monday week. That would be unusual because we have to finish, according to what has been passed in Parliament, two weeks today at five o'clock.

Brandon Lewis *rose*—

The Chair: Order. I call the Minister, but may I urge that the debate returns to the subject of the amendment?

Brandon Lewis: Absolutely. It is a pleasure to serve under your chairmanship, Ms Buck. To allow the hon. Gentleman to return to the key point, I repeat that the subject will be debated in Committee, and the timeline has been agreed through the usual channels to ensure that there is good time to discuss the matter in Committee as well as on Report.

Anna Soubry: So come on, Mr Esterson, let's get on with it.

Bill Esterson: Says the Minister, sitting there, chuntering, as she does.

Anna Soubry: As usual.

Bill Esterson: Indeed. Honesty from the Minister—I like that.

I would have more sympathy with the Minister for Housing and Planning if the proposals had been made a little earlier than the evening before the Committee started, but there we are.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): Despite the attitude of Conservative Members, mumbling, "Get on with it", my hon. Friend is making an important point. There has not been sufficient time to consider the significant changes and their ramifications, which my hon. Friend is setting out. He rightly says that they have wide-ranging implications that need proper consideration.

Bill Esterson: My hon. Friend is absolutely right and I thank her for reiterating the point.

Amendment 65 seeks to ensure that there is an assessment of whether there is a simplification. Several amendments have emphasised the need to consider properly and report the impact of changes in regulations. The strength of feeling, particularly about Sunday trading and changing the rules in the way in which the Government propose in the new schedule, shows the need to take great care. The change is considerable and it will have a profound effect throughout the country, and between the regions and the nations of the United Kingdom. It is regrettable that the proposal was not introduced in the Lords, as the measure is a Lords Bill, and earlier so that people were aware of it before Second Reading, and that we did not have longer to look at the new schedule than last Monday, on the evening before it was tabled.

Catherine McKinnell: Does my hon. Friend have a proper understanding of why the amendments came so late in the day? Have the Government explained the lateness of their addition to the Bill?

Bill Esterson: We live in hope.

The Chair: I urge the hon. Gentleman to stick closely to the text of amendment 65.

Bill Esterson: I am as much in the dark as my hon. Friend the Member for Newcastle upon Tyne North on this matter, as I am on so much that the Government do. Perhaps the reasons will emerge when we debate—

Anna Soubry: If we ever get there.

Bill Esterson: The Minister is in fine form today—when we get to that point, eventually, in two weeks' time. That question can sit and await answer from the relevant Minister when we deal with the new schedule. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 15 ordered to stand part of the Bill.

Clauses 16 to 18 ordered to stand part of the Bill.

Clause 19

EXTENDING THE PRIMARY AUTHORITY SCHEME UNDER RESA 2008

Anna Soubry: I beg to move amendment 1, in clause 19, page 17, line 40, leave out “Welsh ministerial” and insert “devolved Welsh”.

This amendment, amendments 3, 4, 6, 7 and 9 and subsections (1) and (2) of the new clause inserted by amendment NC2 replace references in the Regulatory Enforcement and Sanctions Act 2008, and in the amendments made by the Bill to that Act, to a Welsh ministerial matter with references to a devolved Welsh matter. Subsection (4) of the new clause inserted by amendment NC2 defines a “devolved Welsh matter” so that, in addition to Welsh ministerial matters, it also covers matters within the legislative competence of the National Assembly for Wales.

The Chair: With this it will be convenient to discuss the following:

Government amendments 2 to 18.

Government new clause 1—*Power of Welsh Ministers to apply regulators' principles and code of practice.*

Government new clause 2—*Devolved Welsh matters.*

Government amendments 23, 24 and 26 to 28.

Anna Soubry: I do not anticipate that the proposals will be in any way controversial. In any event, these are important amendments because they ensure that the Bill accurately reflects the devolution position relating to Wales. That is why we are putting them in the Bill. References to the Welsh devolved competence within the Regulatory Enforcement and Sanctions Act 2008 are currently technically inaccurate, referring to Welsh ministerial competence only. Amendments 1 to 9 and new clause 2 rectify that by adding a reference to the competence of the National Assembly for Wales. New clause 1 is similar: it ensures that the power to make orders relating to the regulators' code is divided between Welsh Ministers and the Minister of the Crown along the lines of devolved competence. Amendments 10 to 18 extend the new enabling powers on business rates appeals to Welsh Ministers.

Kevin Brennan (Cardiff West) (Lab): The Minister is explaining that from the Government's point of view, these are technical amendments. Will she confirm that the National Assembly for Wales and the Welsh Government are satisfied that the amendments are both necessary and appropriate?

Anna Soubry: Yes. They have been tabled at the request of the Welsh Government and therefore, I am sure that the hon. Gentleman—[*Interruption.*] He is putting his thumb up, and rightly so. They are technical, but they have been done at the request of the Welsh Government and I am sure that they are absolutely right to make that request, which is why we hope this is uncontentious.

Bill Esterson: The assurance the Minister gave about the Welsh Government's request was certainly what we needed. It is a shame that Ministers do not accept requests from us in here when we try to amend things, but we live in hope.

Anna Soubry: I do not have anything to say to that. It would be a first if we all agreed on everything—actually, there are times when we agree, and that is wonderful. It would seem that this is such an occasion.

Amendment 1 agreed to.

2.45 pm

Amendments made: 2, in clause 19, page 18, line 35, leave out “in Wales” and insert “in relation to Wales”

This amendment, amendments 5 and 8 and subsection (3) of the new clause inserted by amendment NC2 replace references in the Regulatory Enforcement and Sanctions Act 2008, and in the amendments made by the Bill to that Act, to functions exercisable “in Wales” with references to functions exercisable “in relation to Wales”. This is consistent with the wording of section 108 of the Government of Wales Act 2006.

Amendment 3, in clause 19, page 18, line 36, leave out “Welsh ministerial” and insert “devolved Welsh”

See the explanatory statement for amendment 1.

Amendment 4, in clause 19, page 28, line 20, leave out “Welsh ministerial” and insert “devolved Welsh”

See the explanatory statement for amendment 1.

Amendment 5, in clause 19, page 28, line 33, leave out “in Wales” and insert “in relation to Wales”

See the explanatory statement for amendment 2.

Amendment 6, in clause 19, page 28, line 34, leave out “Welsh ministerial” and insert “devolved Welsh”

See the explanatory statement for amendment 1.

Amendment 7, in clause 19, page 29, line 38, leave out “Welsh ministerial” and insert “devolved Welsh”

See the explanatory statement for amendment 1.

Amendment 8, in clause 19, page 30, line 8, leave out “in Wales” and insert “in relation to Wales”

See the explanatory statement for amendment 2.

Amendment 9, in clause 19, page 30, line 9, leave out “Welsh ministerial” and insert “devolved Welsh”—(*Anna Soubry.*)

See the explanatory statement for amendment 1.

Question proposed, That the clause, as amended, stand part of the Bill.

Bill Esterson: The clause will extend the primary authority scheme, which was introduced by the Labour Government in 2009. It provides greater regulatory consistency and certainty to businesses that operate in local authority areas by creating a statutory partnership between multi-site businesses and a primary authority. The primary authority acts as a co-ordinator of other local authority enforcement activity in relation to that business. The initial roll-out of the primary authority scheme saw a good uptake and support from business, professional bodies and local authorities. It is a splendid example of regulation working well in practice and benefiting business, the wider community and the wider economy, thanks to the previous Labour Government—we can all agree with that.

The primary authority scheme improves levels of compliance with regulations at a local level by providing small business with information about regulations and reducing the financial burden of compliance with them. It is an excellent model; it extends a friendly hand to businesses and regulators. It was created in response to problems caused by inconsistencies in regulatory interpretation between different local authorities, which led to a real challenge for businesses operating across a number of local authorities' areas. The primary authority scheme overcame that challenge and confusion and gave businesses greater confidence to expand beyond the boundaries of their local authority.

When the primary authority scheme was created, the OECD said that it was a “potentially far-reaching innovation”. It is regulation done well. It finds a balance between business and regulators, works with businesses to ensure compliance is as easy and affordable as possible, and offers councils the flexibility to account for local circumstances where there are discrepancies between their use of regulations and that of neighbouring councils.

We broadly agree with the extension of the primary authority scheme set out in clause 19, but I do not want the Minister to think that she enjoys our unqualified support. A helping hand to small businesses in the spirit of pragmatism and flexibility is good, but let us not take it out of context. In fact, we must bear in mind the context throughout our debates, particularly when we discuss the small business commissioner. The entire Bill is an example of the Government giving with one hand and taking away more with the other. The primary authority scheme will help small businesses to access affordable regulatory compliance, but on every other front they face an onslaught and a whittling away of the Government support they need to get started and contribute to the local economy.

