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PARLIAMENTARY DEBATES  
(HANSARD)

# HOUSE OF LORDS

## OFFICIAL REPORT

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

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THE  
PARLIAMENTARY DEBATES

(HANSARD)

IN THE FIRST SESSION OF THE FIFTY-SIXTH PARLIAMENT OF THE  
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND  
COMMENCING ON THE EIGHTEENTH DAY OF MAY IN THE  
SIXTY-FOURTH YEAR OF THE REIGN OF

HER MAJESTY QUEEN ELIZABETH II

FIFTH SERIES

VOLUME DCCLXVII

SIXTH VOLUME OF SESSION 2015-16

House of Lords

*Tuesday, 17 November 2015.*

2.30 pm

*Prayers—read by the Lord Bishop of Birmingham.*

**Introduction: Lord Porter of Spalding**

2.38 pm

*Gary Andrew Porter, Esquire, CBE, having been created Baron Porter of Spalding, of Spalding in the County of Lincolnshire, was introduced and took the oath, supported by Lord Taylor of Holbeach and Lord Feldman of Elstree, and signed an undertaking to abide by the Code of Conduct.*

**Introduction: Lord Shinkwin**

2.44 pm

*Kevin Joseph Maximilian Shinkwin, Esquire, having been created Baron Shinkwin, of Balham in the London Borough of Wandsworth, was introduced and took the oath, supported by Lord Norton of Louth and Baroness Finlay of Llandaff, and signed an undertaking to abide by the Code of Conduct.*

**Retirement of a Member: Lord Stewartby**  
*Announcement*

2.49 pm

**The Lord Speaker (Baroness D'Souza) (Non-Afl):** My Lords, I should like to notify the House of the retirement, with effect from 12 November, of the noble Lord, Lord Stewartby, pursuant to the Section 1 of the House of Lords Reform Act 2014. On behalf of the House, I thank the noble Lord for his much valued service to the House.

**Criminal Justice: Anonymity**  
*Question*

2.49 pm

*Asked by Lord Fowler*

To ask Her Majesty's Government what action they propose to protect those who have not been charged with any offence from being named as under investigation.

**The Minister of State, Home Office (Lord Bates) (Con):** My Lords, decisions to release the name of a suspect in an investigation are for the police to take. Such decisions should be made on a case-by-case basis, and the police should not release the names of those who are arrested or suspected of a crime except in exceptional circumstances.

**Lord Fowler (Con):** While I thank the Minister for that Reply, does he realise that in the case of our late and respected colleague Leon Brittan, the CPS told the police not once but four times that, in respect of an alleged case of rape half a century previously, he had no case to answer? However, that did not prevent his name being critically plastered over the media, even on the very day that he died. There have been similar cases, such as that of Paul Gambaccini, who, again, was named but never charged with any offence. Rigorous investigation should clearly take place in cases of rape and sexual abuse, but surely that should not be at the price of public injustice to innocent men and women.

**Lord Bates:** My noble friend is absolutely right to draw attention to this. When accusations of this vile nature are made against people who are subsequently found to be not guilty, it is a matter of incredible distress to them and their families. The police guidance on this is very clear. It says that the police should not release the names of those who are arrested or suspected of a crime unless there are clear circumstances to justify it. That means that such a decision should be taken by a chief officer and should not be the subject of informal press briefing: it ought to be communicated above the line. I am aware, as is my noble friend, that the

[LORD BATES]

Metropolitan Police has itself looked into this and has issued a letter of apology to Lady Brittan in respect of some allegations and conduct. It has also invited another constabulary to review its procedures. In this case, as in any other, there is also the possibility of referral to the Independent Police Complaints Commission.

**Lord Lamont of Lerwick (Con):** Does the Minister agree that the strictures on naming people in these circumstances should apply not just to the police but to the public and Members of the House of Commons and House of Lords? Is he aware of the evidence given to the House of Commons Home Affairs Select Committee by Detective Chief Inspector Paul Settle, the senior investigating officer for Operation Fairbank? When commenting on the activities of Mr Tom Watson MP, who had called for the investigation into Leon Brittan, he said that it was a “baseless witch hunt”. Does the Minister also agree that Mr Watson’s letter to the DPP undermined the police and that his conduct was very damaging to future investigations into child abuse? Surely, Mr Watson’s activities were wholly reprehensible. He had a duty to inform the police, and then keep quiet.

**Lord Bates:** I appreciate my noble friend’s feelings, but he will understand that, because some aspects of these issues are the subject of ongoing review and investigation, it is not possible for me to comment further. Suffice it to say that, because of the seriousness of the allegations, it behoves every person in public life, wherever they are, to apply the most rigorous and judicious process to the words and language they use and to the accusations they make.

**Lord Paddick (LD):** My Lords, from detailed personal knowledge of the Paul Gambaccini case, from the beginning, it appears that the police feel under political pressure to investigate such cases to the nth degree, even when it becomes immediately apparent that a prosecution is unlikely. Does the Minister believe it is time for the Government to call on the police to exercise a more proportionate approach to such cases?

**Lord Bates:** This is a very difficult issue. We have historic cases in which very serious allegations were made, and in places such as Rotherham, Manchester and Oxford, there is often a public outcry and a feeling that the police have not taken the claims seriously enough. That has to be balanced against the right to fairness and due process throughout. In the past, child sexual exploitation has far too often been swept under the carpet; it needs to be brought out into the open and reviewed. That is why we set up the inquiry and why we have told the police that they need to investigate all allegations based on their credibility, rather than that of the complainant.

**Lord Rosser (Lab):** The Minister referred to the ACPO guidelines. If I understand them correctly, the guidelines accept that in exceptional circumstances, the police may release the name of a suspect if it is considered to be in the public interest to do so. Also, when a media organisation has already discovered a suspect’s name through investigative journalism and

seek confirmation of it, the police are permitted to confirm the name. Do the Government believe that the ACPO guidelines should be amended or reviewed?

**Lord Bates:** The College of Policing guidelines on the relationship with the media are currently under review. A number of the points raised during this Question would merit submission to that review.

**Lord Dear (CB):** My Lords, the Minister mentioned apologies and the machinery for handling police complaints, but frankly, that does not go far enough. If I correctly sense the mood of your Lordships’ House, while all of us perhaps understand that there is some advantage on some occasions to publicising the identity of a person subject to inquiry, that is massively and frequently outweighed by the considerable reputational damage not only to those already in the public eye—public figures, if one likes—but to those who hitherto enjoyed anonymity. Is the Minister willing to explore with me and others introducing legislation at the earliest opportunity to prevent personal identification until the preferment of a charge by the police?

**Lord Bates:** That specific idea was raised by the Home Affairs Select Committee in one of its recommendations. As the noble Lord will know better than most, it gives rise to particular issues and difficulties when applied across the board in all cases. But it is certainly something we should look at, and there will be legislative opportunities, most notably in the Police and Criminal Justice Bill, to consider such issues further.

**Lord Morris of Aberavon (Lab):** My Lords, if injustice can occur in these circumstances, how is it justified to release names when there is no charge?

**Lord Bates:** The police very much need to deal with such issues on a case-by-case basis. I am struggling to think of particular circumstances, but they might include a threat to life, the prevention or detection of a crime, or public interest and confidence. Those are the tests that the police have to pass before it is done, and when it is done, it should be done in a formal way, not by leaking—which, of course, was the subject of another inquiry by Lord Justice Leveson, into the culture and ethics of the press.

## Disabled People: Independent Living Question

2.58 pm

Asked by *Baroness Campbell of Surbiton*

To ask Her Majesty’s Government whether they are monitoring how local authorities disburse money previously disbursed from the Independent Living Fund to enable disabled people to live as independently as they were before the closure of that fund.

**The Minister of State, Department for Work and Pensions (Baroness Altmann) (Con):** My Lords, the Government are conducting research on the impact of the closure of the Independent Living Fund based on interviews with a sample of former users. They are also conducting research on the implementation of

the Care Act 2014, which made the Independent Living Fund's main features—personalisation, choice and control—part of the mainstream social care system.

**Baroness Campbell of Surbiton (CB):** I thank the Minister for her reply. Is she aware that two independent research reports, carried out by In Control and Scope, have been published in the past month? Both found that more than half of disabled people using social care can no longer get the support they need to live independently. Now that the Independent Living Fund has been transferred to the wider social care system, will the Government commit, in the spending review, to invest in social care that will directly ensure that disabled people's independent living support continues in the future? It would be a travesty if it returns to 1980s provision.

**Baroness Altmann:** The Government are committed to ensuring that people who require care and support have choice and control over their lives, and they are aware that independent living is often vital to the well-being of those we are trying to assist. That is why the Government added the extra chapter to the Care Act guidance before closing the Independent Living Fund. We will be monitoring the situation, and local authorities now have a statutory duty to ensure minimum standards.

**Baroness Brinton (LD):** My Lords, many disabled people view local authorities as uncommitted to independent living. They say they face a different social worker each time, a lack of understanding of their needs and very bureaucratic assessment processes, leading to further stress for them. Can the Minister reassure your Lordships' House that the Government have a plan in place to monitor council spending on independent living and to ensure that those in need can access the benefits to which they are entitled?

**Baroness Altmann:** My Lords, the Government are committed to this matter and are following it up with research into both the general implementation of the Care Act and the specific impact on former users of the Independent Living Fund. We do not currently have any evidence that those affected by the closure of the Independent Living Fund, 94% of whom were already receiving local authority support, have been unable to maintain the standard of care they require.

**Baroness Hollins (CB):** My Lords, is the Minister aware that the recent survey by In Control, referred to by my noble friend, found a significant reduction in well-being among those receiving social support? Will not those transferring from the Independent Living Fund also be affected, and how will the Government prevent the situation getting worse for all those receiving care?

**Baroness Altmann:** My Lords, the Government are committed to spending on care and support for those who are disabled and vulnerable. Indeed, every year between now and 2020, spending will increase beyond the 2010 level. Local authorities supported the changes to the Independent Living Fund, and people will now be dealing with only one system, whereas previously they dealt with two. The ILF was a discretionary trust; now, there is a statutory underpinning to protect users to the minimum required standard.

**Lord Elton (Con):** My Lords, when will the Government take steps to make it the norm that people dependent on local authority support have a nominated member of the support team as their principal carer so that they establish a continuous relationship with somebody in the outside world?

**Baroness Altmann:** My Lords, the Government believe that local authorities are best placed to decide what intervention and support disabled people require. I should add that all Independent Living Fund users had one-to-one visits, and reports were sent to local authorities before the scheme was closed.

**Baroness Sherlock (Lab):** My Lords, I can see that the Minister has a brief that requires her to tell us how committed the Government are, but I wonder whether she can listen to some of the stories she has heard today. From the comments made by the noble Baronesses, Lady Campbell, Lady Hollins and Lady Brinton, and from the two reports that have been mentioned, it is quite clear that there is very serious disquiet that people who used to get help from the ILF are not now getting it. Therefore, I ask her again: what plans do the Government have specifically to ensure that disabled people are able to get the care that they used to get and can expect to get in the future?

**Baroness Altmann:** My Lords, as I have said, we are monitoring the impact of the Independent Living Fund: 94% of users were already receiving local authority support. Local authorities have an obligation under the Care Act to meet the minimum standards required for all those who need care and support, including taking account of their requirement to live independently. I assure the House that the Government are committed to supporting those who need care and support. As I said, the spending will be higher each year between now and 2020 than it was in 2010. This will rely on local authorities carrying out their duties, which we will monitor.

## Commonwealth Heads of Government Meeting: Human Rights

### *Question*

3.05 pm

*Asked by Baroness Berridge*

To ask Her Majesty's Government what action they propose to take to raise human rights issues at the forthcoming Commonwealth Heads of Government meeting in Malta.

**The Parliamentary Under-Secretary of State, Department for International Development (Baroness Verma) (Con):** My Lords, Ministers will seek opportunities at CHOGM for constructive dialogue, while avoiding an approach that exposes divisions and entrenches positions. The UK remains absolutely committed to universal human rights. The Government are committed to combatting discrimination and violence and to promoting efforts to address human rights abuses throughout the Commonwealth more generally.

**Baroness Berridge (Con):** I am grateful to the Minister for that Answer. One important addition in many nations across the Commonwealth has been the development of national human rights institutions based on models akin to the Northern Ireland Human Rights Commission. The chairmanship of the Commonwealth forum for those institutions is passing to the Northern Ireland commission. Will the Minister outline whether there are plans to give additional resources to the Northern Ireland Human Rights Commission so that it can perform its important convening role across the Commonwealth?

**Baroness Verma:** My Lords, the answer to my noble friend's question is yes. I am pleased to confirm that the Foreign and Commonwealth Office is making contributions from programme funds to allow the Northern Ireland Human Rights Commission to take on its role as chair of the Commonwealth Forum of National Human Rights Institutions with an agreed fund.

**Lord Chidgey (LD):** My Lords, in December 2012, the Commonwealth charter was adopted. Under the heading "Human Rights", it states:

"We are implacably opposed to all forms of discrimination, whether rooted in gender, race, colour, creed, political belief or other grounds".

Yet almost three years later, the Commonwealth Human Rights Initiative report, *Civil Society and the Commonwealth*, found that the Commonwealth is not living up to its core values and is losing relevance to the international community. Will the Government therefore press at the Malta CHOGM for a Commonwealth ministerial action group on human rights abuses, particularly the use of obsolete 19th-century laws to prosecute homosexuality and other gender issues in this, the 21st century?

**Baroness Verma:** The noble Lord is absolutely right in highlighting the charter. We agree with him that we must push hard for the Commonwealth to meet those commitments under the charter. All forms of discrimination are unacceptable and we will do our bit at CHOGM to raise those questions with the countries that continue to abuse the charter.

**Lord Singh of Wimbledon (CB):** My Lords, will Her Majesty's Government use the opportunity of the summit to ensure a greater commitment to human rights within the Commonwealth by suggesting, on the lines already mentioned, the creation of a human rights task force within the secretariat to monitor and tackle human rights abuse wherever it occurs within this unique and important group of countries?

**Baroness Verma:** The noble Lord reiterates what the noble Lord, Lord Chidgey, said. The important thing is that there is a charter and we should ask all countries within the Commonwealth to uphold that charter. We need to push hard. It is not about creating more task forces; it is about pushing and working together to make sure that the Commonwealth is relevant in today's world. In doing that, I hope that a new Secretary-General will, as part of their commitment and role, push hard for countries within the Commonwealth to adhere to the rules and regulations of the Commonwealth.

**Baroness Whitaker (Lab):** Will the Government take the opportunity to make representations to the Government of Bangladesh about the assassination of humanists and others because they do not profess a religion?

**Baroness Verma:** The noble Baroness raises some important points. We have to make sure that no space is created where freedom of speech is not allowed. The UK Government raise this issue regularly as a matter of course. Wherever we can, we will make sure that all countries, including Bangladesh, that are closing the space for freedom of speech address these issues so that the Commonwealth meets its commitment to the Commonwealth charter.

**Lord Cashman (Lab):** My Lords, the criminalisation of homosexuality is a relic of our colonial past. Forty out of 53 Commonwealth countries criminalise homosexuality. At CHOGM, will the Government advocate and promote the decriminalisation of homosexuality within the Commonwealth, support those countries that have already done so and express regret for the UK's historic role in the global criminalisation of homosexuality?

**Baroness Verma:** My Lords, I welcome the noble Lord to his post on the Front Bench and I look forward to working with him, particularly in this area. At CHOGM, I will be chairing the round table on LGBT issues. It is absolutely unacceptable in the 21st century that we are still looking at these issues, but we have to do it with sensitivity. We have to work with countries where these are sensitive issues and make sure that we continue to raise them while also working locally on the ground, with grass-roots organisations, to offer help and support.

**Lord Cormack (Con):** My Lords, will my noble friend try to ensure that it is made plain to the new Government in Burma—or Myanmar, as it is sometimes called—that they would be most welcome in the Commonwealth?

**Baroness Verma:** My noble friend is right to raise the issue of the Burma elections, which allow us an opportunity to make some real progress with the reforms process that started in 2011. We look forward to working with Burma.

**Lord Anderson of Swansea (Lab):** My Lords, these are sensitive issues, but is it not true that all these Governments have signed the Commonwealth charter? Is the Government not distressed that, among the list of the worst offenders in, for example, the persecution of Christians are several Commonwealth countries, notably in south-east Asia? If the Commonwealth is serious, should it not have some means of monitoring or peer-reviewing how countries are performing in relation to their commitments under the charter?

**Baroness Verma:** Again, the noble Lord raises an important issue. We regularly urge Governments to protect the right to practise religious belief free from persecution and discrimination. We shall continue to do so.

**Rob Lawrie**  
*Question*

3.13 pm

*Asked by Lord Alton of Liverpool*

To ask Her Majesty's Government what representations they are making to the French authorities about the case of Mr Rob Lawrie, arrested in France for attempting to rescue a refugee child and to bring her to her relatives in the United Kingdom.

**The Earl of Courtown (Con):** My Lords, the Foreign and Commonwealth Office has been in contact with the French authorities regarding Mr Lawrie's arrest. It is ready to provide consular assistance to Mr Lawrie, should he request this. However, we cannot interfere with another country's police investigation or judicial proceedings.

**Lord Alton of Liverpool (CB):** I thank the Minister for his reply. Rob Lawrie, a former soldier now facing five years in prison, rescued a four year-old girl from the jungle camp at Calais. In the words of the petition now signed by 100,000 people, were these not the actions of

"an ordinary man who was trying to do the right thing in extraordinary circumstances"?

As we recoil in horror at the atrocities committed in Paris, and witness the many shocking consequences of mass migration, what are we doing to prioritise—as he tried to do—the special plight of children, thousands of whom are now reported to have gone missing and who have been caught up in events entirely beyond their control?

**The Earl of Courtown (Con):** My Lords, the noble Lord raises an incredibly important point. I am sure that the thought of all these children who have gone missing is quite appalling to all noble Lords. The noble Lord also refers to the Save the Children proposals. We looked very seriously at them but major international organisations, such as UNHCR, advised caution on relocating unaccompanied children. This is why the Dublin Regulations are so important in relation to the children who have come into Europe. It is important that we register and give identities to these children who find themselves on our shores.