Let me give some examples. The Government axed the Business Growth Service, the Manufacturing Advisory Service and the growth accelerator programme. The growth accelerator programme alone assisted more than 18,000 businesses. A great deal of the £100 million in finance that it helped small and medium-sized enterprises to raise went into helping local businesses in their very earliest stages. The Government converted Innovate UK grants into loans and took up to 58% of the budgets from the very local authorities that the clause tries to help businesses work with—the 58% is from Liverpool, my neighbouring authority.

The Government give a fair impression of wanting to make life easier for businesses with the extension of the primary authorities scheme, but although we support

the scheme we are acutely aware that it pales into insignificance in the face of the sheer scale of the withdrawal of support for small businesses in recent years. If the Government wanted to help businesses, they would not have completely shut down the long-term dividends to the economy of many of the discontinued schemes that were already beginning to deliver, including the ability of local authorities to help through economic development, which is disappearing due to the scale of cuts. The change has been made for the sake of scraping together the short-term cuts that the Chancellor wants to achieve his political aims, which has not helped local businesses or local economies.

Anna Soubry: Of course, as has been identified by the hon. Gentleman, the clause extends and improves the hugely successful primary authority scheme. I pay tribute to the last Labour Government for creating the scheme. Some will say that it is one of the few things that they actually did that was of any benefit to anybody, but that would be cheap.

Catherine McKinnell: Oh give over!

Anna Soubry: It was a very good idea. I pay particular tribute to those local authorities that are primary authorities. In my experience, they do an outstanding job. Early access to regulatory advice helps businesses to get things right first time. Enforcing authorities can also better target their resources. The clause gives national regulators a role in supporting the provision of advice to businesses. I will say no more than that, because if I did, I would be wasting the time that we hope to devote to Sunday trading.

Question put and agreed to.

Clause 19, as amended, accordingly ordered to stand part of the Bill.

Schedule 3 agreed to.

Clause 20

PUBLIC SECTOR APPRENTICESHIP TARGETS

Kevin Brennan: I beg to move amendment 70, in clause 20, page 35, line 29, at end insert—

‘(2A) An apprenticeship target shall specify what proportion of the number referred to in subsection (2) is to be applied for apprenticeships for people—

- (a) who have been looked after children, and
- (b) people with disabilities.’

The Chair: With this it will be convenient to discuss amendment 73, in clause 20, page 36, line 16, at end insert—

‘A9A The Secretary of State’s duty to promote participation of people with disabilities in apprenticeships

(1) The Secretary of State shall encourage employers to take positive action to promote disabled persons to take up approved apprenticeships by using the provisions at sections 158 and 159 of the Equality Act 2010.

(2) The Secretary of State shall review and revise periodically apprenticeship standards (such as Trailblazer Standards) prepared under Schedule 1 of the Deregulation Act 2015 to remove any unnecessary barriers which have or would impede disabled individuals from reasonably successfully completing their apprenticeships.’

Kevin Brennan: My apologies to the Committee for my voice and any coughing or spluttering as I am suffering from a heavy cold, and it sounds like other colleagues on the Committee are, too. We now move on to part 4 of the Bill, but may I first say what an intense and extraordinary pleasure is to serve under your chairmanship, Ms Buck, in your first appearance on the Panel of Chairmen—or chairpersons? How fortunate we are to have you in the Chair.

Like the Minister, this topic does not normally fall within my current list of responsibilities, but having been the Minister for apprenticeships under the previous Labour Government between 2009-10 and having presided at that time over a large expansion in the number of apprenticeships started and completed, I hope that I can be a passable, if imperfect, substitute for my hon. Friend the Member for Blackpool South (Mr Marsden), who leads on such matters in the Department for Business, Innovation and Skills Opposition team.

We support the expansion in quality apprenticeships, which was begun under the Labour Government at a time when apprenticeships had reached a low ebb following the rapid de-industrialisation of the economy in the 1980s and 1990s. We welcome the fact that the coalition Government wanted and this Government want to continue that trend, which is why these measures are in the Bill. Of course, such matters are largely devolved and the clauses and amendments that we are discussing relate principally to England, but they play into similar policy directions being pursued by the devolved Administrations, as we will discuss when considering later amendments.

This first group of amendments to the clause is intended to tease out further the Government's thinking on apprenticeship targets for public bodies, particularly in relation to disabled people and people who have been looked-after children. As colleagues will know, looked-after children do less well at GCSE than their counterparts. They often miss out on parts of their education for a variety of reasons, which might include chaotic family circumstances or a history of abuse within the family. Barnardo's has said:

"These young people often leave school with few or no qualifications and need alternative options outside of the school environment if they are to achieve their potential. Some need provision that allows them to catch up on what they have missed. These young people also often want the option of practical-based learning that clearly links to a real job."

That is the issue we are discussing today in relation to apprenticeships.

Amendment 70 would ensure that looked-after children are fully included in the monitoring and take-up of apprenticeships in public bodies. That is particularly relevant for local authorities, although it affects other public bodies too. I praise local authorities for a lot of the work that they have done in that area. I saw some of their excellent work when I was Minister with responsibility for children in 2007-08 under the Labour Government. People who have been looked after by local authorities can often be forgotten when they get a bit older.

Local authorities have a particular responsibility, because when children are taken into care, the local authority becomes the corporate parent. What would any parent who ran a family business, large or small, as an employer want to do in relation to their own children? They would want to ensure that if their children wanted, they could have a role in the family business. I have

always felt that because local authorities are the corporate parents, they have a responsibility to consider the employment prospects of children who have had a terrible start in life. In particular in relation to training, apprenticeships and other such opportunities that local authorities can offer, persons who have been looked after should be given primary consideration.

It is right that an apprenticeship target should incorporate what proportion of apprenticeships we should expect to be made up of people who have been looked after. I look forward to hearing what the Minister says about how the Government intend to deal with that issue in relation to their policy on apprenticeships and the amendments that we have tabled to try to draw the Government's attention to it.

Catherine McKinnell: My hon. Friend is making a powerful case, and I think his points are meeting with agreement across the Committee. Any parent who ran a family business would like to give a child an opportunity to join it, but if the child wanted other opportunities, any parent would also go to any length to use their contacts and the people they know to try to find those opportunities. The corporate parent—the local authority—therefore has a responsibility not only to use its own means to give opportunities to the children it takes care of, but to use all means available to find other opportunities for them.

Kevin Brennan: My hon. Friend is right. The responsibility extends beyond the immediate employment offerings that might be available within a local authority, but given that it is a significant employer, it is a point worth making. Those broader responsibilities, beyond the age of 18 and up to the age of 25, have been extended in recent years for looked-after children as they become adults. It is an appropriate issue to raise when we are talking about apprenticeships, and as I have said, I look forward to the Minister's response on the targets in this clause that we are discussing specifically.

Catherine McKinnell: I reiterate my full support for my hon. Friend's suggestion that the least the Government can do at this stage is to monitor the situation, because the corporate parent could and should do so much more for looked-after children.

3 pm

Kevin Brennan: My hon. Friend emphasises that point with great effect.

People with disabilities feature in both amendments in this group. Too few disabled people or those with learning difficulties become apprentices. In all further education and skills providers in 2013-14, more than 16% of learners disclosed a learning difficulty or disability compared with only 8% of apprentices. In an Ofsted survey, only one provider demonstrated that it had supported an apprentice with dyslexia to pass their functional skills test.

The figures indicate that the proportion of apprentices who have learning difficulties or a disability has actually decreased in recent years, falling from 11% in 2010-11 to 8% in 2012-13. The success rate of all apprentices completing their framework rose from 55% in 2005-06 to 73% in 2011-12. In the same period, the success rate

for those with disabilities doing apprenticeships rose from 49.5% to 69.9%. In other words, the differential between the success rate of all apprentices and apprentices with a disability is not very great.

The increase in the completion rate has been broadly similar during that period—it is now up to 75%—and if anything slightly better for disabled people. We all welcome the progress that has been made and the successful completion rates of apprenticeships, which used to be a big problem many years ago. That is all good, but why is the proportion of disabled apprentices falling when there is clear evidence that they can succeed when given the opportunity?

In addition, the environment for people with disabilities to get advice on work, apprenticeships and training has been under pressure. Jobcentre Plus's disability employment service has a ratio of one adviser providing support to 600 disabled people. That is a key cause for concern and was highlighted in the Work and Pensions Committee's inquiry in December 2014. In answer to a written parliamentary question in October 2015, the Minister for Employment, the right hon. Member for Witham (Priti Patel), revealed that the number of jobcentres employing at least one full-time equivalent disability employment adviser had fallen from 226 in 2011-12 to just 90 by 2015-16. That is a real concern.

Caroline Flint (Don Valley) (Lab): Obviously, employment and support allowance is there to recognise people who have disabilities and other health conditions but who may, with the right support, be able to find work. I know, having been the Minister for Employment and Welfare Reform, that whether it is the old incapacity benefit or employment and support allowance, the longer someone is on that allowance, the more the likelihood of them coming off it is reduced. Is it not important that we enable young people with disabilities to get training as soon as possible, so that despite what they have to deal with, they can contribute and give huge value to many employers in this country?

Kevin Brennan: My right hon. Friend is absolutely right; it is crucial that that happens. Like her and, I am sure, other colleagues, I have seen wonderful examples of where the right sort of adjustments are made and taken into account for people with disabilities and learning difficulties, and those people go on to be highly successful in their jobs and careers. They just need extra support and attention to do that.

There is real concern among disabled people that their position is getting worse, not better, at the moment. That is not only a concern for Opposition Members. The Minister was present recently during Business, Innovation and Skills questions in the House when her colleague the hon. Member for Bedford (Richard Fuller) raised the issue of barriers to apprenticeships for disabled people. While quite rightly praising the Government's commitment to apprenticeships, he said to the apprenticeships Minister that

“disabled people still face significant barriers. The Alliance for Inclusive Education has raised specific concerns about the requirements for maths and English. Will my hon. Friend the Minister review those concerns and write to the alliance and me to assure us that he is taking all steps to ensure that disabled people can take advantage of apprenticeship opportunities?”

In his reply, the Minister for Skills said:

“This is such an important issue that I hope that I can go one better and invite my hon. Friend to come and meet me, along with the people who have such concerns. I have had other such meetings, not least with my hon. Friend the Member for Milton Keynes South (Iain Stewart), on similar issues. It is very important that we get this right.”—[*Official Report*, 2 February 2016; Vol. 605, c. 777-78.]

Jo Churchill (Bury St Edmunds) (Con): I, too, spoke with the Minister for Skills yesterday, and he very much reiterated that point. It is very much not the objective to try and put barriers in the way; indeed, there is positive work under way with employers as well, through programmes such as Disability Confident, because often it is not only the schemes that require the investment but the employers too, to get them to take the risk. I have been very much involved in that work through my campaigning with cancer patients, who often end up with a disability owing to the fact that they had the illness in the first place. This issue is therefore important not only to those on the Labour Benches but to those on the Conservative Benches.

Kevin Brennan: May I praise the hon. Lady for the work that she has done in that regard? It is extremely important that we get this right—she is quite right—and that is why I pose the question in tabling these amendments: why are the rates going down at the moment? That is what the figures are showing. We need to look at that carefully. This bit of the Bill is about targets for apprenticeships, but there is nothing envisaged to ensure that disabled people and those who have been looked after are specifically referred to in the targets. That is what I am trying to tease out.

Catherine McKinnell: My hon. Friend is making a powerful case, but it is also important to look at both national and regional statistics, to ensure there are no regional disparities. I know that, generally, the apprenticeship start figures are suffering quite significantly in my constituency compared with the national average, yet I do not have the statistics for disabled people, and I worry that that would be more marked because of the barriers that are currently in place. We should be careful not to take a blanket approach—we should look at geographical differentials as well.

Kevin Brennan: My hon. Friend is absolutely right. If we have a target and the statistics, we can do a deep-dive down into them to see whether there are any regional or local anomalies and try to get to the root cause of them. Earlier I was talking about looked-after children and people who have been looked after. We all know that in the past there have been deep disparities between the performance in different parts of the country on looked-after children. Often, that very much depended on the leadership given at a local level, often by elected members, who took a particular interest in the children under their care.

In 2012 there was a comprehensive review—the Little and Holland review—entitled “Creating an inclusive Apprenticeship Offer”. It was a report commissioned by the apprenticeships unit, which works across the Department for Education and the Department for Business, Innovation and Skills. The aim was to give an informed and up-to-date description and analysis of

[Kevin Brennan]

the issues related to the inclusion of people with learning difficulties and/or disabilities in the apprenticeship programme. The report made 20 recommendations, including clarifying funding to support apprentices with a learning difficulty and/or disability; raising the awareness of providers and employers of funding sources, such as Access to Work and Access to Learning; the promotion of on-the-job support through job coaching and mentoring; the review and better monitoring of the self-declaration process, so that under-representation by specific groups can be addressed; and the removal of barriers to access and completion in the form of qualification requirements. The Government seem to have been slow in implementing those recommendations. What assurances can the Minister give us in relation to those 20 recommendations that were made by the Government's own apprenticeships unit in its 2012 report?

The Government already have targets to increase the proportion of black, Asian and minority ethnic apprentices by 20%. The concept of targets in relation to under-represented groups is not novel. The Government are also aware of, and perhaps understand, the perennial problem of gender gaps in the number of boys and girls, or men and women, taking up apprenticeships, but also in the types of apprenticeships in different sectors that are taken up by men and women. So it makes sense to expect the Government to do the same for people with disabilities and for care leavers.

I hope the Minister will give us a clear indication of the Government's thinking in this area so that we can make a judgment on how seriously they intend to ensure that apprenticeships will be accessible to and taken up by disabled people and those who have been looked-after children.

Alan Brown (Kilmarnock and Loudoun) (SNP): I realise this is EVEL, so I will keep my comments brief. Generally, I support the principles of amendments 70 and 73.

Kevin Brennan: This is a Union Parliament and the hon. Gentleman is entitled to have his say on any matter before us, whether it is England-only or not, or indeed an international matter. I encourage him to say as much as he wants.

Alan Brown: I welcome that intervention, if the Committee agrees that I should talk much longer, but, given the time I will keep my comments brief.

I support the principles of amendments 70 and 73. As well as being equality-based, they tie in with the UK Government's objective to reduce the welfare bill, so it is important to set targets and engage with the groups that have been mentioned. The Scottish Government have published a modern apprenticeships equalities action plan, which sets targets for black and minority ethnic people and gender balance, as well as for care leavers and people with disabilities. That ties in with the comments made by the hon. Member for Cardiff West. I urge the UK Government to make progress on wider equality.

On the levy and the fund to expand the apprenticeship scheme, we are still awaiting clarification on how the Scottish Government's share and allocation of the apprenticeship levy will be calculated. For us, that is

important going forward so that we can plan how we will support and supplement our existing apprenticeships scheme. I hope the Minister will address that.

Anna Soubry: I will deal with the apprenticeship levy when we get to the relevant part of the Bill.

The debate has been very good. The hon. Member for Cardiff West made very good points, and there have been interventions from the hon. Lady—the right hon. Lady; I have to be careful—the Member for Don Valley and from my hon. Friend the Member for Bury St Edmunds. Important points have been made, and I will take away all that has been said.

It is right that there should be no barriers for anybody with any disability, whether they are somebody who has had the great misfortune to suffer from a cancer that has rendered them in some way disabled, someone with a physical disability, or somebody who has special needs. There should be no barriers for anybody, whatever their background might be, especially those who have not had the kindest and easiest of starts in their lives. We are all agreed about that.

3.15 pm

I will deal with the Alliance for Inclusive Education, which I believe is called Allfie. Officials have engaged with it—I think that means that we have spoken to it—in the past few months, and we are meeting with it again. The Minister for Skills, my hon. Friend the Member for Grantham and Stamford (Nick Boles), has offered to meet it on the basis of being more than willing to discuss, and see if we can take action on, its 20 recommendations. That is all good work in progress.

Apprenticeships are jobs. We have to start on that basis, so it would not be right to interfere in employers' recruitment decisions, but we are committed to promoting apprenticeships to youngsters who come out of care and those with disabilities, whatever they may be, and making sure that where necessary they get full support at work. One can imagine, for example, that a youngster with special needs would need such support.

I will not be the only member of the Committee who has a fabulous social enterprise in their constituency. I have one called Rumbletums—any excuse to put it on the record—which does the most wonderful work with a combination of paid employers who are trainers, volunteers, who tend to be parents, and a remarkable workforce of young people with special needs, some of whom, by having worked in that fabulous café, are now going into the world of work. They have not got full-time jobs—they have part-time jobs at the moment, with support—but that shows that it is absolutely possible for a young person with special needs to go into the world of work on completely equal terms to anyone else.