**Baroness Masham of Ilton (CB):** My Lords, has the child been reunited with her family?

**The Earl of Courtown:** My Lords, as I understand the situation, the child's father is in Calais. However, I cannot give any more information at the moment, so I will write to the noble Baroness.

**Lord McConnell of Glenscorrodale (Lab):** My Lords, as we have discussed before in the Chamber, not only is the situation dire for these children when they arrive in Europe, it is dire when they arrive in Turkey, Lebanon and Jordan, as well as in Iraq. Does the Minister agree that the United Kingdom bears a special responsibility to those children who have been born in Iraq since 2003

and who face the prospect of not having permanent schooling, being internally displaced, or living in fear of ISIL and other threats? Do the United Kingdom Government intend to support those children through UNICEF and other organisations to make sure that they have better opportunities in the future?

**The Earl of Courtown:** My Lords, the noble Lord makes some very pertinent points relating to children to Iraq. With regard to the Syrian resettlement scheme, the noble Lord and the whole House will be glad to hear that children and adolescents are being especially looked at for resettlement in the United Kingdom.

**Lord Roberts of Llandudno (LD):** Does the Minister agree that of the 10,000 children who have arrived in Italy, some 4,000 have gone missing? The situation we face today is very different from any that we have faced in the past, and that means that a rethink is needed by our Government, especially when they bring forward proposals in the new Immigration Bill. We must remember that children are our special concern. Lloyd George said that he wanted to build a world fit for heroes to live in; we want to build one fit for children to live in.

**The Earl of Courtown:** The noble Lord is quite right. I have not seen the figures he referred to, but obviously children are important for our future. I know that my colleagues in the department will be keeping a close watch on this debate.

**Lord Hylton (CB):** My Lords, will the Government ensure that an excessive burden of unaccompanied children does not fall on the county of Kent, where so many have been concentrated? Further, will they make sure that those children who have been taken in to local authority care do not then go missing?

**The Earl of Courtown:** My Lords, I understand that we are working on a redistribution, and I know that this is something which my honourable friend in another place, Mr Richard Harrington, is looking at.

**Baroness McIntosh of Hudnall (Lab):** My Lords, following on from the question of the noble Lord, Lord Hylton, the Minister will be aware that outcomes for looked-after children in this country are not especially good, and one might suspect that children who have had a particularly rotten start in life as refugees from a war zone are more vulnerable than most. What will the Government do to ensure that those children are looked after in a way that ensures that they have a good outcome for their adulthood?

**The Earl of Courtown:** I apologise, but I did not catch the whole of the question. It is our duty to do as much as possible to help these children and thus ensure their futures. I will write to the noble Baroness if there is anything more I can add.

**Lord Alton of Liverpool (CB):** My Lords, I think that the Minister referred to the report from Save the Children when he responded to the noble Lord, Lord Roberts of Llandudno. Will he undertake to meet representatives of Save the Children to discuss that

[LORD ALTON OF LIVERPOOL]  
report? As the noble Lord correctly said, it has identified some 10,000 children arriving in Italy in one recent year, 4,000 of whom have gone missing. I know that the noble Lord shares my concern about the actual implications of going missing.

**The Earl of Courtown:** My Lords, I will pass on that question to the Minister whose responsibility that is, if the noble Lord finds that acceptable.

**Lord Thomas of Gresford (LD):** My Lords, is the Minister aware that at the moment an exhibition in Prague runs the length of Wenceslas Square about the children who were brought to this country in 1938 by Sir Nicholas Winton in that magnificent humanitarian gesture of his? No other country would take those children. Is it not time that this Government adopted a similar principle towards the children who are clamouring for help in Europe at the moment?

**The Earl of Courtown:** The noble Lord reminds the House of the great work that was done at that period. The whole point is to try to stop these children making the journey in the first place. This is what we are working at through the departmental work and, particularly, with what has been happening in Valletta recently, where we have been concentrating on the Valletta action plan, which is to get people work and sustainable lives in their own countries.

## G20 and the Paris Attacks

### *Statement*

3.20 pm

**The Lord Privy Seal (Baroness Stowell of Beeston) (Con):** My Lords, with the leave of the House I will now repeat a Statement made by my right honourable friend the Prime Minister in another place. The Statement is as follows:

“With permission, Mr Speaker, I would like to make a Statement on the terrorist attack in Paris and the G20 in Turkey this weekend. On Paris, the Home Secretary gave the House the chilling statistics yesterday, and now we know that among the victims was a 36-year-old Briton, Nick Alexander, who was killed at the Bataclan. I know the thoughts and prayers of the whole House will be with the families and friends of all those affected. On Saturday I spoke to President Hollande to express the condolences of the British people and our commitment to help in whatever way we can.

After our horror and our anger must come our resolve and our determination to rid our world of this evil. So let me set out the steps we are taking to deal with this terrorist threat. The more we learn about what happened in Paris, the more it justifies the full-spectrum approach we have discussed before in this House.

When we are dealing with radicalised European Muslims, linked to ISIL in Syria and inspired by a poisonous narrative of extremism, we need an approach that covers the full range: military power, counter-terrorism, expertise and defeating the poisonous narrative that is the root cause of this evil. Let me take each in turn.

First, we should be clear that this murderous violence requires a strong security response. That means continuing our efforts to degrade and destroy ISIL in Syria and Iraq. And, where necessary, it means working with our allies to strike against those who pose a direct threat to the safety of British people around the world.

Together, coalition forces have now damaged over 13,500 targets. We have helped local forces to regain 30% of ISIL territory in Iraq. We have helped to retake Kobane and push ISIL back towards Raqqa and, on Friday, Kurdish forces retook Sinjar.

The UK is playing its part—training local forces, striking targets in Iraq and providing vital intelligence support. Last Thursday, the United States carried out an air strike in Raqqa, Syria, targeting Mohammed Emwazi, the ISIL executioner known as Jihadi John. This was a result of months of painstaking work in which America and Britain worked hand in glove to stop this vicious murderer.

It is important that the whole House understands the reality of the situation we are in. There is no government in Syria we can work with, particularly not in that part of Syria. There are no rigorous police investigations or independent courts upholding justice in Raqqa. We have no military on the ground to detain those preparing plots against our people. In this situation, we do not protect the British people by sitting back and wishing that things were different. We have to act to keep our people safe. And that is what this Government will always do.

Secondly, on counterterrorism here in the UK, over the past year alone our outstanding police and security services have already foiled no fewer than seven terrorist plots right here in Britain. The people in our security services work incredibly hard. They are a credit to our nation. We should pay tribute to them again in our House today, and now we must do more to help them in their vital work.

So in next week’s strategic defence and security review, we will make a major additional investment in our world-class intelligence agencies. This will include over 1,900 additional security and intelligence staff and more money to increase our network of counterterrorism experts in the Middle East, north Africa, south Asia and sub-Saharan Africa.

At the G20 summit in Turkey this weekend, we agreed additional steps better to protect ourselves from the threat of foreign fighters by sharing intelligence and stopping them travelling. We also agreed for the first time ever to work together to strengthen global aviation security. We need robust and consistent standards of aviation security in every airport in the world, and the UK will at least double its spending in this area.

Thirdly, to defeat this terrorist threat in the long run we must also understand and address its root causes. That means confronting the poisonous ideology of Islamist extremism itself and, as I have argued before, going after both violent and non-violent extremists. Those that sow the poison but stop short of promoting violence are part of the problem. We will improve integration, not least by inspecting and shutting down any educational institutions that are teaching intolerance,

and we will actively encourage reforming and moderate Muslim voices to speak up and challenge the extremists, as so many already do.

It cannot be said enough that the extremist ideology is not true Islam, but it does not work to deny any connection between the religion of Islam and the extremists, not least because these extremists are self-identifying as Muslims. There is no point in denying that. We need to take apart their arguments and demonstrate how wrong they are. In doing so, we need the continued help of Muslim communities and Muslim scholars. They are playing a powerful role, and I commend them for their essential work. We cannot stand neutral in this battle of ideas. We have to back those who share our values with practical help, funding, campaigns, protection and political representation. This is a fundamental part of how we can defeat terrorism both at home and abroad.

Turning to the G20 summit, there were also important discussions on Syria and on dealing with other long-term threats to our security, such as climate change. Let me briefly address them. On Syria, we discussed how we can do more to help all those in desperate humanitarian need and how to find a political solution to the conflict. Britain, as has often been said, is already providing £1.1 billion in vital life-saving assistance, which makes us the second-largest bilateral donor in the world. Last week, we committed a further £275 million to be spent in Turkey, a country hosting more than 2 million refugees. In February the United Kingdom will seek to raise further significant new funding by co-hosting a donors conference in London together with Germany, Norway, Kuwait and the United Nations.

None of this is a substitute for the most urgent need of all: to find a political solution that brings peace to Syria and enables the millions of refugees to return home. Yesterday, I held talks with President Putin. We reviewed the progress made by our Foreign Ministers in Vienna to deliver a transition in Syria. We still have disagreements, there are still big gaps between us, but there is progress. I also met President Obama and European leaders at the G20 and we agreed some important concrete steps forward, including basing some British aircraft alongside other NATO allies at the airbase in Incirlik, if that is the decision of the North Atlantic Council that will meet shortly. They would be in an air defence role to support Turkey at this difficult time.

We also agreed about the importance of stepping up our joint effort to deal with ISIL in Iraq, Syria and wherever it manifests itself. This raises important questions for our country. We must ask ourselves whether we are really doing all we can be doing, all we should be doing, to deal with the threat of ISIL and the threat it poses to us directly not just through the measures we are taking at home, but by dealing with ISIL on the ground in the territory it controls.

We are taking part in air strikes over Iraq, where we have struck more than 350 targets and where significant action has been taken in recent hours, but ISIL is not present just in Iraq. It operates across the border in Syria, a border that is meaningless to it because, as far as ISIL is concerned, it is all one space. It is in Syria—in Raqqa—that ISIL has its headquarters and it is

from Raqqa that some of the main threats against this country are planned and orchestrated. Raqqa, if you like, is the head of the snake.

Over Syria we are supporting our allies—the US, France, Jordan and the Gulf countries—with intelligence, surveillance and refuelling. But I believe, as I have said many times before, we should be doing more. We face a direct and growing threat to our country and we need to deal with it, not just in Iraq, but in Syria too. I have always said there is a strong case for us doing so; our allies are asking us to do this and the case for doing so has only grown stronger after the Paris attacks. We cannot and should not expect others to carry the burdens and the risks of protecting our country.

I recognise that there are concerns in this House. What difference would action by the UK really make? Could it make the situation worse? How does the recent Russian action affect the situation? Above all, how would a decision by Britain to join in strikes against ISIL in Syria fit into a comprehensive strategy for dealing with ISIL and a diplomatic strategy to bring the war in Syria to an end? I understand these concerns and I know they must be answered. I believe they can be answered. Many of them were expressed in the recent report by the Foreign Affairs Select Committee.

My firm conviction is that we need to act against ISIL in Syria. There is a compelling case for doing so. It is for the Government, I accept, to make that case to this House and to the country. I can therefore announce that as a first important step to do so, I will respond personally to the report of the Foreign Affairs Select Committee. I will set out our comprehensive strategy for dealing with ISIL and our vision for a more stable and peaceful Middle East. This strategy—in my view—should include taking the action in Syria I have spoken about. I hope that setting out the arguments in this way I can help build support right across the House for the action I believe it is necessary to take. That is what I am going to be putting in place over the coming days and I hope colleagues from across the House will engage with that and make clear their views so we can have a strong vote in the House of Commons and do the right thing for our country.

Finally, the G20 also addressed other longer-term threats to global security. In just two weeks' time, we will gather in Paris to agree a global climate change deal. This time, unlike Kyoto, it will include the USA and China. Here at this summit, I urged leaders to keep up the ambition of limiting global warming by 2050 to less than two degrees above pre-industrial levels. Every country needs to put forward its programme for reducing carbon emissions and as G20 countries we must also do more to provide the financing that is needed to help poorer countries around the world switch to greener forms of energy and adapt to the effects of climate change.

We also agreed that we should do more to wipe out the corruption that chokes off development, and deal with antimicrobial resistance. Corruption is the cancer at the heart of so many of the problems the world faces today, from migrants fleeing corrupt African states to corrupt Governments undermining our efforts on global poverty by preventing people getting the revenues and the services that are rightfully theirs. While if antibiotics

[BARONESS STOWELL OF BEESTON]

stop working properly—the antimicrobial resistance issue—millions will die unnecessarily. These are both vital issues on which the United Kingdom is taking a real lead.

Let me conclude by returning to the terrorist threat. Here in the UK the threat level is already severe, which means an attack is highly likely and will remain so. That is why we continue to encourage the public to remain vigilant and we will do all we can to support our police and intelligence agencies as they work around the clock. The terrorist aim is clear. It is to divide us and to destroy our way of life. Now more than ever we must come together and stand united, carrying on with the way of life that we know and love. Tonight England play France at Wembley. The match goes ahead. Our people stand together as they have done so many times throughout history when faced with evil. Once again, together we will prevail. I commend this Statement to the House”.

3.34 pm

**Baroness Smith of Basildon (Lab):** My Lords, we are grateful to the noble Baroness for repeating the Prime Minister’s Statement. I am sure other noble Lords shared similar emotions to mine as we watched the horror of the attacks in Paris unfold on Friday evening. Such deliberate, calculated evil is almost impossible to comprehend, especially in such a beautiful city, where so many of us will have happy memories and remember good times.

I totally endorse the comments already made about our thoughts and prayers being with those who were murdered and maimed, their friends and their families, but also with the citizens of Paris and the whole of France, whose lives and confidence have changed dramatically as a result of what happened on Friday evening. There can never be any justification for such acts of terror, so we share their hurt, their anger and their resolve. We also share the determination to protect our citizens, and those of other countries, from such attacks. Such violent attacks are totally indiscriminate. Those of all faiths and none can be killed, maimed or lose loved ones, and those of all faiths and none have come together to condemn universally those responsible, without reservation.

I reiterate and reinforce the commitments made by my colleagues in the other place: this is an issue above and beyond any party politics. A Government’s first duty is to the safety, security and well-being of their citizens, and we will work with the Government to fulfil that duty.

The Prime Minister outlined the action that has already been taken with our international allies to tackle those who create death, mayhem and fear. I welcome that he acknowledged, and said that he understands, the concerns raised by the Foreign Affairs Select Committee and others about the way forward, and how and whether further military action, such as airstrikes on Syria, should be part of that response. We welcome his commitment to respond personally, as the noble Baroness said.

I know the noble Baroness understands the huge human cost of the conflict in Syria and the necessity for a full, strategic plan to seek a politically sustainable

resolution that will bring peace to Syria, and for a longer-term strategic plan to seek to deal with the aftermath. The thousands who have fled their homes include so many of those who will be needed to return to build the peace. The Prime Minister’s comments at the G20 yesterday, when he said:

“I think people want to know that there is a whole plan for the future of Syria”,

and for,

“the future of the region”,

were widely welcomed. To be successful, any plan will need national and international support.

I shall raise specific questions about security here at home. We welcome the additional support and money being made available for security and intelligence. We welcome the announcement of greater resources for tackling cybercrime and terrorism. But when asked, when he made the Statement today in the other place, about the role of community and front-line policing—given the cuts that have been made and are being planned to the “eyes and ears” on the ground—the Prime Minister did not respond.

There are many in your Lordships’ House who, through professional experience, can provide real examples of how community policing is essential and successful in tackling crime and terrorism. On 28 October, I asked the noble Lord, Lord Bates, about this very issue. My Question was prompted by those in the most senior roles in counterterrorism in the UK being very clear that community police, through the normal course of their work, pick up intelligence and information that is essential to fighting serious crime and identifying terrorism threats. Of the proposed further cuts in policing, Sir Bernard Hogan-Howe, the Met commissioner, said:

“I genuinely worry about the safety of London”.

I understand that the noble Baroness is unlikely to answer a question that the Prime Minister failed to, but can she assure your Lordships’ House that she recognises the seriousness of this issue? Will she commit to raise it directly with the Prime Minister and report back to your Lordships’ House?

Those seeking to leave and enter this country, including British citizens, will face increased levels of checks and security at borders. It is right that visitors and refugees fleeing the brutality of ISIL and chaos in the region should be subject to such security, but the noble Baroness will also know of the reductions made in border security staff at ports and airports. What plans are there to ensure that staffing levels will be appropriate to deal with the increased level of security required?

In recent years, the Government have introduced a number of new measures designed to tackle terrorism. One referred to in the Statement, which the noble Lord, Lord Bates, and I discussed at length in the course of a recent Bill, is about closing down any educational institutions teaching intolerance. Is this commitment and others to be met from existing resources, or will new resources be made available? To what extent is the Treasury involved in such decisions on new powers?

Lastly on security, the Prime Minister said in his responses that all members of the Privy Council can receive security briefings on these issues. The noble Baroness may be aware that I have previously requested



such briefings when speaking for the Opposition on security and counterterrorism, but I was not successful in receiving any. The Official Opposition in the other place has welcomed the briefings to date, so will she confirm the Prime Minister's commitment to briefings for privy counsellors?

I welcome the understandably brief comments at the end of the Statement on the other issues that were raised at the G20. Specifically on global warming, we welcome the fact that the USA and China will join the Paris talks and we look forward to hearing more on that after the conference. However, the noble Baroness also referred to the UK taking the lead on action to tackle corruption in a number of areas. This is essential. I appreciate that there is not enough time today to cover the whole range of issues that this raises, but can she provide further information on the areas and the success of any measures that have been taken? If the noble Baroness is unable to respond today, perhaps she will write with more details.

Finally, in the Statement, the noble Baroness, repeating the Prime Minister, asked the public to be vigilant. We must, of course, do that, but let us also pay tribute to those in the emergency services and the first responders, who never know from day to day what they may have to attend to. It is right that this House should recognise their service.