We need more social enterprises, and we need them in particular to be aware of apprenticeship schemes, but actually everyone needs to be aware, because they are open to all and there must be no barriers to them. Apprentices can apply to Access to Work for adjustments in the workplace. BIS works with Disability Rights UK, which produced a guide on how to find an apprenticeship and what support is available in the workplace and on accessing programmes such as supported internships and traineeships. I completely concede that as a Government

we have to ensure that everyone knows about all the schemes, because often we know about them in government or even in this place, but we do not get the information out into the real world. As constituency MPs, we all have a role to play in doing that, but so do the Government.

We have supported the National Institute of Adult Continuing Education on an employer toolkit and on a special educational needs section of the Education and Training Foundation's excellence gateway. I suspect that many of us will not have heard of any of that, although I suspect that my hon. Friend the Member for Bury St Edmunds knows. Stuff is there, if I can put it that way, and we now have to ensure that it gets out into the real world.

Under the Equality Act 2010, employers have a duty to make reasonable adjustments for employees with disabilities. That includes a group that none of us has referred to, so let us make sure that we do: people who have got mental health problems. Just because someone has a mental health problem, that does not mean that they cannot work. Someone might have a bad leg, but that does not stop them from working. They might need a bit of extra help and support, and for someone with a mental health problem it is just the same. They might at times need a bit of extra help, support and understanding, but they are able to work. We have got to knock down the prejudices that exist in too many employers' minds and say, "Just because you have a mental health problem, that doesn't mean to say that you can't work just like anybody else, but you might need some extra help and support at a particular time."

In relation to care leavers, we have introduced a personal adviser for every care leaver to support them until they are at least 21. That is an exceedingly good thing to do, because when I was at the criminal Bar too many of my young clients had been in care. It was a terrible thing that they had started with such a disadvantage in life and then, all too often, found themselves in trouble in the criminal justice system. We must break that vicious cycle and ensure that we do the right thing by all our youngsters when they are in care, and that is a good step.

In addition to full funding for apprenticeship training for 16 to 18-year-olds, full funding for apprenticeship training is available under existing frameworks for eligible 19 to 23-year-old care leavers. From September 2016, that will extend to care leavers up to the age of 24. Again, that is the right thing to be doing. The Government continue to fund Catch22 to run the From Care2Work programme, which gives care leavers opportunities for work experience, apprenticeships and full-time jobs. In 2013-14, the programme had partnerships with 60 local authorities, and since its inception it has created over 700 employment opportunities, including 175 jobs and apprenticeships.

On amendment 73, we are already committed to promoting the recruitment of persons with disabilities as apprentices. The Government report on the number of apprenticeships taken up by learners with disabilities and will continue to do so. That will enable us to continue to monitor numbers.

As I said, I will take this debate away to make sure there is nothing more we can do in the Bill if we need to put anything in statute. This has been an excellent debate, and I think I can say with some certainty that we are all in agreement on this important piece of work.

Kevin Brennan: I thank the Minister for her response and the hon. Member for Kilmarnock and Loudoun for his contribution. My concern is that although we have these debates from time to time and there is rightly a degree of cross-party agreement, my experience, and I think that of many hon. Members, is that it is not enough to hope that things will happen just by having these debates. We have to ensure that there is enough grit in the system to make this issue a priority and make sure that action is taken.

I accept the Minister's pledge that she will take the debate away to cogitate and reflect on what has been said, and perhaps to look into it in a bit more depth. I understand completely that Governments are reluctant to have too many targets, because we do not want to lose the focus on the essence of a policy, but dealing with disabled people and looked-after children, and ensuring that they have the opportunity to play a full part in society, are some of the wicked areas of politics. They deserve extra attention and extra effort by Opposition spokespersons, Ministers and—dare I say it?—civil servants to look into whether some sort of harder target would be of genuine public policy benefit in trying to make a difference.

Catherine McKinnell: I, too, warmly receive the Minister's assurance that she will look into the matter. She set out a whole range of very positive developments and activities that the Government are focused on to improve outcomes. I would have thought it would be in the Government's interest to monitor some of the figures, particularly under clause 70, to show the benefits and trends of the changes and to enable them to assess whether those changes are working or others might be necessary.

Anna Soubry: Good point.

Kevin Brennan: As the Minister says from a sedentary position, my hon. Friend makes a good point, and one that I think the Committee would agree with. We need to think about why, apparently—perhaps this is not right, and the Minister will tell us differently—there is a trend that seems to show a decline in the percentage of apprenticeships being taken up by, for example, disabled people. Perhaps that is a statistical blip, but we need to dig a bit deeper to find out what is going on. Is it the case that in the appropriate desire to make sure apprenticeships are of a high standard and quality, which we all support, there may be insufficient reasonable adjustments, as required by the Equality Act 2010, to make them accessible to disabled people? Let us take a good look at that.

I welcome very much the fact that Ministers have agreed to meet the Alliance for Inclusive Education, or Allfie as the Minister rightly said it is known as. I welcome the fact that it will be able to put its perspective directly in front of Ministers. The 20 recommendations she and I referred to were not Allfie's but those of a Government body. She did not elucidate in great detail on what was happening about the recommendations and I wonder whether, following the Committee stage, she will write to its members about the Government's progress in implementing those 20 recommendations. I am happy to give way if she is willing to indicate that she might do that.

Anna Soubry: The meeting has not taken place, so I cannot give a promise to the Committee. It may well be that for whatever reason the meeting does not have conclusions or things that come out of it that will accord with our timetable, but if there is any update, we are more than happy to share.

Kevin Brennan: I am not asking the Minister to report on a particular meeting that has not taken place. I am asking her to clarify something for members of the Committee. I completely understand why she might not have the answers at her fingertips, but what progress has been made since 2012 on the 20 recommendations of the Little and Holland review, “Creating an inclusive Apprenticeship Offer”, which was commissioned by the Government’s apprenticeships unit?

I would have hoped that it would be straightforward for the Minister to agree to write to members of the Committee if she is unable to give us the information during our proceedings today. Progress on those recommendations is pertinent to this group of amendments, and it should be easily within her ability to agree to write to members of the Committee to tell us about that. Can she give us an assurance on that? I am not asking her to write about a meeting that has not already happened; I simply ask for her to write to the Committee telling us what progress has been made on the report by the apprenticeships unit. She is not indicating that she wants me to give way, although she is within her rights to come back again.

Anna Soubry: If there is an update to give the Committee, I will give it.

Kevin Brennan: I am extremely grateful to the Minister for that. In my experience, it is always important to ensure that everything is on record. It does not usually require pulling teeth to make that happen, but I am extremely grateful to her for agreeing to provide that update. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Kevin Brennan: I beg to move amendment 71, in clause 20, page 36, line 25, after “of”, insert “full-time equivalent”.

The Chair: With this it will be convenient to discuss amendment 72, in clause 20, page 36, line 31, after “of”, insert “full-time equivalent”.

Kevin Brennan: These are probing amendments to get on record the Minister’s position on counting public sector employees by full-time equivalent, rather than just by headcount. Measuring by full-time equivalent would ensure that any mandatory target for a public sector body set by the Secretary of State reflected the actual size of the workforce.

A simple staff headcount in local authorities inevitably includes a huge number of part-time roles—up to 60% in many cases. That should be reflected in local authorities’ reports to the Secretary of State when fulfilling the requirements set out in new section A9(4) before the Secretary of State sets an apprenticeship target. If that is not done, the target that is set may be too high and

may not represent the actual workforce. It could also mean that there will not be adequate numbers of staff to support the apprenticeships and apprentices effectively. In other words, if council A has 2,000 employees, half of whom are part-time, it would not be fair to give it the same target as council B, which has 2,000 employees, all of whom are full-time.

In addition, will the Minister clarify whether local authorities should be allowed to include apprenticeships generated in their supply chains? Local authorities have been raising issues in relation to the targets with Members and Ministers. Councils believe that being allowed to include those apprenticeships would make the target still ambitious, but more realistic. What is the Government’s position on that?

Will the Minister clarify whether the local authority target will be based on the number of people working in schools, or whether schools will be responsible for and monitored on their own target? Further to that, will there be a distinction between maintained schools and academy schools, which are public sector entities in that they are taxpayer-funded, but have a different status, particularly in England?

In conclusion, I hope that the Minister can give the Committee a cast-iron assurance, on the record, that the Government will not seek to meet their apprenticeship targets by ignoring any distinction between headcount and full-time equivalents. I look forward to receiving that assurance.

3.30 pm

Anna Soubry: The clause provides for information about employees, as we know, and there will flexibility in how it is implemented. We have used headcount numbers for illustrative purposes in the consultation document, as that information is already publicly available for the majority of public bodies, but we have asked in the consultation whether full-time equivalents should be used instead of headcount. We will publish the results of the consultation in the Government response, and we will set the matter out in regulations to be debated in both Houses later in the year. To add to the clause now would be to pre-empt the results of the consultation, which may be used as the headcount, but in any case there is provision in the Bill to require further information if it is needed.

On supply chains, I am told that the answer is no. It would mean that the public sector could pass on the targets to the private sector. We do not think that would be the right thing to do, as it would defeat the whole purpose of the process, which is for the public sector to provide apprenticeships. We are concerned that such a change would just shift the duty and the responsibilities away from the public sector, where we are seeking to place them.

The hon. Gentleman asked me a question about schools. I do not have an answer for him, so I apologise for that, but of course I will get an answer and provide it to him.

I hope that response satisfies the hon. Gentleman, other than the fact that I cannot give an actual answer to his question about schools, but I will provide it.

Kevin Brennan: I wonder whether some inspiration might arrive by the time I finish my remarks; I am just cogitating on that for a moment.

I take the Minister's point about the consultation. Personally, I would have thought that it would be a missive from the department of the bleeding obvious that the full-time equivalent should be used rather than the headcount, because, as I pointed out in the example I gave, it would be utterly meaningless to set a target based on headcount if there was a massive difference between two identically sized councils given the number of part-time and full-time employees. I hope that I am right in saying that, and that this will become a diktat issued by the department of the bleeding obvious when the consultation is concluded.

Anna Soubry: As if by magic, the answer to the question on schools is that it is in the consultation document, too. So it is out to consultation.

Kevin Brennan: We look forward to hearing the result of the consultation, and I presume that that will also potentially be subject to further consideration by both Houses in the form of a statutory instrument at a later date.

Anna Soubry indicated assent.

Kevin Brennan: I sense that that is the feeling, judging from the nod by the Minister.

I accept the Minister's point about supply chains; it would be quite wrong if local authorities were somehow able to transfer their responsibility to meet their apprenticeship targets to the private sector. The valid point might be that local authorities could have a significant part to play in promoting apprenticeships in the private sector, via their supply chains and particularly via their procurement policies. Of course, local authorities these days procure a great deal of services, often from the private sector, and this is an opportunity that should not be missed.

I will not press that point further at this stage, but I hope that the Minister will consider my observation about the provision of apprenticeships in local authorities' supply chains. It would be a positive move that could encourage the creation of apprenticeships in the private sector and encourage local authorities to use procurement and their use of private sector contracts to help to create more apprenticeships.

Catherine McKinnell: My hon. Friend raises an important point. I advise the Government to give proper consideration to the potential unintended consequences of placing upon local authorities a target that is perhaps difficult to meet. It might encourage local authorities to keep services in-house when they could find better cost value in outsourcing. I do not think the Government would want to encourage that, so they should probably bear that in mind when they draw up the regulations and as part of the consultation.

Kevin Brennan: It is extremely helpful that my hon. Friend has put that point on the record. Given the Minister's assurances, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Anna Soubry: I beg to move amendment 68, in clause 20, page 36, line 25, after 'employment' insert 'in England'.

This amendment ensures that the information published by a public body for which an apprenticeship target is set includes information about the number of persons who are employed by the body in England at the beginning of the reporting period.

The Chair: With this it will be convenient to discuss Government amendment 69.

Anna Soubry: These are minor and clarifying amendments in keeping with the policy intent. The apprenticeship targets for public sector bodies apply in relation to their workforce in England only. The amendments clarify that when prescribed public bodies provide information about their workforce, they should do so in relation to their employees in England.

Amendment 68 agreed to.

Amendment made: 69, in clause 20, page 36, line 31, after 'employees' insert 'employed in England'.—(*Anna Soubry.*)

This amendment ensures that the information published by a public body for which an apprenticeship target is set includes information about the number of persons who are employed by the body in England at the end of the reporting period.

Question proposed, That the clause stand part of the Bill.

Kevin Brennan: Opposition Members are proud of the work that was begun and done by the previous Labour Government, who, as I mentioned earlier, rescued apprenticeships from the scrapheap and revitalised the apprenticeship programme, boosting apprenticeship starts from 65,000 in academic year 1996-97 to 279,700 in 2009-10. It was a revolution, and we are pleased that it has been carried on by subsequent Governments. It was that Labour Government who set up the dedicated National Apprenticeship Service to promote and expand the apprenticeship scheme, and who launched the first National Apprenticeship Week in 2008 and introduced the right for a qualified person to an apprenticeship, which was unfortunately removed by the coalition Government.

Of course, as the shadow Secretary of State said on Second Reading, there is little explanation from the Government as to how local government and other public bodies, which have been subject to deep budget cuts, will easily be able to expand the number of high-quality apprenticeships that they can offer at a time when they are having to reduce their staffing because of central Government policy. Even the Prime Minister's mother would understand that point.

Caroline Flint: And his auntie.

Kevin Brennan: As my right hon. Friend says from a sedentary position, his auntie would quite certainly understand, too.

The Government have had to set up the slush fund that we heard about this week to placate their own MPs, who are complaining about cuts to local government funding in their areas. The Government have set a target of 3 million apprenticeships by 2020. We want apprenticeships to continue to expand, but what we do not want—and I do not think the Government want

[Kevin Brennan]

this either—is for this to degenerate into a “never mind the quality, feel the width” philosophy. The quality of apprenticeships is of paramount importance, so I hope the Minister will give us her assurance that the Government will be vigilant on quality as numbers expand, and that she will explain how public bodies, including local authorities, are to meet the target when they are subject to such brutal financial pressures from central Government.

Anna Soubry: I will not respond to everything that has been said. Our local authorities are more than able to fulfil their target. On Second Reading I gave the example of my own borough council, which has gone from having three or four apprenticeships a year to an absolute target of well over 20 a year. As the council is often keen to remind me—I am delighted to see my hon. Friend the Minister for Housing and Planning here from the Department for Communities and Local Government—it does not have one of the best settlements among local authorities. Notwithstanding that, it has been able to more than exceed any target in its determination to provide apprenticeships.

We were concerned that low-quality courses that did not meet the requirements of a statutory apprenticeship would dilute the apprenticeship brand. We are fully aware of that, which is why we are so keen to create an offence for a person in the course of a business to provide or offer a course or training as an apprenticeship if it is not a statutory apprenticeship. That is how seriously we take the matter, and it is one way in which we are determined to ensure that apprenticeships are all the things that people would expect them to be.

Of course, we know that one of the most important groups of people when it comes to apprenticeships is parents. As parents, we care deeply about what our children choose to do, and I will be brutally honest with the Committee that there was a real problem under the last Labour Government, when there was a rush to go into higher education and university. If someone’s child did not go to university, they were seen in some way as a failure. That was palpable nonsense, and I say that as the mother of one daughter who went to university and another who did not. It is fantastic, brilliant and wonderful to go to university—it is a fabulous time of one’s life—but if someone does not go to university, they should not be regarded in some way as a second-class citizen.

I always use the example—my hon. Friend the Member for Derby North is here, and she will know what I am about to say—that if a youngster in my constituency gets an apprenticeship at Rolls-Royce, although it does not lie within my constituency, it is seen as being as good as any university course at the finest of our excellent and outstanding universities. They are remarkable opportunities for young people and, as we know, some of those apprenticeship courses have a duration of some seven years.

Caroline Flint: The Minister makes an interesting point about universities. I was the first in my family to go to university; my brother and sister both left school at 16 and went to work. Does she agree that it was perhaps a mistake under a Tory Government to get rid of polytechnics? Through polytechnics, there was much

greater scope to raise the level of vocational education and of professions across all sorts of areas—people had a clear idea of what they were going into. In some ways, the merging of polytechnics and universities was to the detriment of vocational education.

Anna Soubry: That is very interesting, but I will not spend too long on it. The right hon. Lady and I are as one. We have a common background, because both my brothers left school at 16 and went into the world of work, and neither of my parents went to university, either. I was the only one who went to university, so I can say this, because it was a Conservative Government who got rid of polytechnics and a Labour Government who did not do anything about it. We are equal. I agree with her that there is a good argument that it was a mistake to get rid of the polytechnics. I always think of Trent Polytechnic in Nottingham, which was an outstanding polytechnic which offered exceptional courses with a vocational twist. Having said all that, I will look at Derby University, Lincoln University, Nottingham Trent University and Nottingham University—[*Interruption.*] Yes, I know I am straying off the point, Ms Buck.