**Lord Wallace of Tankerness (LD):** My Lords, I, too, thank the noble Baroness the Leader of the House for repeating the Prime Minister's Statement. On behalf of my noble friends, I join in condemning the atrocities in Paris on Friday evening, and those who perpetrated them. I also offer condolences to the families and friends of those who were killed, those who were injured and those whose lives will have been shattered. I also join the noble Baroness the Leader of the Opposition in paying tribute to the emergency services and the ordinary citizens who responded with such evident compassion and help.

I also ask the noble Baroness the Leader of the House to join me in expressing sympathy for the victims of the suicide bombings in Beirut on Thursday, which killed more than 40 people as they, too, went about their daily lives. It is important to send a signal by showing our solidarity with the people of Beirut, as we do—rightly—with the people of Paris. While ISIL likes to frame the conflict as one between the West and Islam, is not the truth that, day in, day out, ISIL is murdering scores of Muslim believers?

We, too, support what the Government are doing. We accept that the primary duty of any Government is to safeguard their citizens. I welcome the announcement of additional support for the security services in general and for strengthening cybersecurity in particular. I hope the Leader of the House will endorse what the Prime Minister has said in another place about the importance of safeguarding human rights. ISIL detests our diversity, our freedoms and our values; we let it win if we compromise on any of these.

I also echo what the noble Baroness, Lady Smith, said about police funding. Reassurances have been given about the counterterrorism element of police funding. I will not elaborate on what she said because she very clearly and concisely put the point about the

importance of community policing and the intelligence-gathering that can be done through it. I repeat her request to the Leader of the House to recognise the strength of feeling on this and to undertake to take the matter up with the Prime Minister.

It would be very easy, in the aftermath of such outrages, to make knee-jerk, rather than properly considered, responses. I therefore welcome the fact that the Prime Minister says that he will respond personally to the report from the Select Committee on Foreign Affairs in the House of Commons on military intervention in Syria. I also welcome the Prime Minister's acknowledgement that many questions and concerns have been raised—including some from these Benches—about the wisdom of joining in airstrikes and adding our explosives to the tons that have already been dropped on Syria. Specifically, the Prime Minister, in articulating some of these concerns, asked what difference action by the UK would make. Would it make the situation worse? How does the recent Russian action affect the situation? How, above all, would a decision by Britain to join strikes against ISIL in Syria fit into a comprehensive strategy for dealing with ISIL and a diplomatic strategy for bringing the war in Syria to an end?

He went on to say:

"I understand those concerns, and they must be answered. I believe that they can be answered".

I do not expect the noble Baroness to give us the answers today, but will she give us some indication of when those questions are likely to be answered? When the Prime Minister says that he will set out a comprehensive strategy for dealing with ISIL and our vision for a more stable and peaceful Middle East, will he also be consulting our allies before he makes that announcement on his strategy? It is important that we reflect on the allies. He has said that progress has been made in Vienna to deliver transition in Syria, but we are entitled to ask some questions about the nature of the international coalition. It is important that it is international. We have called in the past for engagement with Russia and Iran but clearly, too, there are a number of different countries and partners—such as the Sunni monarchies in the Gulf and Turkey—that do not all share the same priorities and objectives. Trying to pull together that coalition is clearly a complex matter. What specific steps are the United Kingdom Government taking to make sure that when these talks take place and a coalition is being put together, everyone is pulling in the same direction?

At home, the Statement recognises the importance of engaging with the Muslim communities. Britain's diverse Muslim communities are affected by conflict and they are as well aware as anyone of the efforts being made by those who would pervert Islam to try to sow poison in those communities. We need an active dialogue with the leaders of our Muslim communities on an appropriate response. When she held office, the noble Baroness, Lady Warsi, did sterling work in taking this forward and I would welcome reassurances that the level of work and engagement that she undertook continues to be undertaken by Ministers.

Finally, the Statement also referred to climate change. Not surprisingly, given the enormity of what happened on Friday, it has been somewhat overlooked but it will

[LORD WALLACE OF TANKERNESS]

be in Paris next month that people gather again to discuss climate change. The Secretary of State at DECC is reported to have indicated recently that the forecast is that we will manage only 11.5% of energy from renewables by 2020, rather than the EU obligation of 15%. Can the Minister confirm this and, if it is indeed the case, will she not take the opportunity that this House has provided by taking out the clause that would accelerate the ending of the renewables obligation for onshore wind? Perhaps she could reflect again on that and just quietly drop it.

**Baroness Stowell of Beeston:** My Lords, I am grateful to the noble Baroness, Lady Smith, and the noble and learned Lord, Lord Wallace, for their comments and support for the remarks of the Prime Minister in his Statement. I certainly share in the warm thanks of the noble Baroness for everything that the emergency services do in and around our country, alongside the security services, in keeping us safe. I understand very much the risks that they face.

Various points and questions were put to me, and the noble Baroness, Lady Smith, raised a number about policing, which were echoed by the noble and learned Lord. I will make a few points in response. First, it is absolutely this Government's commitment that the police forces should have the resources necessary to do their work. In the previous Government and this Government, we have not just protected the funding for counterterrorism policing but are actually increasing it, as has been announced in the last few weeks. More general police funding will be part of the spending review but it is worth noting that, over the last few years, the police have worked very hard to achieve efficiencies in police forces in order for them to apply their resources to front-line policing. Community policing numbers have actually risen in recent years.

Secondly, the noble Baroness raised points about additional resources for counter-extremism and protecting our borders. It has been evident from what we have said in the last few days—not in response to the events in Paris but as part of a clear plan for ensuring that the right funding is available for these essential services—that we are putting money where it needs to be and that by having a growing economy, we are ensuring that we use our resources effectively, in the way that is needed to deliver the security that we all expect.

The noble Baroness raised a point about briefings for privy counsellors, and I will take that issue away. I certainly do not want to exclude her from any appropriate briefing that is available for privy counsellors. I will get back to her outside the Chamber.

The noble Baroness also asked about corruption's being on the agenda at the G20 summit. This is a matter on which the UK has very much taken the lead. One of the steps we have taken, which other countries are now following, is to ensure greater publication and transparency of ownership of companies. We will be implementing a public register of company ownership in the UK from next year, and hosting an anti-corruption summit next year. We believe, as I said in the Statement, that this is a big contributing factor to overall safety in global matters. I am pleased that we are very much in the forefront of action in that regard.

The noble and learned Lord, Lord Wallace, rightly referred to the terrible attack by ISIL in Beirut a few days before that which took place in Paris. I very much share his view and the point he made that ISIL is quite indiscriminate: it is not attacking just western countries but a range of different countries. We must never ignore the fact that this is a group of extremists, of violent people—the Prime Minister has called them a “death cult”—who attack Muslims as well as people of other religious faiths. The noble and learned Lord asked about protecting human rights and liberties. Of course, these terrorists—this evil group—are trying to remove from us our liberties and our belief in liberty and the way of life we hold so dear. We are taking steps to combat them in order to protect the liberties and human rights which are an important part of our society.

The noble and learned Lord asked various questions about the response the Prime Minister will make to the Foreign Affairs Select Committee in the other place. He also asked what discussion there has been and will be between the United Kingdom and allies who, like us, are seeking to defeat ISIL and bring stability to the Middle East. The Prime Minister held several bilateral talks while he was in Turkey yesterday, and the Foreign Secretary was very much involved in and at the forefront of talks in Vienna at the weekend. We continue to talk and remain in contact with all interested parties in this way.

We are just recognising as a House one of the reasons why some of our allies are keen for us to go further than we have. Although we are not contributing militarily in Syria in the way that other countries are, we are doing an awful lot already in contributing to the effort against ISIL. Noble Lords have heard me talk about the contribution we have made in air strikes in Iraq. Some of our ground forces are training Iraqi ground forces on combating IEDs—we are doing a lot to support the coalition.

Some of those countries are keen for us to get involved further, particularly with the air strikes, because we have some of the best equipment for targeting these terrorists in a way which protects civilians. Other countries, including the United States, do not have this. By contributing to the military effort in Syria, we could make a big contribution not just by attacking ISIL, but by doing so in a way that affords greater protection to civilians.

The noble and learned Lord mentioned climate change and the Paris summit in a couple of weeks' time. Clearly, this remains an important priority for us, and we are committed, as we have been throughout, to making our contribution to tackling climate change and ensuring that all other countries make their effort as well.

**Lord Gardiner of Kimble (Con):** Your Lordships will, I hope, be pleased to know that the question time period has been extended to half an hour, which I hope will be good news—but that will enable more questions rather than lengthy questions.

3.54 pm

**Lord Singh of Wimbledon (CB):** My Lords, if a killer disease was rampant, every effort would be made to find its causes and the environment in which it

thrives. With Islamic extremism, we need to do much more to look at the ways in which radicalisation takes place. There are verses in the Koran that were written for particular circumstances 500 years ago, when the infant community was being besieged and its very existence threatened—words such as, “Kill them wherever you find them”, which are pretty direct. They were written for different circumstances, but they are being used today by those people who want to radicalise disadvantaged youths, or youths generally, to move them towards this extremism. Do the Government agree that they and the Muslim community need to do much more to ensure that young people in mosques understand the context in which some of these verses are written—and that, perhaps, the explanation should be in English?

**Baroness Stowell of Beeston:** My Lords, we published the counter-extremism strategy in October. It is very important to stress that it is about supporting mainstream and inclusive Muslim voices, and showing that we actively back them. There are four strands to our counter-extremism strategy, and building cohesion among communities and ensuring that we take steps to prevent the radicalisation that is such a serious threat is very much part of that.

**Lord Carlile of Berriew (LD):** My Lords, will the Government consider expediting the enactment of the Investigatory Powers Bill, perhaps with a sunset clause and detailed post-legislative scrutiny, to ensure that the security services have the proportionate facilities they need, and to enable an informed judgment to be made of the provisions in action?

**Baroness Stowell of Beeston:** I know that the noble Lord and many others in this House are concerned, and rightly so, to ensure that our security services and counterterrorism measures are adequate for the threat we face. If there was any suggestion that that was not the case, clearly, we would want to look at that and take the necessary steps. The Investigatory Powers Bill, which is about to receive pre-legislative scrutiny, is landmark legislation that futureproofs the existing legislation, which gives the powers the security services need at this time. So while the noble Lord makes some interesting points, what is important is that that Bill receives the proper scrutiny that Parliament expects it to receive. However, at the same time, I assure the noble Lord and the House that, if there is anything the security services do not have now that they need to do their work, we will review that legislation and reconsider our approach to it.

**The Lord Bishop of Birmingham:** My Lords, I am grateful to the Minister for her repeating of the Statement and, from these Benches, join your Lordships in offering our sympathy for the tragic loss of life and the injuries that occurred in Paris—and, as the noble and learned Lord, Lord Wallace, said, in other parts of the region, in recent weeks.

On the area of ideology, the third area in the Statement, can the Minister go a bit further? While we make every effort, as we must, to deal with this issue by military power and by counterextremism measures, the area of ideas is a matter which I ask the Minister to consider very seriously in terms of quite small but

important resources, as we try to develop the right relationships in the community that the Prime Minister so wants—not just asking Muslims to argue for a good Islam, but also to join people of faith, or no faith, of all parts in developing right thinking, friendship and deep relationships, which will allow us to move on from this ghastly use of violence into a more integrated society. Will she also encourage us to make a successful integration of the new wave of Syrian refugees fleeing from death in their own country?

**Baroness Stowell of Beeston:** The right reverend Prelate makes an important set of points about the importance of cohesion and for us to all unite around a clear set of values that are so important to our own way of life. In the counterextremism strategies that I have already referred to, a big part is about supporting different communities and cohesion among communities. The Prime Minister has been clear about the importance of British values. This is something that we are keen as a Government to promote. As a country, we should not shy away, as we may have in the past, from saying that our values as British people are the ones that—whatever we are, whatever our faith—must unite us and are so important to the way in which we continue to prosper.

**Lord Howell of Guildford (Con):** Does my noble friend accept that the efforts of our right honourable friend the Prime Minister are very welcome in trying to nudge Mr Putin into a more co-operative and commonsense approach to the horrors of ISIL? Should we not now put aside further hesitations on this point and take firm decisions by the Executive of this country and others to pull together regional and global powers to support efforts by, for instance, Jordan to cut into the heartland of ISIL territory—and to do so on the ground, against a ruthless enemy who is not open to dialogue, does not believe in political discussion of any kind, and will not be dislodged just by bombing?

**Baroness Stowell of Beeston:** The Prime Minister has talked about a comprehensive approach and his overall strategy. That very much involves not just the way in which we are currently supporting the region and the way in which he is talking about extending military action, it is also about supporting neighbouring countries and working with them in the region. The points that my noble friend makes are well made, and certainly very much in the Prime Minister’s mind as he considers how best to respond to the current situation.

**Lord Reid of Cardowan (Lab):** My Lords, there is a great deal in the Prime Minister’s Statement with which I concur—not least his sentence which was very simple but should mean a lot to all of us:

“In this situation we do not protect the British people by sitting back and wishing things were different”.

In that context, I make just two comments to the Leader of the House. First, it is absolutely proper that we should be engaged in trying to find a political solution to some of the problems in Syria, but we would be operating under a delusion and deceiving the people of this country if we implied that even should a political solution—with President Assad or without him—be achieved tomorrow, it would solve the problem of ISIL. It will not. This is part of a long-running,

[LORD REID OF CARDOWAN]

generational attempt to establish an Islamo-fascist empire under people who will stop at nothing. Therefore, it is to delude the people of this country to say that opposing ISIL is somehow made redundant if we achieve a political solution.

The second thing is what is missing from the Statement in terms of domestic security. Last week I asked the relevant Minister, and received assurances, about the scrutiny of refugees coming to this country. However, 750 UK citizens have gone off to Syria, 450 of whom have come back. They are prime facie not only sympathisers but active supporters of the atrocities that have been carried out by ISIL abroad, and there is every reason to suspect that they will continue that sympathy, and potentially that action, in this country. What are the Government doing about the 450 who have come back, and why was there no mention of them in today's Statement?

**Baroness Stowell of Beeston:** The noble Lord argued in his first point that finding a political solution in Syria would not render our efforts to destroy ISIL redundant. I agree; he is absolutely right. On his question about those Britons who have left the UK, gone to Syria and elsewhere and then returned, the measures that we introduced in the Counter-terrorism and Security Act, which was passed by Parliament earlier this year, were designed specifically to address this kind of threat.

**Lord King of Bridgwater (Con):** My Lords, I strongly commend the Prime Minister's Statement that my noble friend has repeated on the response to the terrible tragedy and outrage in Paris.

There is an aspect of the Statement that I regret. It rightly says that, recognising the threats that we face, intelligence is a crucial first line of defence for this country—one or two breakdowns in that respect may have contributed to the disasters in Paris. It also says that we will do all that we can to support the intelligence and security services. If I may make one small point, I do not think this Parliament has done that. For more than two years, we have been trying to consider the gaps that exist in our armoury of what is available to our intelligence services to protect our country. Two weeks ago in this House I asked a question about the Investigatory Powers Bill, pointing out that we are now embarked on a pretty leisurely process which, if we are lucky, will get those powers into effect by next September or October. I wondered at that time what events might happen between now and then. I am all too sorry that within two weeks that has proved to be the case.

I have one constructive suggestion. Following on from the noble Lord, Lord Carlile, I do not think it realistic to take the whole of this huge Investigatory Powers Bill through on some accelerated process, but there is one element in it that the Home Secretary has indicated is the one additional power that she wants: the retention of internet communications data, which might enable us to identify some of the links that obviously existed in the attack in Paris and the way that it was organised. I suggest that, by discussions through all the usual channels, this particular element in the Bill is taken out and dealt with by an Order in Council and emergency regulations, with a sunset clause, so that it is operational while the normal parliamentary

procedures for the Investigatory Powers Bill can continue in the way proposed by the Government without the liability that we do not yet have the crucial power that the Home Secretary has identified as being essential.

**Baroness Stowell of Beeston:** On my noble friend's first point about the security services and intelligence being our first line of defence in this country, I agree that they are the first line of defence and do magnificent service for this country. Indeed, I think that the UK's intelligence services are very much seen as the best in the world.

I am not sure that I agree with him that we have not supported them in the way that they need in order to do their work. We have ensured that they have all the funding and additional resources that they need, and I am sure that the House will be familiar with the range of different announcements that the Government have made, as I have already referred to, in the past few days.

We will keep the Investigatory Powers Bill under review. If there is anything in the draft Bill which the security services need now to do their work but do not have, we will certainly reconsider our approach. However, my noble friend must accept that the Data Retention and Investigatory Powers Act, which we passed in July, brought into force the additional powers which the security services need, but they expire at the end of next year. The Investigatory Powers Bill will make sure that we enshrine and protect those powers for the future. It is about future-proofing powers, rather than giving new ones.

**Lord Wright of Richmond (CB):** My Lords, I note that the Statement makes no reference to the Government's announcement, last week, that we are still providing munitions to the so-called moderate rebels. Does the noble Baroness the Leader of the House accept that, instead of pouring more fuel on the fire of the Syrian civil war, we ought to be persuading the rebels whom we call our friends to enter into talks with what our American friends, at least, still regard as the Syrian Government in Damascus?

**Baroness Stowell of Beeston:** The United Kingdom has been ensuring that we support the moderate forces which oppose Assad in their efforts to fight him and ISIL. They have regained some important territory and are making some progress. We need to encourage them to go further and that is where we are focusing our efforts.

**Lord Ashdown of Norton-sub-Hamdon (LD):** My Lords, remembering the baleful effect that ensued when George Bush Jr used the word "crusade" in the context of the second Gulf War, does the Minister agree that the language we choose at this moment is extremely important? In this context, does she agree that use of the word "war" is, at best, unhelpful and perhaps even unwise, given that it will only reinforce the Manichean view of the terrorists? Does that also apply to the Prime Minister's favourite phrase, which is that we are fighting for "western values", when we are, in fact, fighting for the universal values that underpin all the great religions and philosophies, including Islam?

**Baroness Stowell of Beeston:** The noble Lord is right that language is very important, at any time, and certainly so at a time of great sensitivity. As to the Prime Minister's use of language and what we are fighting for, he has been clear, on very many occasions, about the importance of protecting the way of life which all of us in the West enjoy and which many in other parts of the globe look to and want for themselves.

**Lord Rooker (Lab):** In the main, I would oppose fast-tracking the Investigatory Powers Bill. Much of it concerns modernising the authorisations. It is right that we do that: nobody is arguing that the present system will prevent what needs to be done. However, I served on the RUSI panel, which gave evidence about this sort of thing, and if, as the noble Lord, Lord King, said, there is a need to take out a couple of clauses then I would support that. The international internet companies need reminding: not one of them would ever have been able to start their businesses in China, Russia or any of the other oppressive states in the world. They relied on doing it in western, liberal democracies. If the extra powers are needed just to retain some information to assist the security services in protecting our people, then it would be legitimate to fast-track them. Their opposition to it would be damaging to their own customers.

**Baroness Stowell of Beeston:** I am grateful to the noble Lord. I hope I have made it clear, in responding to several questions on this, that if there is any need for us to reconsider that Bill, we will. However, at the moment I am confident in the approach we are taking.

**Baroness Afshar (CB):** My Lords, have the Government considered why educated, bright, French or Belgian-born Muslims are driven into extremism? These are people who know no Arabic, have no understanding of their religion and actually train in order to find an alternative so that they are recognised and valued. Is it not necessary to start at the very beginning?

**Baroness Stowell of Beeston:** The noble Baroness is right. That is why we, in this country, are trying to tackle the root causes and reasons, and to prevent young men—and women—being influenced and adopting a mindset that is clearly and completely wrong. That is part of our overall comprehensive approach; it has to be because we have to combat this evil ideology.

**Lord Pearson of Rannoch (UKIP):** My Lords, in that vein, I welcome the Prime Minister's commitment to inspect and shut down any educational institutions which teach Islamist intolerance and, I presume, violence. Can the noble Baroness confirm that this policy will include all evening madrassahs and, indeed, our mosques, where so much of the poison is spread?

**Baroness Stowell of Beeston:** My Lords, it will include any establishment where this kind of extremism—non-violent and violent—is being pursued. We can no longer tolerate a situation where it is okay for somebody to espouse extremist views and stop short of inciting violence. Because of that, we are committed to taking all necessary steps. As the noble Baroness said a moment ago, we have to ensure that people are not in a position where they are influenced by or attracted to this kind of ideology, which is so damaging and dangerous.

**Lord Tebbit (Con):** My Lords, does my noble friend take as much encouragement as I do from the extent of the support all around the House for the guts of the Government's policy on this? Will she advise the Prime Minister, if he needs it, to listen to that advice and not to the leader of the Opposition?

**Baroness Stowell of Beeston:** My noble friend is right in saying that there is widespread support for the measures that we have already committed to taking, and I am very grateful for that. The Prime Minister said very clearly today that he knows that he and the Government have a responsibility to come forward and make their case for the additional steps that we believe are right, and that is what he is going to do. He hopes very much that by doing that in a very clear way, he will attract strong support for the additional action that is necessary to keep this country and its people safe.

**Lord Grocott (Lab):** Is it not perhaps an unpalatable truth that the progressive removal of border controls—and, indeed, the virtual elimination of boundaries between many countries of Europe—while very good news for law-abiding people, can have pretty serious consequences so far as the movement of terrorists across Europe is concerned? Has the Leader of the House seen reports that it is now a deliberate strategy of the terrorists to make plans for terrorist attacks in one country and implement them in another? Given the dangers facing Europe at the moment, is not the progressive removal of border controls—not, of course, applicable to the UK—an aspect that heads of Governments need to look at?

**Baroness Stowell of Beeston:** As the noble Lord has just acknowledged, we are not part of the Schengen agreement. We remain very committed to retaining our borders and to policing them strongly. As we have announced in the past few days, we are taking even more steps towards, and investing further in, protecting those borders. We also play a big part in protecting the outside borders of Schengen agreement countries. However, I agree with the noble Lord that this raises very serious issues that have to be considered by countries that are part of Schengen.

**Lord Elton (Con):** My Lords, we neglect the home front at our very great peril. The Statement rightly says that the terrorists' aim is clear: it is to divide us and destroy our way of life. We therefore need to strengthen everything that holds our society together, and that lead must be given by the Government. We have to demonstrate that they are a Government for the whole people, not part of the people. Where things appear to bear down unfairly not only on members of ethnic minorities but on our indigenous community, such as we saw demonstrated a fortnight ago, it is essential that the Government put themselves in a position that shows that we are all on the same side in this and no longer fragmented.

**Baroness Stowell of Beeston:** My noble friend is right that good governance is about governing for all the people and about being clear about the principles and values to which a country expects its citizens to

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subscribe. That is an important part of what makes us British. I say to my noble friend that one of the problems in countries such as Syria that needs to be addressed as part of the overall approach towards civility in the region relates to good governance and to those in charge governing for all the people.

**Lord Lea of Crondall (Lab):** My Lords, the language that we use was referred to by the noble Lord, Lord Ashdown, and, by implication, many others. Does the Minister agree that there is no contradiction in, on the one hand, using very severe language to describe the bloody extremism, fascism and so on of a tiny minority and, on the other hand, using language to describe the civilisation that is common to all of us, going back to the Indus Valley, the Nile Valley, Mesopotamia, Assyria and so on? That is our common civilisation and it needs to be emphasised. It is not a question of thrusting it down people's throats; rather, it is a question of nurturing the great majority. There is a need to use language to describe our common civilisation in order to make some purchase in that territory.

**Baroness Stowell of Beeston:** The two words that are important for all of us are "freedom" and "liberty", and they are words that I will certainly continue to promote in the discourse that we have on this topic in the months ahead.

**Lord Thomas of Swynnerton (CB):** My Lords, the Prime Minister uses the word "generation" very frequently and it is also used by others. Does that mean that this is a challenge that is going to last for a generation? Is that not extremely pessimistic?

**Baroness Stowell of Beeston:** My Lords, I think it is a question of being realistic rather than pessimistic.

**Lord Avebury (LD):** My Lords—

**Baroness Oppenheim-Barnes (Con):** My Lords—

**Baroness Stowell of Beeston:** My noble friend has been trying to get in from the very beginning.

**Baroness Oppenheim-Barnes:** My Lords, although tiptoeing across some very dangerous ground, I should like to expand on what the noble Lord, Lord Grocott, said, which I endorse wholeheartedly. Among all the difficult problems that the EU has to consider at present, surely it must now be a priority for it to consider the question of having open borders—both the extent to which they exist today and the extent to which they facilitated the dreadful scenes in France that we have all witnessed.

**Baroness Stowell of Beeston:** Clearly, borders are a very important issue. As I have already said, we as a Government are pleased that we retain control of our borders. I am sure that this matter will be discussed again by the European leaders. My right honourable friend the Home Secretary will be at a justice and home affairs special meeting at the end of this week and I imagine that this will be very much a part of the discussions there.

**Lord Avebury:** My Lords, reverting to the need to eradicate Daesh and its territorial base as part of a comprehensive strategy, does the noble Baroness agree that the YPG is the most effective military force in opposition to Daesh? Will we therefore make supreme efforts to bolster its efforts by supplying armaments and logistics?

**Baroness Stowell of Beeston:** We are supporting the moderate opposition groups in the area so that they can combat ISIL and Assad, and we will continue to do that.

## Welfare Reform and Work Bill

### *Second Reading*

4.25 pm

*Moved by Lord Freud*

That the Bill be now read a second time.

**The Minister of State, Department for Work and Pensions (Lord Freud) (Con):** My Lords, this Bill will ensure that the welfare system is put on a sustainable footing, while continuing to support the most vulnerable. It will ensure that work always pays and it will restore fairness in the system.

It is important to remember that this Bill forms part of a broad package of reforms, which includes the introduction of the national living wage, increases to the personal tax allowance and an enhanced childcare offer. Our welfare reforms are focused on transforming lives by supporting people to find and keep work. There is a focus on employment, fairness and affordability, while supporting the most vulnerable.

We have already made some key achievements over the last Parliament: 2 million more jobs have been created; there are 2.3 million apprenticeships; the number of workless households has reached a record low, down nearly 700,000 since 2010; and there are 800,000 fewer people with relative low income. Perhaps most importantly, these achievements came during a Parliament in which welfare spending increased by the lowest rate since the creation of the modern welfare state. But we still have work to do.

We will continue to bear down on the deficit and debt, achieving a surplus by the end of the Parliament. We spend £3 billion on government debt interest payments alone every month: that is £33 billion a year or £1,230 per household. Every pound we spend on paying off the debt is a pound we are paying to others, such as overseas investment funds, rather than spending on public services such as schools and hospitals. We need to end the cycle of borrowing, which is burdening our children with an ever-increasing debt. Eliminating the deficit and paying off our debts is the moral and most effective thing a responsible Government can do for people on low incomes who rely on those services.

This is a Bill for working Britain, underpinned by three key principles: first, that work is the best route out of poverty, and being in work should always pay more than being on benefits; secondly, that spending on welfare has to be put on a more sustainable footing,

but in a way that protects the most vulnerable; thirdly, that people on benefits should face the same choices as those in work and not on benefits.

In the past, we have seen that just throwing money at the problem is not the solution—it is much more complex than that. That is why we are bringing in changes to help support people back into work and drive real change in their lives, both now and in the future.

Everyone deserves to have the dignity of a job and the pride that comes with earning your own pay packet. We want to support everyone in society who can and wants to work, and that is why we are committed to progressing towards full employment.

We also need to make sure that today's young people start off on the right track, with the skills and experience required to open up employment opportunities in the future. That is why we are committed to delivering 3 million more apprenticeships during the course of this Parliament. The measures in this Bill will help to drive these commitments by requiring us to report on each measure every year.

The £26,000 cap we established in 2013 has reintroduced fairness into the system. Most importantly, it has driven meaningful change in people's lives. The cap has helped get people back into work. Capped households are over 40% more likely to go to work than similar uncapped households. More than 18,000 previously capped households have now moved into work.

The changes to the benefit cap in this Bill are underlined by three basic principles of fairness. First, the cap should be set at a level that ensures it continues to be fair and to provide the right incentives for people to move into work. Secondly, this measure ensures that the cap better reflects the circumstances of working families around the UK. We know that around four in 10 households outside London earn less than £20,000, with the same proportion of households in London earning less than £23,000. Thirdly, welfare spending needs to be put on a sustainable footing.

Let me be clear: we will continue to provide protection and support for the most vulnerable. That is why exemptions will still apply, including those households entitled to DLA, PIP or Armed Forces PIP, industrial injuries benefit, the ESA support group component, and the limited capability for work-related activity component in UC; those moving into work who are entitled to working tax credit; and war widows and widowers. We have provided considerable additional support through discretionary housing payments for those claimants who need temporary financial assistance to adjust to the reforms. This additional funding will continue, and we are making £800 million available for discretionary housing payments over the next five years.

For too long now, this country has been dependent on unsustainable borrowing, with government debt repayments currently costing each household more than £1,200 every year. We simply cannot continue this way. It is not fair to keep borrowing and burdening future generations with even more debt. That is why we are committed to achieving a surplus by the end of the Parliament. During recent years, since the financial crisis began in 2008, benefits have been increasing at a

greater rate than average earnings. Between 2008 and 2015, the minimum wage increased by 17%, whereas the main rates of most benefits, such as jobseeker's allowance, have increased by 21%, and the individual element of child tax credits has increased by 33%.

The Bill will freeze working-age benefits for the next four years, helping to bring welfare spending under control. As part of our commitment to protecting the most vulnerable, benefits reflecting the additional costs of disability are excluded from the freeze. This includes PIP, DLA and the support group component of ESA. Pensioner benefits and statutory payments will also be excluded from the freeze.

During the last decade, growing evidence has shown that work can keep people healthy, as well as helping to promote recovery if someone falls ill. We are committed to ensuring that everyone who is able to has the opportunity to take advantage of the financial, social and health benefits which employment brings. However, perverse incentives in the benefits system and the lack of appropriate support can mean that some miss out. The work-related activity group component of ESA was never designed to help towards the additional costs of disability.

It is clear that the current system is failing claimants. Some 61% of WRAG claimants want to work but only 1% leave the benefit each month. People on ESA receive nearly £30 a week more than those on JSA, but receive far less support to move closer to the labour market and, when they are ready, into work. For new claims, the Bill will end this disparity between what people receive. Current claimants will not be affected, and new funding rising to £100 million a year in 2020-21 will be provided to help new claimants with limited capability for work to move closer to employment. A similar change will be made to the limited capability for work element of universal credit, ensuring that we provide the same level of support under the new system as we do through the current one. We are committed to ensuring that everyone who is able to has the opportunity to take advantage of the financial, social and health benefits which employment brings.

The Bill will also enable the Government to recover the expenses they incur for administering benefit diversions to the Motability scheme. This is a purely administrative change which will not affect Motability's users. The change involves less than £1 million a year and has the support of Motability, and I am sure that noble Lords would not wish such a minor issue to occupy too much of the Chamber's time.

We also want to support parents claiming universal credit to get into and stay in work after having a child. We found out just last month that the number of children living in workless households is at a record low, down by 480,000 since 2010. That is really good progress and we want to build on it. The Government are introducing a far-reaching childcare offer. With universal credit, people will get up to 85% of their childcare costs paid from April 2016, up from 70% under the previous system. Working parents of three and four year-olds will receive an additional 15 hours of free childcare a week, while tax-free childcare will benefit up to 1.8 million working families. In line with that, we think that parents claiming universal credit

[LORD FREUD]

should be required to look for work when their youngest child turns three, and to prepare for work when the youngest child turns two. In addition, the Bill will create a statutory duty to report on our progress supporting troubled families with multiple, highly complex problems. This will include how we have supported them to move closer to work.

We are also making provision to tackle social rents, which have increased by 20% since 2010. The Bill will reduce rents in social housing in England by 1% a year for four years from April 2016, protecting taxpayers from the rising costs of subsidising rents through housing benefit and protecting tenants from rising housing costs. This will reduce average rents for households in the social housing sector by around 12% by 2020 compared with current forecasts. It will also mean that people who are not on housing benefit and not subject to “pay to stay” will be better off by around £12 per week by 2019-20.

The Bill reforms the way support for mortgage interest will be paid in the future. The current system of providing benefit payments towards the cost of mortgage interest payments will be replaced by a system of interest-bearing loans which are secured against the claimant’s property. Loans will not be repayable until the home is sold. This change will ensure that claimants receive the same level of protection from repossession that they enjoy now, while providing a better and fairer deal for the taxpayer.

We are ensuring that people on benefits face the same choices as those in work and not on benefits. Families in work have to make careful choices about what lifestyle the money they earn can support, and what their income can provide for. People who receive child tax credit should make the same financial choices about having children as those who are supporting themselves through work. Therefore, from April 2017, the Bill will limit the child element of child tax credit to the first two children. A two-child limit will also apply in universal credit in relation to third or subsequent new children in the household, and to completely new claims. Again, we are ensuring that this change is fair, so it will not affect existing claimants at the point of change.

Finally, I turn to how we will tackle the root causes of child poverty and improve children’s life chances. We want to see substantial and sustained improvements in the life chances of our children. The past approach, enshrined in the Child Poverty Act, has focused on dealing with the symptoms of child poverty rather than addressing the root causes. It has incentivised Governments to move families a pound above the poverty line, not to help them transform their lives.

Evidence tells us that worklessness and educational attainment are the factors that have the biggest impact on child poverty and children’s life chances. We want legislation to focus government action where it can have the biggest impact. The Bill will provide a statutory basis for much-needed reform to drive real change to improve children’s life chances and tackle the root causes of child poverty.

The Bill will remove the existing measures and targets in the Child Poverty Act and introduce a new duty on the Secretary of State to report on worklessness and educational attainment. Alongside these statutory measures, we will develop indicators to measure progress

against other root causes of child poverty, including family breakdown, addiction and problem debt. Our new approach will drive action which will make the biggest difference to the most disadvantaged children, both now and in the future.

This Bill is an important legislative step. It will ensure that the right support and incentives are in place, so that people are always better off in work rather than trapped on welfare, and it will protect the most vulnerable members of our society. We acknowledge that these are difficult decisions to make, but we think they are the right decisions. They are decisions that put work first, drive sustainable welfare spending and allow us to continue to protect the vulnerable and those most in need. I beg to move.

4.41 pm

**Baroness Sherlock (Lab):** My Lords, I thank the Minister for that introduction to the Bill and I look forward to the debate, especially to the four maiden speakers.

In his speech to the last Conservative Party conference, the Prime Minister talked of the need to tackle social problems, including entrenched poverty, in our country. Why? He said this:

“So when the new mum looks at her new-born baby—the most precious thing she’s ever seen—and she vows to provide for it, she knows she actually can”.

This Bill makes a mockery of that pledge. It is a sustained assault on low-income families. It will increase poverty, penalise working households and push more families out of their homes and into temporary accommodation, homelessness or on to housing benefit, and the evidence base for it is poor. So often, I am sorry to say, this Government’s cuts to social security end up being counterproductive, adding more to the benefit bill by undermining work incentives or raising spending elsewhere.

A good example is the proposal to cut social sector rents by 1% a year. This sounds great, but, as the IFS points out, it does little for the 93% of tenants who will lose housing benefit pound-for-pound as their rents falls. As the IFS points out:

“The policy largely represents a transfer from social landlords ... to the exchequer, rather than to social tenants”.

As the OBR has pointed out, it will mean fewer social sector properties being built. Social landlords risk having their credit ratings downgraded, planned investments are being cancelled and if specified or all supported housing becomes unviable, costs are simply transferred to the NHS and local government.