All those universities are excellent, and we need to understand that almost any opportunity we can offer our children is wonderful, but we should not discriminate against those youngsters who do not go to university, which has happened, and I am delighted that we are addressing that imbalance.

We have made an absolute commitment to deliver 3 million apprentices. I am helpfully reminded by my excellent Parliamentary Private Secretary, my hon. Friend the Member for Rugby that information in a House of Commons Library note shows that there were fewer than 300,000 apprenticeships at the end of 2010 but that—here’s a thing—in 2011-12, there were well over 0.5 million apprenticeships.

3.45 pm

I will show hon. Members the graph of the huge growth that has been created by the last Conservative-led Government, and rightly so—2.3 million apprenticeships of huge quality. We have established 3 million more and this Bill ensures that they are all of quality. No youngster should ever feel in any way second-class if they are on an apprenticeship.

Question put and agreed to.

Clause 20, as amended, accordingly ordered to stand part of the Bill.

Clause 21

ONLY STATUTORY APPRENTICESHIPS TO BE DESCRIBED
AS APPRENTICESHIPS

Kevin Brennan: I beg to move amendment 74, in clause 21, page 38, line 40, at end insert—

“(7A) The Secretary of State will ensure that regular reports on enforcement action or proceedings for offences taken by local weights and measures authorities are delivered to the Board of the Institute for Apprenticeships.”

The Chair: With this it will be convenient to discuss the following:

Amendment 75, in clause 21, page 39, line 11, at end insert—

“(11) The Secretary of State will ensure there is suitable and regular liaison with the devolved administrations of Scotland, Wales and Northern Ireland on the implications across the UK arising from the definition of statutory apprenticeships in Clause 21 on—

- (a) the development of the Institute for Apprenticeships, and
- (b) other measures on apprenticeships in this Act which have UK wide implications.”

New clause 20—*Institute for Apprenticeships*—

(1) The Secretary of State will establish an Institute for Apprenticeships which shall put in place transparent mechanisms for the approval of apprenticeship standards and assessment plans, and maintain clear quality criteria.

(2) The Institute will use data on the take-up of apprenticeships by employers and the wage returns to apprentices to review the effectiveness and quality of standards over time.

(3) The Institute shall submit their standards and assessment plans for approval to the Secretary of State.

(4) The Board of the Institute shall be broadly based, to take into account the experience and contribution of all interested parties, which will include—

- (a) employers,
- (b) further education providers and colleges,
- (c) universities,
- (d) relevant trade unions, and
- (e) local authorities.

(5) The Board of the Institute shall have due regard to the equality implications of their role and functions, and in particular, that in the frameworks and regulations they approve, the need to encourage and expand opportunities for apprenticeships for BAME, people with disabilities and care leavers shall be prioritised.

(6) The Board of the Institute shall prepare a report to Parliament twelve months after the Institute comes fully into operation on the Institute’s activities and progress and thereafter annually, which will include—

- (a) responses to any conclusions and recommendations of the select committee with oversight of the Government Department responsible for apprenticeships,
- (b) an assessment of the adequacy of its funding and resources from Government,
- (c) a report on the progress made in accrediting apprenticeship frameworks, and
- (d) a report on the progress made in increasing the opportunities for disadvantaged groups to access apprenticeships under the frameworks.

Kevin Brennan: Of course, the expansion that the Minister referred to in the stand part debate on the previous clause was achieved by converting Train to Gain trainees over the age of 25 into apprenticeships. That was a very clever statistical sleight of hand. I congratulate the Government and the Minister’s PPS on giving us those statistics, although I had to ruthlessly deconstruct them for the Committee’s benefit.

Following Second Reading of the Bill in the Commons, the Minister wrote to my hon. Friend the shadow Secretary of State for Business, Innovation and Skills outlining a number of amendments that the Government intended to table for debate in Committee. Many of these late additions to the Bill—which, after all, is more than halfway through its parliamentary journey—refer to other parts of the Bill. Earlier, we heard about the new clause on Sunday trading that the Minister tabled, and which we will debate later.

The Minister signalled in her letter to my hon. Friend the shadow Secretary of State her intention to amend the Bill to establish a new independent body, the institute for apprenticeships. We support that concept and proposal but, despite the Bill having gone all the way through the House of Lords and despite the fact that the Minister wrote to the shadow Secretary of State on 2 February—some nine days ago—I understand that the Government have not been able to find the time to draft the amendment that we were promised in her letter in time for our discussions on this part of the Bill.

Ms Buck, you will be aware, having served as a Minister and as a shadow Minister, of the difference in the level of resources available in government and in opposition even before the Chancellor announced his intention to cut further the money available to Her Majesty’s loyal Opposition to do their vital work in holding the Government to account, which is why we had the urgent question in the Chamber this morning. There is simply no comparison to be made—as we both know, Ms Buck, as former Ministers and shadow Ministers—between the support available to Ministers in the Government and the meagre rations that the Opposition have to exist on. Ms Buck, as an avid music fan, you will appreciate the aptness of the line from the song “Sit Down” by James:

“If I hadn’t seen such riches I could live with being poor”.

Given that the Minister has not been able to get her amendment in on time for this part of the Bill, despite having the Rolls-Royce service of the civil service available to her, we have tabled new clause 20, which sets out a statutory framework for the new institute for apprenticeships. We welcome the Government’s recognition of the need for a more substantial body to oversee apprenticeships. We have taken the initiative to move forward with the institute proposal, which was in the “English Apprenticeships: Our 2020 Vision” report.

We tabled new clause 20 to establish the institute for apprenticeships and spell out how it could operate. The first three subsections of the new clause set out the institute’s role. Subsection (4) relates to the composition of the institute’s board. It cannot be emphasised enough how essential it is for the board to have wide-ranging representation, including all key components of apprenticeship creation and delivery. That is not only a matter of dry process. If the institute is to have people’s confidence, it will need to command that confidence, so it must have a broad-based make-up.

The Apprenticeship Delivery Board announced by the Prime Minister in January, which is tasked with advising the Government on how they can achieve their target of 3 million apprenticeship starts by 2020, is made up of members who are all able people, I am sure, but who are drawn from a relatively narrow section of business—with, incidentally, only one woman among their number. There has been no role thus far for others such as further education providers, universities, trade unions, local authorities or, for that matter, any British manufacturers in the Apprenticeship Delivery Board as far as I can see.

It is therefore crucial that the remit and board of the institute for apprenticeships are broadly based. The board must have at its heart employers, and especially small businesses. It also requires input from a broader-based background of further education providers, colleges,

[Kevin Brennan]

universities—especially given the crucial role of higher skills and degree apprenticeships—and relevant trade unions, which have key experience to offer in this area.

Mary Creagh: My hon. Friend makes a good point; I have been listening with interest. This is surely evidence, if evidence were required, of the cocktail and canapé circuit we were talking about on Tuesday. Does he agree that if we are to ensure apprenticeships are the stepping-stone to further and higher-level educational qualifications, it is imperative that advanced engineering, advanced manufacturing and, in particular, transport and construction providers are part of that board? If we fail to do that, we will not enable people who are going into those careers to progress to the highest levels and we will be reliant, as we have been in many transport and civil projects, on bringing people in from other countries.

Kevin Brennan: My hon. Friend is right to raise that point. I am personally more of a beer and meat pie circuit man.

The people who make up the Apprenticeship Delivery Board all seem highly eminent; I am not disputing that at all. We have the chief executive of Channel 4, the head of apprenticeships at Barclays Bank, someone from the City of London, the chairman of Sun Mark Limited and people from the Compass Group, Fujitsu and Wates Construction. I am sure they are all perfectly eminent people, and as I said, one of them is a woman, but there should be a broader base to the group if we are talking about apprenticeships, particularly from manufacturing and trade unions. If we are going to make real progress, we need a partnership approach to the provision of apprenticeships. That means all of the people who are charged with trying to get apprenticeships up and running and delivering them should have some involvement. That is the broader point I am making.

Mary Creagh: Does my hon. Friend agree that it is imperative we have someone to represent the FE and college sector, perhaps from the Association of Colleges, the National Institute of Adult Continuing Education or the open college network? A variety of training providers offer ongoing lifelong education, often in partnership with trade unions, to ensure that people who perhaps missed out on apprenticeships at the start of their life have access to ongoing adult education. It is important that older learners are not excluded from the career progression that an apprenticeship provides.

Kevin Brennan: Yes, I do think that, but I am not sure the Government do. That is why we have phrased new clause 20 on the institute for apprenticeships as we have. I will be interested to hear the Government's view on the issue that my hon. Friend laid out.