As the Minister mentioned, the Bill abolishes the scheme that gives help to some people on benefits to pay the interest on their mortgages so that they do not lose their homes and end up on housing benefit. In future, they will be offered a nine-month wait then the option of a loan secured by a charge on the property. Almost half of recipients are of pensionable age, despite the Government’s pledge to protect pensioner benefits. We will seek, as the Bill goes through, to retain support for low-income pensioners, who may never be able to pay off a loan.

The Bill also takes £30 a week, one-third of their employment and support allowance, from the 500,000 sick and disabled people in the work-related activity



group. The impact assessment reassures us that if they worked for just five hours a week at the new higher minimum wage rate, they could recoup the money, but these are people an independent assessor has decided are unfit for work. They include people with learning difficulties, mental health issues, Parkinson's disease or MS. Only 5% of that group will get back to work within a year. We can see no justification for making people poorer to incentivise them back to work they have been deemed unfit to do. How can the Minister justify this, especially in the light of the manifesto commitment not to cut disability benefits?

The other measures in the Bill all hit low-income families with children. Child poverty has already risen by 400,000 since 2010 and is predicted to rise by another 300,000 by 2020. Two-thirds of poor children will have a parent in work. Those figures could explain why the Bill decides to remove the requirement to measure child poverty or to do anything to reduce it. It abandons the internationally recognised benchmark for poverty because the Government have decided poverty is no longer about money. The Bill expunges the word "poverty" from the legislation. We all accept that deprivation is multifaceted. By all means measure other things as well, but the idea that poverty is not really about money is risible. I fear that what is really happening is that the Government are trying to hide the trail of devastation their reforms are leaving in their wake.

Successive government welfare reforms are hitting the same groups of people, yet Ministers consistently refuse to do a cumulative impact assessment, and now they will not even count child poverty. This will not do. The first rule of power surely means that if you will the ends, you must will the means and you must know and take responsibility for the consequences of your decisions. I hope this House will see fit to challenge that proposal as the Bill goes through.

Then there is the benefit cap. When the Government introduced it, their whole argument was that it was set at the level of average earnings. We had a long debate in this House on whether the test was fair. I remember marching into the Lobby behind the much-missed Bishop of Ripon and Leeds, who proposed an amendment to remove child benefit from the cap on the grounds that people would get child benefit as well. We voted for it. Now Ministers have ditched the entire standard and simply plucked figures out of the air. They have simply decided that they are going to cut the cap by £3,000 for families in London and by £6,000 for families elsewhere. In future, Ministers can change the cap at whim by regulation without reference to any external benchmark and with minimal parliamentary scrutiny. The evidence is nowhere near as strong as even the impact assessment has suggested. Housing providers are worried that rent arrears will rise, as will evictions and homelessness. We have heard that £800 million has already been set aside for discretionary housing provision to deal with it. In Committee, we will want to see a great deal more evidence about the cost-benefit analysis of this policy, as well as about the impact on families.

The Minister mentioned that DWP is changing conditionality in universal credit. At the moment, parents are expected to work when their youngest child turns

five. The Bill will mean that parents on universal credit will be expected to work when their youngest turns three. They will have to do work-related activity when their youngest is two and when the youngest reaches one, they will be out doing work preparation interviews. If the Government are going to push mothers of very young children and babies into work preparation activity, they need to be a lot more convincing about the availability and affordability of suitable childcare than they have been in this House in recent months when the Childcare Bill was going through.

Then there is the benefit freeze. Previously, the retail prices index was used to uprate benefits. Then the Government came along and decided that CPI was the measure—the only thing that would do—so they changed it to CPI. Then in 2013, they decided it would be reduced to just 1%, as a temporary measure, rather than CPI. Now it will be 0%, whatever happens to inflation during this Parliament. If inflation carries on flatlining, the Government may not get the savings they have been hoping for. There is a real process issue here. This is undermining the long-standing convention by which Ministers are meant to make an assessment annually of what poor households need to live on, come to the House and propose an alternative, and take responsibility for what should happen to benefits. This is moving away from that, which is deeply regrettable.

Finally, there is the proposal the Minister outlined to change universal credit and tax credits to abolish the family premium for all families with children and to limit the amount paid per child to the first two children in a household. This means that 3.7 million households will lose money. The two-child limit will cut payments by up to £2,780 per child per year, affecting 640,000 families by 2021 and 150,000 families with disabled children.

The Government repeatedly stress that the aim of their welfare reforms is to get people into work but child tax credit and universal credit are paid to working families as well as those who are out of work. If the aim is not to get families into work, what is it? The impact assessment said that,

"people may respond to the incentives that this policy provides and may have fewer children".

I should like to ask the Minister some questions. First, is the objective that people in low-paid work should have fewer children, or is it just to give them less money? What does the Minister expect to happen in the 16% of pregnancies in the UK that are unplanned? What assessment has he made of the impact on adoption and kinship care, especially of sibling groups? Will there not be a disincentive to remarry if a stepfamily would then have more than two children in the household? The equality impact assessment is silent on religion and belief; can the Minister tell the House what work his department has done in assessing whether this policy will be likely to affect people of some religions more than those of others or of none. We are also told in the impact assessment that the Government will exempt women who have a third child as a result of rape. I wonder if the Minister has really thought through the implications of a woman having to prove to the Department for Work and Pensions that her pregnancy was the result of rape.

[BARONESS SHERLOCK]

Even if the Minister could answer all those questions robustly, this policy spectacularly fails the Government's own family test. There are reasons the state has traditionally helped with the cost of raising children. First, it is to avoid British children growing up in poverty, since child poverty is significantly higher in larger families. The real losers of this policy will be children born into larger families, especially as younger siblings, through no choice of their own. Secondly, it is because children are good for society. Maybe if I use the language of economics the Minister will work with me on this. In economic terms, children are a public as well as a private good. Parents bear the bulk of the costs of raising their children but we all contribute through our taxes because we want to see the next generation thrive and, being practical, as our population ages, we need to ensure that there are enough people around of working age to pay for our pensions, our health service and our social care. Most of all, it is because children are not a luxury. We give child tax credit to families to ensure they can afford to raise their children healthily.

Let us be clear: this is not about the small number of people with lots of children who are not in work. They would be caught by the benefit cap anyway. Shelter pointed out that the benefit cap would kick in for a couple with two children renting a house not in Mayfair but in Leeds or Plymouth. It is not about them. It is about a family with three children who, despite working very hard, are struggling to make ends meet. It is about the mum I met who never thought she would need state help until her husband disappeared and left her with three children. It is about all those people who had children confident they could provide for them, until something happened—perhaps a parent died or became sick or disabled and could not work; perhaps they had their hours cut or got made redundant. These are all things our welfare state is meant to protect us against. When the Minister says it affects only people making new claims, anybody making a fresh claim for universal credit next year will get no help for their third child already in existence.

When Mr Cameron spoke about that mum looking down at her new baby and knowing she could provide for it, the reason she knows that is that she lives in a country that offers the safety net of the welfare state alongside the National Health Service and state education. Our welfare state was never about workers helping workless or rich helping poor. It is about pooling risk across our life cycles and across our population. There are times, such as when children are young, when it is hard to make ends meet even if you are working. The best laid plans can go also astray. Anyone can get cancer, lose their job, lose their spouse or have a disabled child. We will all get old—we hope—and draw a pension. When things go well we pay in, and when things go badly we take out. The Government's reforms undermine that. They change the way our welfare state works, by undermining work incentives, breaking the link between need and support and refusing to protect the next generation from growing up in poverty. If the Bill goes through unchanged, when that mum described by the Prime Minister looks down at her newborn baby, especially if it is her third child, she can no longer know that she can provide for it because that safety net will have a child-sized hole in it.

4.54 pm

**Baroness Manzoor (LD):** My Lords, the Liberal Democrats' approach to this Bill is based on two simple principles. First, the benefits system should encourage people into work whenever they are able and it really should pay to be in work. Secondly, the £12 billion of welfare cuts the Government announced in the Budget are unnecessary to deal with the deficit. They are a political choice based on the Government's wider political agenda to achieve a budget surplus by 2020, rather than the pragmatic need to eliminate the structural deficit by 2017-18.

While we are not averse to finding savings from the welfare budget, we do not believe that savings of the scale set out by the Government are needed. Cuts of the scale proposed will harm the principles of making sure that work pays and will remove much-needed support to the most vulnerable in society. This cannot be defensible on the grounds of savings alone. Having a job is not just about earning an income. It is also strongly linked to building dignity, self-esteem and improving health outcomes. The social security system must be able to help people avoid the benefits trap and to make work pay by ensuring that there is a more gradual withdrawal of benefits when someone enters work.

There is also a third principle that guides our view of this Bill: Lib Dems remain committed to the framework of universal credit, a project that has the capacity to fundamentally improve the structure and goals of our welfare system. We recognise the hard work and commitment that the noble Lord, Lord Freud, has given to universal credit and we are clear that he deserves significant recognition for this. However, I hope that the Chancellor will not seek to undermine the universal credit framework in the comprehensive spending review to dig himself out of the hole that he has created on tax credits—or, indeed, to introduce new horrors.

Although the Government assert that a central goal of the Bill is to strengthen work initiatives and to encourage households to move out of poverty through employment, many components of this Bill will weaken work initiatives, further negatively impact the most vulnerable, drag more people into poverty and may hinder the United Kingdom's economic recovery.

There is a fundamental problem with the Bill, in that the worthy aim set out in the first clause—that of achieving full employment—risks being undermined by the subsequent clauses. We are proud that our work in government helped turn the tide on unemployment to the point where more people are now in employment than ever before. But that means that, to take the next step, we need to focus on supporting the hardest to help. That means looking at how we improve the work programme, how we support the disabled and how we provide high-quality training in skills needed by the labour market. Sadly, the Bill does nothing to address these issues. It is not a Bill about work.

The Lib Dem's biggest concern is around Clauses 13 and 14, which would effectively reduce the amount of money given to claimants in the work-related activity group—WRAG—of the employment and support allowance. It is worth noting that more than 50% of

the people in the WRAG have a mental health and behavioural disorder as their primary condition. I cannot see how cutting the amount of money going to people in this group, especially those that the Government's own work capability assessment has deemed vulnerable, can possibly help achieve the Government's own target of halving the disability employment gap. Indeed, we are concerned that it will instead push these people further from the job market and it risks aggravating conditions such as depression or eating disorders.

The changes are also likely to increase appeals and intensify high levels of stress. They may have the perverse effect of pushing people from the WRAG into the support group, rather than into the labour market. The Government would do better focusing on providing people with the support that they need to get better and with specialist disability employment advice via the jobcentres to make the transition into work, rather than placing the emphasis on the stick. In its review of the links between disability, long-term conditions and poverty, the Joseph Rowntree Foundation found no evidence that disability employment rates are improved by reducing benefits.

With reference to the proposed benefit cap, while we agree on the need for a cap, we do not see the logic in reducing it to £20,000. Nor do we see the logic behind breaking the link between average earnings and the cap. The real concern here is that the requirement to find affordable housing may force families away from areas where there are high levels of work opportunities, such as London, to places of high unemployment. This would undermine the ultimate aim of getting people off benefits. Will the Minister say whether the Government intend to undertake a distribution analysis of the levels of housing benefit the average person hit by the benefit cap would receive and where they may be able to secure suitable housing?

The Bill also introduces a two-child limit on receipt of the child element of tax credits for children born after 5 April 2017, and the child element of universal credit for families making a new claim, whether or not the child is born before April 2017. The Government estimate, based on the current profile of tax credit claimants, that by 2020-21 640,000 families will lose support as a direct result of this limit.

While it is right that people should take responsibility for the number of children they have, there are a number of cases where exemptions should be made. These are: families fleeing domestic violence; stepfamilies; bereaved families; kinship carers, who, according to the Children's Society, support an estimated 200,000 children across the UK; cases of rape; multiple pregnancies; and where the third or subsequent child is disabled. I would be grateful if the Minister gave an assurance to make exemptions and to review the two-child limit in all such cases.

It is also of concern that the Bill repeals the income targets and associated duties to eradicate child poverty that are set out in the Child Poverty Act 2010. Without question, worklessness and lack of access to employment are key drivers of child poverty. However, while work can be a key route out of poverty, it is by no means a guaranteed one. As the End Child Poverty coalition has shown, the latest government statistics show that

62% of children in poverty now live in working families. This affects 2.4 million children. The changes that the Government plan to make to the support for low-income families is only likely to make this situation worse. Will the Minister look at maintaining income-related measures of poverty among the life chances measures?

We have a significant concern about the decision to reduce social housing rents over four years. This represents, as the Minister has said, an overall reduction of 12% compared to current forecasts. While this may indeed help to reduce the housing benefit bill, and the costs for people living in social housing, we are concerned about the impact it will have on the ability of housing associations to borrow in order to build more homes or to ensure that improvements are made to current social housing stock.

The Government have already decided to keep housing costs for specified accommodation—such as that offered by St Mungo's Broadway, which provides specialist services and housing for the most vulnerable—out of universal credit and benefit calculations. This is very welcome, but by introducing a rent-reduction measure the Government will undo these steps and a vital safety net may be cut. Will the Minister give an assurance that the Bill will be amended to exempt specified accommodation?

Finally, there are a number of areas which are not in the Bill but we believe will further undermine the principle that work should pay and people who are able to work should be supported back into work. In particular we are concerned about the appalling cuts to tax credits, which even Conservative MPs are now in open revolt over; the cuts to housing benefit for those under 21, which will make it harder for young people to move to areas of high employment in pursuit of career opportunities; and the deepening cuts to further education colleges, which make it harder to ensure that young people get the skills they need to become employable. These are all areas in which further work is needed by the Government if they are to be truly on the side of all working people. This Bill is not a Bill for work.

Before I sit down, I wish my noble friend Lady Thomas a speedy recovery from a knee operation after a fall last week. I hope that she will be well enough to join us for the remainder of this Bill.

5.04 pm

**Lord Patel (CB):** My Lords, four years ago, speaking during the passage of what became the Welfare Reform Act 2012, I highlighted the many issues faced by those in the work-related activity group, or WRAG, on employment and support allowance, and the necessity of them receiving adequate financial support for the period when they are too ill to work. I will focus again on that one cause: people who are too ill or recovering from a debilitating disease. The Minister may well remember that I carried four amendments, but he immediately turned the Bill into a money Bill, so the discussion had to stop. But he came true on that occasion and understood the cause that I was fighting for. He brought in a government amendment to put people with cancer in the support group, and I am forever thankful for that. I am hoping to get the same response this time without having to win any votes.

[LORD PATEL]

I am having to repeat many of the same points today which I made at that time. Clauses 13 and 14 would cut the amount that people claiming ESA in the WRAG, and with a limited capability for the work element of universal credit, can receive from £102.15 to £73.10. You may say that £30 a week is not a great deal of money, but for people who are on benefits, it is a great deal. They will receive the same amount of money as those on jobseeker's allowance yet be unable to work. This is a significant cut for anyone to face to a weekly budget.

Let me highlight briefly the individuals who will be affected in the WRAG. I am talking about people such as cancer patients who have undergone debilitating treatments such as chemotherapy or radiotherapy and are in the process of recovering from their illness. I am also talking about people with other diseases such as Parkinson's or multiple sclerosis, or who have physical and learning disabilities. Mental health has of course already been mentioned. I want to draw particular attention to people who have had a cancer diagnosis. As the Government have stated, it is true that many people undergoing most types of chemotherapy and radiotherapy go into the support group, thanks to the amendment that the Government brought in. I am pleased that that level of support is not being changed. I welcome that.

However, thousands of others who may be experiencing long-term side-effects as a result of their cancer and treatment, or those living with other comorbidities, are placed in the WRAG. While many of these people will have finished their treatment, they will still be suffering from disability. The side-effects of treatment such as chemotherapy and radiotherapy, as is well known to many Members of this House, can be severe and long-lasting. Ask any who have had such treatment and they will tell you what it feels like and for how long. It also varies from person to person, depending on their cancers and their ability to cope with the therapy. Research by Macmillan and other cancer charities found that one in four of the 2 million people in England alone living with and beyond cancer today face disability or poor health following their treatment. It is not uncommon for a cancer patient still to be reporting pain and extreme fatigue long after their treatment has ended. Many of them will be unable to work as a result. To suggest that these people should be treated in the same way as jobseekers who are fit and able to work cannot be, and is not, right. It is uncompassionate and uncaring.

I am concerned that the Government's proposals fail to recognise a clear distinction between those on jobseeker's allowance who are available for, seeking and able to engage in work and those on ESA in the WRAG who have been independently medically assessed as being too ill to work. Most cancer patients want to get back to work. They see that as a recovery from their illness, so they wish to work.

The Government have stated that this move is about providing an incentive for people to return to work, no matter what their condition. However, I have yet to see any evidence to suggest that this is needed, let alone that it will work. If I am wrong, I have no doubt the Minister will correct me with the evidence that he has.

What people who are ill need is enough time and the right support to recover and get well. They do not need to be penalised for not recovering quickly enough.

Let me give an example that many of your Lordships may have seen. Stacie, a 43 year-old in remission from leukaemia, recently wrote an article in a leading daily newspaper about her experience of having cancer. She said:

"Throughout it all, I wanted to work. I am still desperate to return to the classroom. My hospital room was wallpapered with cards and pictures from my students and fellow teachers. When I was struggling, I only had to glance up to see the gallery I'd created of children's artwork. Those crayon suns and stars brightened a very dark time in my life. The idea that I'd need to be further impoverished to be incentivised to return to teaching is not only ludicrous, it's insulting".

Stacie's doctor told her that, because of the effect that cancer and depressed immunity had on her immune system, teaching was for her now,

"more dangerous ... than police work".

This comment highlights what I fear that the Government have failed to consider in their proposals. In order for people with long-term illness, physical or mental, to return to work without further risk to their physical or mental health, they need the right support, and they need time. They should not feel pressurised to return to work before they are mentally and physically fit enough because of financial worries. Doing so could have a significant negative effect on people's physical and mental health. People could actually require longer-term welfare support: the exact opposite of what the Government are seeking to achieve.

I wonder what, if any, assessment the Government have made of the potential knock-on costs and implications for both the health and benefits systems if people who have been medically assessed as being too ill to work return to work too soon and their health deteriorates as a result. I spoke about people living with cancer, but, as I mentioned, it is not just people with cancer but others with long-term disabilities and other illnesses.

I welcome the fact that no current claimants will lose money, but that will provide no comfort to those who will be placed in the WRAG after April 2017. I, like many noble Lords, welcome the Government's commitment to provide extra investment in employment support for those in the WRAG. I look forward to the Minister's outlining more detail about this. If not, then there is a risk that the Government's proposals will inadvertently move people further away from the labour market as people already too ill to work are made even more ill.

There is a clear link between financial difficulties and poorer health. Four years ago, I was accused of not understanding the need to reduce costs. I said then, and I repeat it now: I clearly understand the need to balance the books. However, it is not compassionate, caring, or a mark of a civilised society to do so by making the sick poorer and sicker.

I know that the noble Lord, Lord Freud, who I know from my previous experience does care, will look at Clauses 13 and 14 particularly in relation to this group of people who are suffering or recovering from cancer, and suggest a way of mitigating the effects of these proposals. I look forward to his comments.

5.13 pm

**The Lord Bishop of St Albans:** My Lords, I will pick up on some of the themes that have been raised by some of my noble friends who have spoken today, particularly on the area of vulnerable adults and those who are disabled. I invite the Government to think about two issues in particular. The first relates to the clause in the Bill legislating for a mandatory 1% annual reduction in social housing rents over the next four years. I, like other noble Lords, understand that the Government have their reasons for introducing this mandatory reduction, not least the considerable savings on housing benefits that such a rate reduction would deliver. I welcome the discretionary power that the Secretary of State will have to waive the requirement for rent reductions. This will go some way to protecting those housing associations which find themselves financially exposed due to circumstances outside their control.

What concerns me most about these measures is the direct and indirect effect that they might have on the supported housing sector, which provides vital accommodation and a degree of independence for vulnerable groups such as the mentally and physically handicapped, the homeless, those with addiction issues and those fleeing domestic violence. While I welcome the DWP's indication that there will be an exemption from the rate reduction for specialised housing support, that constitutes only a very small subset of the supported housing sector, and I do not believe that the exemption goes far enough.

Because of the various needs of the tenants, supported housing is far more expensive to maintain than standard social housing, creating an extra cost burden on supported housing that is inevitably reflected in smaller operating margins. One supported housing provider has pointed out that its housing is on average 64% more expensive to provide than standard housing, while one large, mixed-sector housing association has calculated that the proposed rent reduction would leave one-third of its supported housing stock making a loss. Given the small margins involved, it seems highly likely that a forced rent reduction in supported housing will endanger the supply of supported social housing in this country. Smaller housing associations which are devoted to the supply of supported housing might be simply unable to absorb the rate cut, while larger housing associations with a variety of housing stock might find themselves forced to get rid of their most unprofitable supported housing. New supported housing developments would inevitably be postponed and, even where supported housing remains viable, it is likely to face staff cuts that would lead to a drop in the standard and provision of care for some of the most vulnerable people in our society.

Any of these outcomes would not only be bad social practice, but be bad economics. Any measure that increases the number of vulnerable people in unsuitable accommodation, or the number of those experiencing homelessness, is only going to increase the wider financial burden on the state. Given that other measures in this Bill are liable to increase the pressure on the social housing sector, such as the benefit cap as applied to homeless households and the proposed changes to the support for mortgage interest scheme, it seems ill advised to place this vital service under undue pressure.

There is, of course, a simple solution to all this, which is to exclude supported housing from the measures in this Bill. Given that supported housing forms only a small proportion of wider social housing—estimates put it at around 4%—the cost of such a measure would be relatively small, and would certainly not prevent the Government from making significant savings on housing benefits. That is one way in which we can seek to ensure that the most vulnerable in our society are properly protected, and I urge this House, and indeed the Government, to consider any such amendments if and when they are brought forward.

I also want to raise a more general point of concern about how this Bill impacts vulnerable disabled adults. The Government have rightly given some protection to the most vulnerable disabled people in protecting the current employment and support allowance support group component from cuts. Yet even this group, which the Government have promised to protect, will face a cut in real terms through the freeze on the basic ESA allowance. The Motor Neurone Disease Association has estimated that the freeze will leave those suffering from terminal and degenerative illnesses over £250 a year worse off by 2020, when the projected rise in prices is taken into account. This is deeply problematic, both in that it is liable to put an extra burden on those who might be nearing the end of their life—and something like motor neurone disease hits people with incredible speed—and in that it sends the wrong message to those who should have our fullest support. I would welcome a comment from the Minister about whether Her Majesty's Government would consider measures to mitigate the impact of the rate freeze on those in the support group.

I also find myself deeply concerned about the substantial reductions in benefits for those in the ESA work-related activity group. This issue has already been discussed by those far more knowledgeable than me, but I want to make one point before I finish. The work-related activity group is formed of half a million people who, as has already been said, have been medically assessed as not fit for work. This includes those with cancer, mental health issues, musculoskeletal diseases and even progressive and incurable diseases. They are people who are in a deeply vulnerable position. Those who have had members of their own family hit by these illnesses realise just what a huge and devastating impact they make—and how quickly they can hit. In no way should they be treated as your average jobseeker, just because there is a hope that with the right training and support they might one day be able to re-enter the world of work, yet that is exactly what this Bill is in danger of doing. I urge the Government to reconsider this aspect as we go through to the next stage.

5.21 pm

**Lord Lansley (Con) (Maiden Speech):** My Lords, it is my privilege to address your Lordships' House for the first time. I beg your indulgence, together with my noble friends who are making their first speeches in the course of this Second Reading debate. It is a privilege to follow the right reverend Prelate and to contribute to this debate.

Coming here, having retired from another place, and not seeking re-election, one is often asked, "What's the difference? Why did you do that?". The difference

[LORD LANSLEY]

was lost on my 10 year-old son, who said, “So you’re off to the five-star place with the red seats and the gold leaf”. He was literally right, but the metaphorical differences are much more important. I went to the other place as part of a governing majority and—perhaps I am old-fashioned in this respect—with the purpose of upholding that governing majority and securing the Government’s business in what I regard as the determinative House. Here one has a freedom; I come here with the intention of seeking out that freedom—the freedom to take my own view about the policies that have a long-term impact on this country.

I am proud of what we achieved in the coalition Government. People will argue heatedly about whether the things I did as Secretary of State were right or wrong, but from the policy point of view I believed in them and I continue to believe in them. I think they made an enormous difference compared to what would have happened without them in a transition over three years, which was achieved on time and on budget, which saved £5.5 billion off administration costs in the last Parliament, which gave to the NHS an independent voice, which just over a year ago the NHS used for the first time at a general election—its own view of what should happen for the NHS in the next Parliament. We brought waiting times down to their lowest ever level; we kept the NHS out of deficit over the course of that transition; we brought hospital-acquired infections down to their lowest ever level; we virtually abolished mixed-sex accommodation and had a million more people with access to NHS dentistry; and this at a time when the increase in the NHS budget was marginal in real terms, as compared to large real-terms increases in the past.

Policy can change things, but very often the optimum policy and the exigencies of politics are not the same thing. I will not go on at length about the differences—many here realise that entirely. I come here knowing, as a Secretary of State and a Cabinet Minister who had to take Bills through this House, what this House is capable of doing. It is presumptuous of me to say so, but I hope to be part of that. I saw Bills, like today’s Bill, where the prior debate was a reflection of the interests, the stakeholders and the comment that came to this House from outside. To that extent, it started to feel as if it was going to be—how shall I put it?—a rerun of the same arguments. However, what I appreciated as a Cabinet Minister, enjoying all the frustrations of watching this House scrutinise my legislation, was that as time went on more and more Members of this House took the trouble not just to listen to what other people were saying but to read it themselves, to understand it, to see why things were being done in the way that they were in the legislation, and then to propose worthwhile amendments to do those things better, not to try to overturn the purposes of government but actually to fulfil them in a more effective way. I hope that that is what we can achieve here.

From my point of view, I started as a policymaker—I was a civil servant before I was a politician—and I hope in a sense to be a policymaker after being a politician. I should say that when I first came here I was rather surrounded by all my old bosses. When I

was a civil servant my noble friend Lord Tebbit was my Secretary of State. I am the first, and thus far I think the only, Principal Private Secretary to a Cabinet Minister subsequently to have become a Cabinet Minister. I am not sure that civil servants should necessarily seek to emulate my path, but there it is. I want to be a policymaker after being a politician, and in this House we can do that.

It is important in the debate on this Bill to realise that its purposes are the right ones. I have never been a fan of declaratory legislation, of simply setting up targets in legislation and imagining that those things will happen as a matter of course. They do not; you have to have policies and substance to make them happen. However, I do not think that legislation can be, as this is designed to be, a mechanism for accountability. Regarding life chances for children and social mobility, therefore, it is important to set out in this legislation what that accountability should look like. For my part, I think this structure is better than the previous Child Poverty Act structure because in the past there was a risk that it added no value—that it was essentially about redistribution. For the benefit of our children we need to add value and ensure that their life chances are greater than they would otherwise have been without our policy interventions.

I look to the Minister and suggest that we look beyond simply key stage 4 educational attainment and reducing the number of workless households, important though both of those are. When I was Secretary of State we supported the work of the Marmot review on the social determinants of health, and there are aspects, particularly for children, such as readiness for school when children first go to school and minimising the number of those who are not in education, employment or training, that in themselves are central determinants of subsequent health and indeed of long-term life chances as well. So we should be looking progressively to see whether we can expand the accountability aspects of the reporting process.

The other thing that we have to do, of course, is recognise that there are two purposes of the Bill that we must see through. The first is the manifesto mandate to reduce the cost of welfare and enable the Government consequently to reduce the deficit, so we have to see where those savings will come. On the first day when I was here after my introduction I listened carefully to the tax credit debate. I heard more about what was wrong with what was being proposed than about how in practice the saving could be accomplished in a way that did not significantly reduce the incentive to work.

My second and final point is exactly that: the Bill is designed around a purpose of sharpening incentives to work. Doing the right thing is often tough. However, it is important to look at the evidence and say, “Is the present structure of work incentives in the employment and support allowance, or in the new structure of universal credit, right yet?”. If it is not right, and if it is not yet delivering the work incentives that it should, we have to support the Government in the Bill in trying to make those incentives much more effective in future. For those reasons, because I agree with those purposes, I for one will certainly be supporting the Bill.

5.28 pm

**Lord Blencathra (Con):** My Lords, what a privilege to be present today for the maiden speech of my noble friend Lord Lansley. When I looked at the alphabetical list of speakers last week and saw my noble friend's name, I hoped that I would not be following him since he would show up the gross inadequacies of my contribution. Naturally, my silent prayer to the Chief Whip went unanswered.

We have just seen a splendid example of how this noble House benefits from the addition of Peers such as my noble friend, who are experts in their subject and have considerable experience of government and the other place. My noble friend has told the House that he was Principal Private Secretary to my noble friend Lord Tebbit. I assure your Lordships that he did not inherit all the views held by that noble Lord. In fact, although my noble friend was the Bernard of his time, rising to become the Minister, he often had to say, "No, Minister", so he also did a Sir Humphrey act with my noble friend Lord Tebbit. In addition to what he has told us today, the House will have discovered that my noble friend has brought a disarming and quiet style of delivery. I have always found this to be persuasive in the past and I am sure your Lordships will find it so in the future. We shall all look forward to his further contributions on a range of subjects. However, as a former Chief Whip, I hope my noble friend will not range too widely with the freedom he intends to exercise.

I support the Bill, which has to be seen in the context of what the Government have achieved on the economy since 2010. Employment is now at a record high of over 31 million, up 2 million since 2010. That represents a record employment rate of 73%. Crucially, the number of workless households is at a record low, down nearly 700,000 since 2010. The best thing that any Government can do to help people on welfare is to get them into paid employment and off welfare. I will touch on a few aspects of the Bill, first of which is apprenticeships. I like the idea of reporting annually on this. Apprenticeships are absolutely crucial for individuals and the economy and they are the best way to boost employment chances for young people. I am delighted that the Government have delivered over 2 million new apprenticeships over the past five years and plan to deliver 3 million more over the next five. It was wonderful to read of the brilliant A-level student who turned down Oxford or Cambridge to take up an apprenticeship with Rolls-Royce. Of course, not all apprenticeships are of the calibre of Rolls-Royce and, although we need to make sure that all apprenticeships do offer genuine skills training, we must not let cynics rubbish the less glamorous and technical end of the scale.

I am thinking of catering, for example, which is often scorned as low-grade work. I suppose that an apprenticeship to serve a skinny latte at Starbucks would be a bit thin, but what about the 15 kids Jamie Oliver took and trained to be really good chefs? That was quality training in cooking which we should not scoff at—if your Lordships will pardon the very bad pun. In 1980, when I was Food Minister, the splendid Albert Roux came to see me. He said: "Everyone,

especially we French, mock English food as just roast beef and sticky brown gravy; but within 25 years English food will be regarded as the best in the world. We are training brilliant young apprentices who will one day be among the finest chefs in the world, but it all depends on training apprentices". How right Albert turned out to be.

I welcome Clause 3 and the duty to report annually on the troubled families programme. If we are to add to the 117,000 families already helped by getting children back in school, and significantly reducing youth crime and anti-social behaviour, then we need as much information and as many facts as possible. All the research I have read shows that, when children come from a home with one or more parents who are unemployed or who have a criminal record, or from a home with absent, uncaring fathers where there is no support or encouragement to attend school, the chances of those children going bad are greatly increased. That is not making any moral or social judgment. It is a simple fact that the fewer positive factors are present during a child's upbringing, the less chance he—and it is usually a he—has to succeed. So information is vital, and then policy can be revised accordingly.

Similarly, I like the clauses on life chances, although the phrase sounds a bit trendy. This reform is long overdue. The existing statutory framework in the Child Poverty Act, set around the four income-related targets, is a nonsensical way to measure real poverty. As the Prime Minister said,

"we are in the absurd situation where if we increase the state pension, child poverty actually goes up".

If we focus on the number of children living in workless households and their educational attainment by the time they get to 16, and we incorporate family breakdown, problem debt and addiction, we will get a real measure of poverty, will be better informed and will be able to devise proper policies to tackle it.

The benefit cap restores fairness to the welfare system and has incentivised work. I will not bore the House with the statistics; we shall no doubt hear a lot more today. Lowering the cap emphasises the message that it is not fair for someone on benefits to be receiving more than many people in work, and better reflects the circumstances of many working families. Tens of millions of people in work and paying taxes would love to live in a bigger house, in a better street or in a house with a nice garden, but they cannot afford to. They have to settle for what they can afford. No wonder all the polls suggest that they are outraged to see people on benefits being paid to live in housing which they, as hard-working taxpayers, simply cannot afford.

Clauses 11 and 12 will limit child tax credit and universal credit to two children from April 2017. As we have heard, this is controversial, but it has to be right. Families in work have to make tough decisions on how many children they can afford. It is probably the most difficult decision any parent can make. Therefore, families on benefits should be encouraged to make the same financial decisions as families supporting themselves solely through work. It is not fair to the working families who can afford only two children that they have to pay taxes to support those who decide to have

[LORD BLENCATHRA]

more, on the basis that the taxpayer will pay. Some will say that this is inconsistent with child benefit paid for any number of children. Yes, it is, but in politics one has to accept political reality: no Government have dared to tackle it. There are inconsistencies in many policy areas, such as the state pension being paid to the poorest and to multimillionaires, but that does not mean that we should perpetuate, or create new, unfair regimes. We are where we are and must make incremental changes where we can.

Finally, I will mention the welfare budget generally. We have heard a lot, and will hear a lot more today, about those who may have their benefits reduced because of the Chancellor's Budget. I pay tribute to Gordon Brown for keeping us out of the euro: it was the right decision. No doubt, at the time, he considered his plan on tax credits and child tax credits to be right also. However, that was when it was set to cost £4 billion; but it has rocketed to £30 billion and applies to nine out of 10 households. So who are all the people who were not in his original plan but became included later on? Who were the unexpected beneficiaries? Did Gordon Brown never intend some or all of those who may lose out now to be winners in the first place? I simply do not know, but I cannot imagine that he intended the costs to rocket as they have, and for so many other people to be included.

There have been intriguing suggestions about where the Chancellor could get alternative funding so that there are no losers. However, the whole point is that welfare spending is out of control and has to be cut. Taking away what has been given, even if it was not justified or intended in the first place, is never easy but we all know what the long-term sustainable solution is. It is a big hike in the minimum wage until it eventually becomes the real living wage. We cannot reduce welfare dependency while large multibillion pound companies are paying poverty wages and depending on the taxpayer to pay their employees what they should be paying them in the first place. I make no apologies for returning to this theme for the fourth time this year. We have the fastest growing economy in the G8. Business is flourishing and businesses should pay their workers a lot more than the present minimum wage. I urge the Chancellor to increase the rate still further next year and ignore the usual sob stories of the CBI. We will reduce the welfare bill when people working 40 hours per week get sufficient pay on which to live, without other taxpayers having to top it up. We have a long way to go but the Bill is another step in the right direction, and I commend it to the House.

5.39 pm

**Lord Layard (Lab):** My Lords, I will make just one, completely simple, point. If you are on ESA because of mental illness, you are sick. If you are sick, you ought to be in treatment. It is an astonishing fact that under half of the people on ESA by virtue of mental illness are in any form of treatment: a crazy situation. If we really want to get these people back into work, the most important thing would be to help them get better. They should be in treatment and the purpose of the Bill should include the effort to get them into it.

So how can this be done? The vast majority of mentally ill people on ESA are suffering from depression or anxiety disorders. For all these conditions, NICE recommends the offer of psychological therapy. For severe depression and some anxiety disorders, it also recommends medication, but we know from the evidence that most patients would prefer psychological therapy. However, until 2008, NICE-recommended psychological therapy was hardly available at all on the NHS to this group of patients. Since then, however, the Improving Access to Psychological Therapies services have become available nationwide—partly due to the efforts of the noble Lord, Lord Lansley—and in the past 12 months these services saw nearly a million people.