Catherine McKinnell: To reiterate the point made by my hon. Friend the Member for Wakefield, it is very important that there is a partnership model between the FE sector and the employers who will be employing the apprentices, particularly because of the levy that the Government are talking about imposing and how that will work practically. From talking both to employers

and the FE sector, I understand that there is a lot of uncertainty about how the proposal will work, but that they will have to work in partnership, so it would make sense to have a partnership at every level of that relationship.

Kevin Brennan: My hon. Friend is right to point out that uncertainty. Nevertheless, everybody wants to try and make it work, if this is going to be the approach towards the funding of apprenticeships in future. I am sure that will only happen if the kind of partnership that she has outlined forms part of the Government's thinking, which is, again, why we are pursuing this issue in Committee. The reason for concern is that in seeking to defend their decision on the UK Commission for Employment and Skills, Ministers have started to reveal how they envisage the institute for apprenticeships working, even though they have not yet tabled amendments to the Bill on that—I understand that they may do on Report—and in doing so, they have started to reveal how relatively narrow a base they envisage there being in drawing up the board.

On 4 February 2016, my hon. Friend the Member for Blackpool South (Mr Marsden) asked the Minister for Skills, who has responsibility for apprenticeships

“for what reasons the responsibilities planned for the proposed Institute for Apprenticeships could not have been undertaken by the existing UK Commission for Employment and Skills.”

The Minister answered on 9 February:

“The role of the Institute for Apprenticeships...will be very different to the current role and remit of the UK Commission for Employment and Skills...The IFA must be able to make decisions independently of Ministers and hold direct operational responsibility rather than act in an advisory capacity. This will require different governance arrangements, with a small Board led primarily by employers and business leaders to steer the processes and decisions that are made. The IFA will assume functions that Government has so far undertaken in relation to apprenticeship standards and assessment plans and will operate in the context of achieving three million starts by 2020.”

Whether we are going to see anything more than the very narrow base we have seen in relation to the Apprenticeship Delivery Board, which I referred to earlier, depends on how the word “primarily” in that answer is interpreted. If the institute for apprenticeships board is drawn from a narrow pool without regard to those who provide apprenticeships and who represent the workforce, it is less likely to succeed. It does not have to be unwieldy or bureaucratic—that is not what is needed—but it must be sufficiently broadly based in order for it to work effectively.

New clause 20(5) refers to equality provisions and the institute. We have debated that area to some extent on earlier amendments. The Government have to find a way to prioritise disadvantaged groups and their access to apprenticeships. Black, Asian and minority ethnic and disabled groups have recently been disproportionately affected by policies such as the withdrawal of maintenance grant funding, which the Government's own impact assessment stated would put those groups at a disadvantage. The Government have also conceded that disabled people would be disproportionately affected by the decision not to protect in real terms the value of disabled students' allowances. However, Government have at the same time committed to increasing the proportion of BAME apprentices by 2015 and to reducing barriers, and they should be looking to do that for other under-represented groups, which is why we have included that in new

clause 20. We also need assurances that the appropriate resources and capacity are going to be available to the new institute for apprenticeships, hence the provisions in subsection (6)(b).

4 pm

The assessment of the adequacy of funding and resources from Government is particularly relevant following staffing cuts within the National Apprenticeship Service, the Skills Funding Agency and within BIS. For example, the National Apprenticeship Service has seen its staff numbers falling from 382 in 2010 to 245 this year.

My hon. Friend the Member for Blackpool South asked on 20 January how many full-time equivalent staff—we are back to that phrase—there were in the Skills Funding Agency in each year from 2011 to 2014. He is yet to receive a response to that question from the Department. I checked with him, via electronic communication, during our sitting and he confirmed that he still has not received an answer to that question. Perhaps the Minister could use her good offices to try to get an answer to that question in the near future. What assurances can the Minister give us now that the new institute will be adequately resourced to do its job?

There are two further amendments in this group. The first is amendment 74. The Government are relying on local authorities, in the form of trading standards officers, to enforce the new framework for apprenticeships. Local authorities have been hugely affected by Government cuts across the board. In the autumn statement, the Chancellor announced that central Government funding for local authorities will be cut by more than 50% over the rest of this Parliament. So, are the Government planning to give local authorities additional funding or support for enforcement action or proceedings?

Mary Creagh: I am very surprised to hear that. I remember that during the horse meat scandal one of the big problems was that there were not enough trading standards authority officers to go round and do the job, with an enormous amount of testing and enforcement activity in terms of human health and environmental health, and food testing and technology. That was in 2012, or 2013, and I would be surprised if the number of those trading standards officers had risen since the horse meat scandal. This measure that we are discussing is an example of the Government putting an extra burden on local authorities at a time when their budgets have been cut across the piece over the past five years by about 30%.

Kevin Brennan: I hate to refer back once again to the days when my hon. Friend and I were radiant with lawful power, but as a former Consumer Minister I was in charge of the trading standards at one point; it was one of the many different responsibilities that one has as a Minister, from time to time. I can confirm that what my hon. Friend said is right and that trading standards officers are already severely stretched.

It is a serious and valid point to ask the Minister how she can ensure that those officers will have the adequate resources to carry out these additional tasks that we are discussing, when they are already struggling greatly to deal with all the additional responsibilities they have, and the challenges of the new forms of consumer—

Mary Creagh: Fraud.

Kevin Brennan: Fraud that is going on—exactly—and we now know that such fraud is going to form a huge part of the crime statistics in the future. It is causing great problems and is very difficult to investigate. So it is imperative that the requirements of trading standards in this area are achievable, effective and proportionate, as our colleagues in the other place said during the passage of the Bill in the Lords.

The new institute for apprenticeships must play a part in ensuring that capacity is available to enforce new accreditation. However good a job trading standards officers do, and many local ones provide an excellent service, all local authorities in England, in the shape of trading standards or public protection standards, have had their ability to supervise and enforce weakened by the Government cuts. That is why we need to keep a close eye on how effective this mechanism proves to be, and why we have tabled this particular amendment.

Mary Creagh: The penny is dropping in all sorts of places. Basically, is the idea that people who currently go round checking bakeries and doing health and safety checks, and monitoring safe working practices in warehouses and checking when there are falls from height and those sorts of issues, are now being expected to regulate the quality of apprenticeships? I can see that these are people who are already going into employers' areas, but they are looking for very different things compared with an Ofsted-like person or a skills person, who would look at evidence of learning progress, qualifications acquired and progress towards learning targets, rather than safe working.

Obviously, we want safe working for these apprentices—there is no doubt in my mind about that—but I am not sure that trading standards is the best regulatory authority to ensure the quality of workplace-based learning.

Kevin Brennan: My understanding is that the Government intend that trading standards will enforce the new frameworks for apprenticeships, and perhaps the Minister in her response can outline how exactly that will work.

Catherine McKinnell: I have a query. The way in which the Bill has been presented has prevented a huge amount of scrutiny from taking place prior to this Committee starting. Is it correct that the trading standards inspections would take place only in training providers and not where apprenticeships are supplied in-house by employers? I would be grateful for some clarification either from my hon. Friend or the Minister on that point.

Kevin Brennan: I think that is for the Minister to clarify, but it is an extremely valid point.

Turning to amendment 75, as I alluded to earlier we need to ensure that the changed apprenticeship landscape is simple to understand and clear to cross-border employers and providers, particularly as there is the potential for confusion in relation to the devolved Administrations' apprenticeship policies. Wales, Scotland and Northern Ireland will be affected by the changes in clause 21, but they will not be able to have their say. That is clearly pertinent to the apprenticeship levy, which plays into the Bill.

[Kevin Brennan]

The comments of the devolved Ministers in *The Times Educational Supplement* on 4 February have resonances for the Committee. With the Committee's indulgence, I will quote some of those comments. Julie James, the Welsh Deputy Minister for Skills and Technology said:

"We have been very clear from the outset that the Welsh government has serious concerns about the apprenticeship levy and the impact it will have on the apprenticeship system here in Wales...I welcome the opportunity to discuss our shared concerns with the UK's other skills ministers."

Roseanna Cunningham, the Scottish Cabinet Secretary for Fair Work, Skills and Training, said:

"It encroaches on our devolved responsibilities and is causing concern for employers. The UK government has no control over how our administrations provide apprenticeships and to imply otherwise by collecting what amounts to an employment tax is misleading for any employer with operations outside England."

Stephen Farry, the Minister for Employment and Learning in Northern Ireland, said:

"Along with my ministerial colleagues from Scotland and Wales, I am concerned that the imposition of the apprenticeship levy could have unintended consequences for the devolved administrations."