Incidentally, the services have different names, and your Lordships may not always realise that what they are talking about and seeing is an IAPT service—I will just use the term IAPT. The key step, therefore, is to ensure that every person with depression or an anxiety disorder who is awarded ESA is referred to an IAPT service. I am planning to move an amendment—I hope in agreement with the Minister—to ensure that this happens. It should happen as automatically as possible, although we should allow the claimant to decline. We should make sure that this is an automatic part of the procedure.

The first step would be to get the claimant an assessment of his health problem. Your Lordships may not be aware of the extraordinary situation that, when people come on to ESA with depression or anxiety disorders, the vast majority will never have received a diagnosis of what is wrong with them and will have no specialist assessment of what their problem really is. They will have seen their GP, but for most of them that will be all, unless they have been referred to an IAPT service. What we need is a mechanism whereby all those coming on to ESA are automatically offered an assessment by the IAPT service locally and, following that, suitable psychological therapy. Ideally, this could all be arranged on the first day after the award of ESA, when the claimant is called to the jobcentre to be allocated to the Work Programme. Next they would be invited to go along the corridor to see Mrs or Mr So-and-so. This has to be the way to go.

By contrast, it has sometimes been suggested that we should create a separate system of psychological therapy for people whose mental health problems are affecting their employment. However, it would be extremely costly to build up a separate system; and when we have one system that is working well, that is what we should build on and use. But of course it needs improving. In particular, it needs to include professional employment support for those looking for work or at risk of job loss. This was a central feature of the original design for IAPT, which, in fact, prescribed one employment support worker for every eight therapists. Unfortunately, the Department for Work and Pensions objected to this suggestion by the Department of Health and said it was its own job to do it, but then it failed to get the money and the job did not get done at all. This is, roughly speaking, what has continued to the present day.

Fortunately, the Government—led by the Minister—have now piloted a system of individual placement and support, which will be introduced within the



IAPT services. That is excellent news. Obviously, the best location for employment support workers is within the therapeutic team so that they can exchange their understanding of the claimants' problems. However, for any of this to work, the claimants must first be referred to an IAPT service. As I said, half of them are not referred to anything and are in no treatment of any sort, so the key issue is to make that happen. But could the IAPT services cope with the extra numbers of people? The answer is yes, if the resources are provided. Of course, no alternative system could cope either without the resources being provided.

Where we are now is that the IAPT services are seeing 15% of all the adults in the community with depression and anxiety disorders. The Department of Health has proposed to the spending review that this should rise to 25% by 2020. In my view, expansion on that scale is vital, on the grounds of parity of esteem for the claimant and of simple, common-sense economics. When people recover from depression and anxiety disorders, there are massive savings in reduced welfare payments, increased tax receipts and reduced costs of physical healthcare. Our calculations are that if the proposed expansion from 15% to 25% is allowed to happen over the next five years, the public debt in Britain in 2020 will be £1 billion lower than if we did not have the expansion that we need to have. This is because clinicians recognise employment issues as an indicator of clinical priority. Work can be a major therapeutic agent. We can confidently say that the IAPT services would respond if they were given the job of treating this group of patients. The bigger doubt is about the willingness of the jobcentres to refer people; we have had a lot of trouble trying to make that happen. That is why we need legislation to ensure that a rational system of referral is put in place.

I know that the Minister is very interested in this issue and I hope that he can help us to devise a practical solution for the present absurd situation. What we have is taxpayers paying billions of pounds to people who are unable to work due to a treatable condition, for which they are not being treated. This cannot make any sense. It makes no sense for the people themselves, for whom it results in terrible hardship, or for the Exchequer. It is time that these people got the treatment that they desperately need.

5.46 pm

**Baroness Doocey (LD):** My Lords, the Government's pledge to halve the rate of unemployment for disabled people is very welcome, but I question whether their proposals will deliver that promise. The Bill requires the Secretary of State to report back to Parliament on progress towards full employment, apprenticeships and work with so-called troubled families, but there is no mention of reporting back about progress on halving the disability employment gap. Why? What of the action the Bill proposes to support disabled people into work?

The biggest barrier to overcoming the disability employment gap is employer attitudes. Most disabled people lose out on a job because of the way employers perceive their disability. Employers may sign up to the guaranteed interview scheme for disabled people, and I

recognise that the public sector leads the way on this, but real-life experience suggests that this is all too often a tick-box exercise that simply raises false hope.

Take the example of a young man I know who is blind. He left university with an excellent degree. His interpersonal skills and his writing ability are second to none, and he has excellent computer skills, yet he has spent much of the last 12 years searching for paid employment. He could paper the walls with the rejection letters he has received in that time. His experience in interviews has left him convinced that even the most enlightened employers see disabled applicants as simply too risky. The Bill does nothing to tackle the discrimination that people like him face when looking for work.

The second barrier to work for disabled people is inadequate support to help them find work. The Work Programme has a very poor record of supporting disabled people to find work, and the feedback that I have received from disabled people suggests that disability advisers at jobcentres—if available at all—are less than good. The majority of employers are small enterprises, which will not necessarily have practical adaptations such as disabled toilets or lifts, which are essential for people with disabilities. Employers who employ disabled people therefore need to be certain that specialist support and accurate practical advice are available from government, easy to access and professionally delivered. A poor experience will simply reinforce employment prejudices against disabled people. Without a coherent, consistent and locally tailored service to support disabled people into and in work, Ministers will fail to make real progress in cutting the disability employment gap.

Not only does the Bill not do enough to tackle the barriers that disabled people face in finding work, it does nothing to fix the woeful record of the work capability assessment. The failure of the assessment has been bought home to me by the experiences of a close friend. Injured in a motoring collision, my friend Ann has endured years and years of successive operations and chronic back pain. Her pain clinic judged her unable to stand for more than three minutes at a time, yet, despite that, she was classified by the government system as fit for work until her consultant was so concerned that he waded in and helped to get her reassessed.

While doing nothing to confront the frequently inaccurate assessments, the Bill does address those who are considered unfit to work now but who may be fit to work at some time in the future—the work-related activity group. For the sick and disabled people in this group, Ministers plan a £30 a week cut in the employment and support allowance, claiming that this will incentivise them to find work. If the Government's tough, not to say harsh, assessment regime has judged them unfit to work, what do Ministers expect the £30 a week cut to do? Do they think it will act as some kind of miracle cure for their illness or disability?

The language of the Bill, and that used by Ministers, in talking about incentivising disabled people to work is patronising in the extreme. Disabled people want to work; disabled people do not need to be incentivised. What disabled people need is for government, and society as a whole, to work at removing the barriers

[BARONESS DOOCEY]

placed in their way—barriers that hundreds of thousands of disabled people who are in work overcome every day, often with Herculean effort, energy and patience.

The Bill as drafted will move disabled people further away from the workplace and act as a disincentive for people in the work-related activity group. In addition, it does not answer the fundamental question: what do the Government plan to do to educate non-disabled employers and recruiters about employing disabled people? I look forward to addressing these issues further in Committee.

5.53 pm

**Lord Rix (CB):** My Lords, first, I must apologise for being absent from your Lordships' House for the last 18 months, but a touch of cancer, a pleural effusion and other ghastly things which can happen to people approaching their 92nd birthday have, understandably, kept me otherwise occupied.

It is of course people with a learning disability with whom I am most concerned. While there are some things to welcome, a number of clauses in the Bill will hurt many people with a learning disability, together with their families and carers. There are 1.5 million people with a learning disability in the United Kingdom and, while we have come a long way in building a more inclusive society, understandably many are on the margins, few are employed and many live in poverty or close to it. The Government have said that they will protect vulnerable and disabled people, and indeed it was clear in the Conservative manifesto that that was their intention, but I fail to see how the Bill meets that commitment.

One should of course give credit where credit is due, and it is extremely welcome that the Government have chosen to protect the disability living allowance and its replacement, the personal independence payment, from these cuts. Many people with a learning disability rely on these payments to make ends meet. However, those with mild and moderate learning disabilities are not always in receipt of DLA and PIP and so would be adversely affected by the benefit cuts and benefit freeze. The majority in this group are on employment and support allowance, a benefit specifically for people found unfit for work on account of their disability or illness.

Regrettably, the Bill also proposes cutting employment and support allowance for new claimants in the work-related activity group by around £30 a week. Currently, there are half a million sick and disabled people in this group, almost a quarter of a million of whom have mental health problems, autism or learning disabilities. These are people found unfit for work, albeit encouraged to take steps towards work, training and the like. Cutting their benefits from £102 to £73 a week is going to have a huge impact on this group. Fewer than one in 10 people with a learning disability are in work and are reliant on this much-needed income in order to make ends meet.

The Government have stated that the cut is to remove financial disincentives to work. This seems to imply that people with a learning disability are living a life of luxury on benefits, free from the desire to work.

This is, frankly, insulting. There are of course barriers to work for people with a learning disability, ranging from employer attitudes to a lack of support in finding work, integrating and staying in work. The Government have pledged additional money to support people into work by the end of this Parliament, which is a welcome commitment. I hope that the Minister can confirm that a proportion of this money will be spent on those with significant barriers to overcome, including those with a learning disability.

I look forward to Committee on the Bill. Alas, I do not know how much of a role I will be able to play in the House over the coming debates, but I certainly hope that my colleagues will speak on behalf of those with a learning disability if I am unable to do so.

In conclusion, I wish to ask a question to which the Minister may find it a little difficult to give an honest answer. Where is the evidence that cutting benefits results in more people with a learning disability getting a job? I rest my case.

5.58 pm

**Lord Lupton (Con) (Maiden Speech):** My Lords, it is a great honour to stand here as a Member of this House and to speak for the first time. I begin by expressing my thanks to noble Lords on all sides of the House for the warmth of the welcome I have received. The huge amount of support available to newcomers such as myself from your Lordships, the doorkeepers, the clerks, the Library, the IT support staff, the Pass Office, the dining rooms and all the members of staff have greatly eased the rites of passage, and I thank your Lordships and them warmly.

I should also like to thank my supporters for their advice and encouragement: the noble Baroness, Lady Kennedy of The Shaws, whom I first met three years ago when I joined the board of trustees of the British Museum—an arrival she immediately celebrated by announcing her departure—and my noble friend Lord Rose of Monewden, who has been a business friend for many years. I could have no finer supporters, spanning, as they do, my interests in business, the arts and the not-for-profit sector.

Finally, I give thanks to my noble friend Lord Borwick, who has approached his duties as mentor with exemplary zeal. Two weeks ago, I made the mistake of mentioning to my noble friend that I was about to spend an early Friday evening with my pass and a map familiarising myself with this building. Within minutes, I received an email from him listing six obscure rooms that I had to find—a very upmarket sort of treasure hunt.

I am glad to make my maiden speech on a subject so vital as the Welfare Reform and Work Bill. I support the Minister's aims for the Bill, and in particular I want to highlight the work of the troubled families programme, which the Bill seeks to enhance. Based on my family's active interest in the welfare of those children right at the bottom of the social pile in the UK, I feel that the troubled families programme is on the right track but still has a lot to do. I suggest that more focus be brought to the needs of the most troubled children in our society.

I should like to put my speech in context. My two brothers and I grew up in a beautiful part of north Lancashire, where my father ran our long-established textile engineering business from a dark, satanic mill in Accrington, until the de-industrialisation of our UK cotton industry put it, and its many employees, out of business some years after my father's retirement. We were brought up in an environment where love and mutual respect were strong; where hard work was expected; where ambition and, yes, competition were encouraged; where knowledge was held precious; and where the concept of community service was regarded as the expected norm. We lacked for nothing but we were taught not to want everything. It was a perfect childhood, and it gave me the foundation and all the tools to make the best of my life. Would that every child in Britain should be so lucky.

That brings me back to the Bill. It is right to highlight that income may be important in measuring poverty, but it is not the only measure. The Centre for Social Justice report, *Reforming the Child Poverty Act*, highlights the five measures of worklessness, family breakdown, educational failure, addiction and serious personal debt as elements of an interconnected problem that income-only based definitions of poverty fail to cover. To end poverty in this country, we cannot afford to just play with statistics; we have to strike at its underlying causes.

That is what makes the work of the troubled families programme indispensable. This programme aims to identify families in difficulty who have complex needs at a local level, and to intervene to help them directly. Three years ago, the Prime Minister set local councils the challenge of joining up services to help 120,000 such families. By now, 116,000 such families have been helped, but we simply cannot stop here. In its 2012 report, the riots panel estimated that there are around 500,000 "forgotten families" experiencing multiple disadvantages that require intensive intervention. This is a major problem of our age and of our society.

I want to go further: I have a concern that there is a whole class of young—sometimes very young—damaged children effectively growing up alone, in that they are not even part of what we think of as a family. They are not in families at all. I have met teenagers with six siblings, each from a different father. I have met children who have been physically and emotionally abused by their mother's boyfriends. I have met children who have been excluded from school aged 13 because they have never been given a concept of boundaries and acceptable behaviour, and children who have turned to committing sexual acts on the street at that young age to fund their mother's heroin addiction.

Why would children as young as 12 or 13 be on the street alone? Because they may have been excluded from school for their almost feral misbehaviour, caused by their lack of any upbringing. The school will have complied with DfE guidance by notifying a parent of their exclusion, whether or not any mother, father or guardian was capable of picking them up, due to their own inadequacies. Surely, that is a case where the law is failing in practice in its primary duty of care to the child rather than the school.

One might consider such a child to be beyond hope. However, it is remarkable how the human spirit can overcome impossible obstacles in the desire to survive and thrive—given help. I saw this last Friday afternoon, when my wife and I visited the Mulberry Bush School near Oxford. I declare an interest, as our family charitable foundation has recently made a small initial grant to the school. We saw first-hand the inspirational help that that school gives to some of the most damaged children in the UK, from the ages of five to 13. These are children who, in the school's own words, have,

"been so constantly deprived and frustrated that they are full of helpless rage, which one day will manifest as panic, violence and destruction, and we must find ways to intervene early to break this destructive cycle".

I ended our visit to the school having a conversation about shifting continental tectonic plates with a lively 12 year-old boy who only two years ago could not read or write a word; nor could he express himself intelligibly.

A good upbringing is not available to all children because, as the CSJ says in its report:

"Many of these parents received poor parenting themselves when they were children so the cycle continues unless the right intervention is given".

We have a moral, social and economic need to intervene.

The children I describe seem, through no fault of their own, to fall between the lack of statutory duties of the DfE after they are excluded from school and the DWP, because of their young age. That is why the troubled families programme is so vital. It specialises in a whole-family approach, it cuts through jurisdictions and statistics, and it helps people who need it most. It uses many different models to fill the gap that I describe.

My point is that the new reporting requirements for the troubled families programme as set out in the Bill are a useful step in the right direction. But there is so much more to develop, not least whether there are more relevant ways to measure success so that the payment-by-results approach can be applied to greater effect and children who somehow survive in what is anything but a family unit are scooped up into the care net.

We owe it to the legion of "lost families" and "lost children" to intervene. I applaud the direction of travel of the troubled families programme, especially the renewed investment of a further £200 million to add to the £448 million already invested in this programme. I finish by quoting what Confucius is credited with saying some 2,500 years ago:

"The strength of a nation derives from the integrity of the home".

Some things, my Lords, do not change.

6.08 pm

**Lord Borwick (Con):** My Lords, I first must congratulate my noble friend Lord Lupton for an outstanding maiden speech, in which he has carelessly set the bar very high indeed for his future performances. I have known the noble Lord for some years, and I know that he is widely respected in the City of London and by his colleagues. To have that combination of wisdom and friendliness is an awesome mixture, which will encourage no end of requests for him to volunteer

[LORD BORWICK]

to help in this House. I predict that we will hear from him those words often muttered in this House, “I wonder why I volunteered for that”.

My noble friend Lord Lupton is clever enough to actually understand the welfare system, while not actually needing it. I recently saw a video on YouTube making the point that it would take the world’s fastest speed-reader more than five days straight to read through the entire UK tax code. The regulations and guidance on the myriad benefits that are available to claim may pose an equally difficult challenge, so much so that I am sure that the ability to really understand the benefits system is a skill that would make anybody employable at a very high level.

I noticed that the benefits cap puts a cap on a total of 14 different benefits. We have a structure so convoluted that I am not sure that anybody who administers it can really control it. Universal credit will do much to simplify the system but there are still dozens more benefits, which keeps things complex.

Perhaps much of the complexity came from a previous Chancellor, Gordon Brown, a man who is reputed to believe that anybody can understand this composite cat’s cradle. I am not sure how many claimants get all 14 benefits, but the sooner we get a simpler system in place, the better.

So, the benefit cap—at £23,000 in London and £20,000 elsewhere—has to be a step forward. I wonder, though, whether future claimants will regard it as a new measure of success to get the maximum rather than anything less. I am sure that we can rely on the benefits system to retain enough complexity to keep people employed.

I wanted to talk about Clause 20, an important clause which manages to take up 38 lines without using the one word which describes the subject of that clause—Motability. Clause 20 takes up those 38 lines, and only manages to improve the Government’s deficit by charging Motability a sum of about £1 million. Every million pounds counts, we are told.

The Motability scheme has been a great success over very many years. Founded by my noble friend Lord Sterling, it has enabled millions of disabled people to get a car—which would otherwise have been impossible. Indeed, it has provided finance to a group who may be described as being about the only big group in our society unable to obtain finance. This is partly because of the well-known fact that poverty is inextricably linked with disability. The regular stream of income from welfare payments is irrevocably diverted to the Motability scheme for the length of the finance term. Because of this, Motability has been able to obtain catering quantities of finance to lend to disabled borrowers. It has then been able to use its buying power, as the largest individual purchaser of cars, to obtain discounts unavailable to other people. Of course, there is a further enormous difference in the VAT position. VAT is not charged on vehicles purchased by Motability, but a second-hand car is generally sold without VAT.