That underlines why we believe that there needs to be a regular process, so that the devolved nations of the United Kingdom can feel that the Government discuss things with them, rather than do things that impact upon them without considering the consequences in advance or taking reasonable steps to consult. I would very much welcome the Minister's response on that point. That is the purpose of amendment 75.

Anna Soubry: The necessary clauses on the institute for apprenticeships were tabled this afternoon. Given that we are about to go into recess, Her Majesty's Opposition will have plenty of time to consider the new clauses, but I am very hopeful that there will be an outbreak of agreement, especially given that both sides agree that it is a good thing to do. I do not think it would be appropriate for me to go into all the detail, because we are not at that stage yet. Once the Opposition have had the opportunity to look at the institute for apprenticeships, I am sure that they will welcome that wholly independent body, which will not be overly prescribed by this place so that it turns into a talking shop. It has to be an institute that delivers.

Kevin Brennan: Will she—

Anna Soubry: Not yet.

Kevin Brennan: On a point of order, Ms Buck. Given that the Government tabled the amendments this afternoon, should we not finish debating clause stand part? The amendments will become unstarred by the time the Committee returns after recess, which would enable us to debate them in Committee, rather than on Report.

The Chair: I understand that if they are tabled today, they will be unstarred by the time we come back after recess.

Anna Soubry: Excellent. The institute for apprenticeships will be independent. It will scrutinise and then approve or reject standards and assessment plans. It will carry out quality assurance of assessments, and is expected to carry out functions in relation to funding cap allocations.

Mary Creagh: I do not know whether the Minister had a hand in the appointments to the apprenticeship board, but will she explain why blue ribboned providers such as Jaguar Land Rover, Airbus and British Aerospace—high-prestige apprenticeship providers that have been doing this for decades—were not invited to be part of the board? I wonder why that is. Why is not the national health service on it? Is it only for private sector providers? The NHS is a very large employer with an ageing workforce, so it would certainly want to bring people in on health and social care apprenticeships. I wonder why it is excluded as well.

Anna Soubry: The institute will be funded from the apprenticeship levy. It is going to be small, lean and mean, and it is going to do the job. It will have people on it who are best placed to ensure that it carries out quality assurance of assessments and that the standards that are necessary in apprenticeships are absolutely there.

Mary Creagh rose—

Anna Soubry: No, not yet. Sorry. We were making good progress. There are a lot of things that we agree on, but I am afraid that the Opposition are really showing their true face here. It is the old, state-heavy way of doing things. If they want to do something, they have to prescribe everything in a long, long list, and there has got to be this body and that body—[*Interruption.*] Hang on. What matters is that we have a rigorous, independent group of people who can get on and do the task that is required. The institute will have enough of a budget to ensure it can do that. The other thing that is important for us all to understand is that, because it applies only to England, the devolved Administrations have been fully involved in setting up the institute. That was the right thing to do. We have done all these things in full consultation with and with the agreement of the devolved Administrations.

Mary Creagh I just want to clarify something. I was not suggesting that those employers should be set out on in the Bill or any such thing. I was merely asking why there are some notable omissions—including engineers from British Gas, electrical apprentices and apprentices in the transport industry—in the selection of the individuals on the board. Some people have been doing this for years, and some of the people on the board are newer to the apprenticeship world. I think a mix of old and new might have been more useful. I just want to ask about the qualification level. Will it be measured against other international standards for apprenticeships?

The Chair: Order. Interventions should be short.

Anna Soubry: I simply cannot answer some of those questions—I am not going to pretend that I can—but I know what we seek to achieve. We will create the

institute—a sufficient amount of money for it will come out of the apprenticeship levy—and it will be absolutely independent. Why on earth would we not want the very best on it? That is what we are absolutely determined to have, and that is what we absolutely will have. But it must not be a talking shop in any way, shape or form. It has got to involve the people who best know about this and have the abilities, qualities and the desire to be involved in it. We must ensure that we have the quality of apprenticeships that we demand as a modern, efficient country, and that is exactly what it will provide. I must say that I do not think it is as controversial as some might think, because the devolved Administrations have certainly been fully involved. Regarding Amendment 74, clause 21 places a requirement on the local weights and measures authority, which is not a difficulty. On amendment 75, clauses 20 and 21 apply to England only, and the devolved Administrations have been fully involved. That is all I have to say.

4.15 pm

Kevin Brennan: On a point of order, Ms Buck. Before I respond, can you clarify whether, following the news that the Government have today tabled new clauses, a new schedule and an amendment relating to proposals for an institute for apprenticeships and should we complete the clause 21 stand part debate today, there will be an opportunity to discuss and scrutinise the Government's proposals before the proceedings on the Bill are complete?

The Chair: My advice and understanding is that there will be an opportunity to have a debate on the Government proposals relating to the institute.

Kevin Brennan: Thank you, Ms Buck.

Looking at my hon. Friends' faces, I do not think that Opposition Members have been particularly impressed by the Minister's outlining of the Government's policy, but we eagerly await discussion of the changes tabled today, which the Government were unable to bring to us beforehand. Subject to appropriate progress on the Bill, we will have such an opportunity before the completion of the Bill Committee, which will end at 5 pm on the final day of our proceedings after the recess. Looking again my hon. Friends' faces, I think they would welcome such an opportunity. We will try to assist the Government in the creation of a little bit of extra time during the rest of our proceedings to have at least a proper kick of the tyre of the proposal for an institute of apprenticeships. It seems not quite as comprehensive as our proposal.

Anna Soubry: Does the hon. Gentleman accept that we are in broad agreement? We both want this institute to be created, but the essential difference is that ours will be truly independent. Other than that, I really do not think that there is any difference between the proposals for something that we all want.

Kevin Brennan: I would not agree that our proposal does not seek a truly independent institute. Independence is a point of agreement, so I am surprised that the Minister is not accepting new clause 20 today. However, I accept that, generally speaking, the Opposition have their say and then the Government have their way if they can produce a majority. As Disraeli once said:

“A majority is always the best repartee.”

The Minister unfortunately does not have to prove her argument because of the nature of the Government having a majority. However, when dealing with such legislation, it is important that the Government are able to explain their proposals and are able to bring them forward so that we can properly scrutinise them, which is our job, and have the Government prove their case. We will want to have a proper look at the Government's proposals when they are down in writing.

Mary Creagh: My hon. Friend is a poet and does not know it—[*Interruption.*] It is late in the day. May I, through him, encourage the Minister to consider some of the Government's big investments, such as High Speed 2 and the new rail college, which will be located in and around Doncaster near the constituency of my right hon. Friend the Member for Don Valley? I think there might be another skills site in Birmingham, so how will that feed in? Hundreds of apprenticeships will be created in those two centres of excellence over the next few years. I am keen that the Committee considers how both Government and private investment can be maximised so that we get the best possible bang for our buck from the new institute.

Kevin Brennan: I hope that we will get that opportunity.

The Minister asked me whether I will give way, so I am happy to do so if she still wants to intervene.

Anna Soubry: No, you're all right.

Kevin Brennan: In which case, given that we are going to return to the subject, I will not press new clause 20.

I am unsure whether we have had a satisfactory response to all the amendments that we tabled in this group, but, for the sake of making progress, I will not pursue the Minister further at this point. If there are any outstanding questions regarding amendments 74 and 75 relating to trading standards, about which hon. Members were genuinely concerned, and the devolved issues, will the Minister agree to write to the Committee with further responses in order to save time at this point in our proceedings? I am looking to her for any indication. That might save us having to ask more questions at this stage and get her back on her feet to respond.

Anna Soubry: I thought I had answered everything in relation to amendments 74 and 75. If I have not, I am quite happy to write to the hon. Gentleman.

Kevin Brennan: I will check the record and if I have not heard her properly, I will say so. If I feel that there are any concerns, perhaps the Minister will, as she has agreed, respond to them. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 21 ordered to stand part of the Bill.

Ordered, That further consideration be now adjourned.—(*Stephen Barclay.*)

4.22 pm

Adjourned till Tuesday 25 February at twenty-five minutes past Nine o'clock.

Written evidence reported to the House

ENT 12 Ian Playfoot

ENT 13 BNP Paribas Real Estate UK

ENT 14 William Weir

ENT 15 UNISON

ENT 16 Andrew Coles

ENT 17 John Ridd

ENT 18 Chris Roots

ENT 19 Steven Ellis

ENT 20 Tim Oxley

ENT 21 Lilly UK

ENT 22 Tim Oxley further submission

ENT 23 British Retail Consortium

ENT 24 British Council of Shopping Centres and the
British Property Federation

ENT 25 Vincent Todd