I may have a certain advantage over other noble Lords in that I had the privilege of running a portion of the Motability scheme. That involved financing

wheelchairs and scooters, in partnership with a great charity called the Enham Trust, for a period of seven or so years until we sold it back to Motability Finance. So I have no interest to declare, but I do have a certain amount of out-of-date knowledge and a lot of respect for the people who run the Motability scheme. When I took over the powered wheelchair finance scheme, I little realised that I was entering a trade that made the fictional Arthur Daley look like an angel. The scams, rip-offs and downright fraud, with disabled people as the victims, were amazing. We sorted out the book and got rid of most of the bad dealers, promoting the good ones and serving the customers much better.

One thing always puzzled me about the car scheme—the way that the scheme provided the same sort of car, including insurance, everywhere in the UK. That was because the level of benefit was identical throughout the UK, despite car insurance varying widely in price depending on where you lived. Essentially, then, disabled customers in countryside areas, or perhaps with small mileages, were subsidising disabled customers who lived in London or Northern Ireland—places with historically higher insurance rates.

Given the immense problems which disabled people generally face, perhaps one group of disabled people having an unfair advantage over another is not the worst problem that can perplex noble Lords who are trying to do the right thing. Maybe we should try to do something about why disabled people are generally poor, or why poor people have a greater chance of becoming disabled. There are difficulties with both, but I feel that the problems of cross-subsidies could perhaps be ameliorated by the structure hinted at in this Bill—that of introducing more competition into the Motability scheme. If there were a choice of finance providers, such bias in the system would soon disappear. There is a king-sized danger of vulnerable customers being mistreated, as there is in any finance scheme, but competition and good regulation have a way of driving out the bad guys.

The great success of the Motability structure over the last 40-odd years of its existence is that it has really changed the market. It has moved disabled drivers from those horrible three-wheeler Invacare trikes, known to most people as Noddy cars—and usually mistaken for Reliant Robins—into a system where, if you were looking for the group with the highest percentage of new cars, it would probably be younger, mobility-impaired, disabled people. That they have more new cars, financed at cheap rates, is a triumph. So this partnership between a charity and a finance company is a powerful structure.

Why do we limit it to things with wheels? Could it not be widened to embrace parts of the health service and benefit distribution as well? Noble Lords on all sides of this House would encourage the Government to do more of what they do well. Noble Lords on this side would like to stop the Government doing things they do badly. Surely the Motability system is one of the best organisations that we have, so we should look at ways to widen the range of things it might do. I wholeheartedly welcome Clause 20 of this Bill, but I ask the Minister whether it could not go further forward on this point.

6.15 pm

**Baroness Hollis of Heigham (Lab):** My Lords, the wind-up speech on Third Reading of this Bill by the Minister of State at the Department for Work and Pensions, Priti Patel, in the other place on 27 October was remarkable. Much of it was echoed today by the noble Lord, Lord Freud. I believe that almost all her assertions were false, apart from the fact that she supported the Bill. Priti Patel said that welfare spending was out of control; she said it was “unaffordable” and that we needed to make cuts which were “fair to taxpayers”.

That is false. Tax credits did not rise from £1 billion to £30 billion, as was parroted down the other end, but they built on the almost £5 billion base we inherited from the admirable family credit of the noble Lord, Lord Fowler. Some 50% more lone parents entered work with the help of tax credits, and the income support bill fell from £15.7 billion to £2.9 billion between 1996-97 and 2012-13 as women transferred from out-of-work benefits to in-work benefits—tax credits. Add the fact that more than two-thirds of the jobs created between 2008 and 2013 were for people in self-employment with a median income of £10,000, who needed tax credits to survive, and that broadly explains the cash rise. Have we been told that at any point? Oh no, my Lords.

None the less, is the welfare bill unaffordable? No, my Lords, false again. The Office for Budget Responsibility report, *Welfare trends*, of October 2014, shows that welfare benefits, including pensions, as a share of national income—GDP—which is surely the true test, were 12% in 1983-84 and 12% in 1993-94, and are 12% now. They have not raced away, but have been broadly steady, fluctuating only a little in times of recession. Have Ministers told us that either? Oh no, my Lords.

The Minister in the other place says that we must be “fair to taxpayers”. This assumes that there are two tribes—benefit recipients and taxpayers. We heard something about this today. Professor Sir John Hills’ research shows that even the poorest pay for half the benefits they get back through their national insurance and taxes, especially indirect taxes. The mirror-opposite is true: most of us get back most of what we pay in over our lifetime. As my noble friend Lady Sherlock said, social security smooths out and supports us. This happens if we have children, through child benefit; if we experience a broken marriage, unemployment or under-employment, disability, caring responsibilities, bereavement or old age. Speaking personally, while paying taxes every year, I have also received benefits to help smooth five of those seven life-changing circumstances. That will be true for many of us here. Indeed, over the course of 18 years, half the population has needed and received a means-tested benefit. There are not two tribes of taxpayers and benefit takers. It is a fact that almost all of us are both, often at the same time, one with another. Shame on those who deliberately inflame social hatreds with such malevolent fictions.

The Minister in the other place also claimed that she was part of the “one nation Government”. Equally, the Prime Minister has talked about “compassionate Conservatism”. Really, then why are we loading these expenditure cuts on the backs of the poor? Why push

the poor into debt to help the Government out of it? Compassionate Conservatism? We have heard about ESA. Disabled people want to work, but DWP work programmes have failed, so now the Government are going to press them into work by cutting their benefit by £30 a week to JSA levels. Most of them will not work because they cannot. Instead, they will appeal, as nearly 40% of them do now, and more than half will win those appeals. They will move further away from work into the long-term support group of ESA instead.

Compassionate Conservatism? Let us take the benefits cap. Half the 120,000 affected families, larger families living in the private rented sector, will lose more than £50 a week. The Government cut local housing allowance because a couple of years ago the noble Lord, Lord Freud, believed, against all the evidence, that this would bring down private sector rents. He was wrong; it has not and it will not. Only an increase in the building of new social and affordable rented homes will check rents. Instead, with its 1% cut, the Bill does exactly the opposite. You could not make it up. It will remove around 19,000 prospective local authority homes and probably even more housing association homes from potential construction. Norwich, Milton Keynes and Cambridge are cities with high housing demand, but they will cut back their supply. From next April, a capped family of four will not get enough housing benefit to pay for any private rented home in London. I am told that a capped family of five will not be able to pay for a three-bedroom housing association property anywhere in the country. One nation? There is not even one city as the poor are moved on and out, destabilising the very family life that Mr Duncan Smith calls for.

Finally, in the name of compassionate Conservatism, let us take children. The Prime Minister and the Chief Whip told the country during the election that child tax credits would not be cut, but in fact they will be. In addition, the Government will remove funding of £3,325 from the family element for the third child and more, even if that child is disabled—from Catholic, Jewish and BME children; from families who have offered kinship care; from one in seven families. We do not refuse the third child his school place or her hospital visit because every child matters—except to the DWP. We do not even deny better-off families child benefit for the third child. Most European countries actually increase support for larger families because they care about child poverty, but not this Government. Suffer the little children in larger families—and they will indeed suffer, to our shame.

The Minister, Priti Patel, went on to say:

“This Government are committed to working to eliminate child poverty and to improving life chances”.—[*Official Report*, Commons, 27/10/15; col. 305.]

That is impossible. Every measure in this Bill will increase, not eliminate, child poverty. No doubt that is why the Government will no longer count the numbers; it is too awkward. Instead, we get “life chances”, allegedly determined by worklessness and educational attainment, along with addiction and other issues thrown in. This is grotesque.

Worklessness? Some two-thirds of children in workless families are not in poverty, while two-thirds of children in poverty are in working families. The research is

[BARONESS HOLLIS OF HEIGHAM]

unambiguous. Life chances are determined by income, not, as the Secretary of State seems to believe, the other way around. In the 19th century there was a belief that if you could only remoralise the poor, there would be fewer of them, or possibly none of them. A few sentences later in the same debate, the Commons Minister insists that the Government,

“are absolutely committed to protecting the most vulnerable in society”.—[*Official Report*, Commons, 27/10/15; col. 306.]

Unless, of course, they are disabled and in a WRAG, or vulnerable children.

That brings me to the Government’s final claim: that they are the workers’ party. It is a pity, then, that working families on tax credits and UC will be poorer in the future. MPs swagger down at the other end, telling them to work longer and harder, but for what? After tax, national insurance, and HB and council tax tapers, low-income families on tax credits will lose 96p in the pound for every extra hour they work. They will keep 4p. Even with UC, which I support, the same family will keep just 19p in the pound. Does 4p in the pound per hour really make work pay? Would any lone parent, mother or indeed any of us trade an hour caring for our children to earn 4p an hour? I would not. Or does the DWP propose to sanction her into it? As the *Spectator* said, these are battles of choice by the Government, not battles of necessity. They do not need to do it. Please spare us unctuous phrases like, “difficult decisions” and “hard choices”. For whom, exactly? They are not for Government Ministers. The hard choices and harder lives will fall on the working poor, on disabled people in WRAG and on children as people struggle to avoid debt, arrears and eviction, as their health deteriorates and their families break up. That is the offer in this Bill from a self-professed one-nation Government. We can surely do better than this.

6.27 pm

**Lord Low of Dalston (CB):** My Lords, here we go again with another round of ideologically driven cuts to welfare. I say “ideologically driven” because we do not need all this austerity. This is not the moment to argue the point, but we do not. Even if we did, requiring the poor to bear the brunt of it reflects a highly retrograde sense of priorities. Be in no doubt: this Bill represents a clear government decision as to their priorities, which could have been otherwise. It is the brainchild of people who are on a mission to shrink the state. Welfare can disincentivise work and keep people in a state of dependency, and that is rightly being tackled, but overwhelmingly, welfare benefits are paid to people in need and are the product of a society which increased prosperity and increased state provision has made increasingly civilised. The Bill legislates for a raft of cuts to meet the Government’s target of cutting £12 billion from the welfare budget. That cannot but have a devastating impact on poor people who depend on benefits. We should remember that Tony Blair was reputed to have asked what you had to do to save £1 billion on welfare. He was told that 1 million people have to lose £1,000, so 12 million people will have to lose £1,000, which is an awful lot.

These cuts are likely to have a disproportionate impact on disabled people, which I begin by highlighting. Here I declare my interest as a vice-president of the RNIB. The Government have made a welcome commitment to protect DLA and its replacement, personal independence payment, from the proposed cuts. However, the Bill cuts a number of working-age benefits that disabled people are disproportionately likely to receive, such as ESA, JSA, housing benefit, tax credits and the new universal credit. Households with disabled members in receipt of DLA/PIP or who are in the ESA support group are exempt from the benefit cap. However, many disabled people do not fall into these categories. In particular, those in the ESA WRAG group would be subject to the cap, despite being found unfit for work and despite DWP research showing that only half of those in this group were also claiming DLA/PIP.

The Bill freezes a number of key benefits that many disabled people receive, such as JSA, housing benefit and universal credit. Those on DLA/PIP are exempted from the four-year freeze, but specific elements targeted at disabled people, such as the basic rate and work-related components of ESA, housing benefit and the limited-capability work component of universal credit, are frozen. These are clearly matters we will want to pursue in Committee. I merely flag them up. I do not propose to pursue the impact on disabled people further this evening because, along with the noble Baronesses, Lady Meacher and Lady Grey-Thompson, I am carrying out a review, supported by a number of disability charities, of the impact of the cuts in ESA for those in the WRAG group and it is best that I do not anticipate the review.

Instead, I want to talk about two issues in the context of the Bill: first, how claimants might get the support and advice they need to adjust to the changes; and, secondly, how to protect against the worst effects of sanctions hitting the most vulnerable. For the past three years, I have been chairing a commission on the future of advice on social welfare issues, which has highlighted these issues for me.

Starting with information and advice, every time we debate new measures on welfare in this House, we find that the complexity of the regulations and rules around things such as conditions of entitlement, contributory and non-contributory elements, time limits, disability benefits assessment descriptors and differential withdrawal tapers baffle even the most expert. How much more baffling must the system be to claimants who have to grapple with long and unclear forms, technical language and shifting entitlement rules? For those in insecure employment or in and out of low-paid work, just calculating income accurately can be a nightmare. Even when claimants get all their information right, the system is prone to error. DWP estimates that just as a result of simple administrative errors, claimants are underpaid by £1.4 billion and overpaid by £2.4 billion. Then there is the vast number of decisions that DWP gets wrong. The success rate on appeals runs at more than 56%, despite the introduction of mandatory reconsideration.

Universal credit claims to tackle, and eventually remove, many of the system’s complexities, but, as it proceeds laboriously through stage-by-stage

implementation to absorb new rules and aggregate different benefit entitlements, new complexities emerge. For example, there is a misunderstanding of the rules or gateway conditions governing who is eligible to claim universal credit in the first place and whether tax rebates count as earnings under universal credit, and the regulations now differ significantly between digital trial areas and elsewhere. New residency rules and interaction with child benefit and child tax credits are a further source of confusion.

Universal credit implementation and the ongoing impact of the 2012 reforms affecting disabled people's transition into either the new ESA or PIP regimes are generating additional pressures on advice agencies as more people seek support on how to claim, how changes to benefits calculations affect their household income and how to challenge decisions through the tortuous reconsideration and redress process. All but second-tier appellate tribunal issues have been taken out of the scope of legal aid and local government funding for welfare rights advice has also taken a massive hit. The availability and quality of advice has been adversely affected as demand has rocketed. More than one-third of the issues that present to the CAB network concern welfare benefits. Last year, there were around 1.8 million issues spread over nearly 650,000 clients, overtaking debt as the largest category of individuals that CABs deal with. Our commission argues that a new strategy for advice should be put in place on an invest-to-save basis and on the basis that early preventive rights-based advice, provided through CABs and other agencies, can save resources in other parts of our public sector welfare and support systems as well as in health and criminal justice.

Cabinet Ministers appear to recognise that intermediaries and advice can play an important part in the welfare system. As part of universal credit delivery, local authorities are expected to play a key support role by arranging provision for face-to-face services for those claimants unable to manage their benefit claim electronically or for those with more complex and multiple needs. The universal credit local support services framework, agreed between DWP and the LGA, has followed from a number of pilots. The model is based on partnership working between DWP and jobcentres, local authorities and contracted providers, such as housing associations, including in the voluntary sector, and with money advice agencies as key delivery partners. There is also some specific outcome-based funding support from DWP to local authorities for the programme, which I hope will be protected from the Chancellor's cuts. Overall, this initiative is very welcome, although the stress is on financial capability, that is to say budgeting on benefits-supported lower incomes, and on supplementing back-to-work support rather than welfare rights, income maximisation and related social need.

How much help is this programme really delivering? How many delivery partnership agreements have been signed? So far the Minister has announced only 11 local partnerships, the same partnerships that were piloting this approach before. If this is the scale of the scheme, then it hardly qualifies as universal support. The Bill should address whether the information and advice support services' framework for welfare reform should

be put on to a statutory and less discretionary footing or should at least form part of DWP's statutory guidance, perhaps linked to the information and advice strategies that local authorities are having to prepare to meet their obligations under the Care Act 2014. This statutory guidance approach could also make it clear that expectations around delivery must be factored into local commissioning or grant-making arrangements that councils use to support their local advice sectors. The whole universal support process should be one of co-production between statutory agencies and the independent advice sector to underpin the proposed delivery partnership agreements.

The second issue is the growing concern about the use of sanctions in our benefits system. There are protections or safeguards in DWP guidance dating back to 2000 to prevent automatic sanctions applying to vulnerable claimants or to claimants with complex needs, based on social services data and mental health status and, if necessary, home visits. However, as legislation and regulations have become more complex while, at the same time, reinforcing conditionality and sanctions as approaches to encouraging work-seeking behaviours, this guidance is becoming increasingly outdated and weak. This is especially the case in respect of universal credit claims, new JSA claimants and clients of Work Programme providers. There is also often a lack of awareness of the safeguards among DWP and Work Programme provider staff. The Work and Pensions Select Committee report on sanctions after the Oakley review recommended that safeguards should be included in legislation. This Bill gives us the opportunity, and I shall be bringing forward amendments to bring that about.

6.39 pm

**Earl Cathcart (Con):** My Lords, this is the first time I have spoken in a welfare Bill. What caught my eye was the clause on social housing rents, under which the social housing sector, which provides affordable housing, must reduce rents by 1% a year for four years. My initial response was that it might cause some controversy, but I see that the social housing sector has increased its rents by 20% since 2010, which is more than double any increase in the private landlord sector. As a private landlord, I do not see how the social housing sector managed to get away with that. It is unfair on its tenants and, indeed, the taxpayer, who has to pick up the tab for these increases—so much for affordable housing. I support this measure.

Private sector landlords play an increasingly important role in the rented housing market. The number of properties rented by private landlords has doubled in the past 10 years and they now account for 4.2 million properties for rent, more than half the total rental stock. Private sector landlords also play an increasingly important role in housing those in receipt of benefits. According to Department for Work and Pensions statistics, as of August, around 32% of all housing benefit claimants lived in private rented accommodation.

As the market tightens due to increased demand, it is important to encourage and support landlords to house those in receipt of universal credit so that they are able to access accommodation, otherwise they will find themselves at the back of the queue. It is vital that

[EARL CATHCART]

landlords have full confidence that they will be paid in full and on time if vulnerable tenants are to have access to the rented homes they need. This is especially important since the Government took away the option for tenants to ask that the housing element of universal credit be paid directly to the landlord, as was formerly allowed under housing benefit, even though many tenants want to do this. In October 2012, a survey of more than 1,000 landlords carried out by the Residential Landlords Association and the Scottish Association of Landlords found that more than 91% of landlords were less likely to rent to tenants on benefits as a result of the decision not automatically to make payment of the benefit direct to the landlord, even when a tenant reaches eight weeks' worth of rent arrears. It would be good if the Government brought forward an amendment allowing the housing element of universal credit to be paid directly to the landlord. That is my first point.

There are two other measures that should be included in the Bill to assist with giving landlords the confidence they need. The first is that landlords need information on payment of universal credit. Landlords need assurances that tenants have the funds available to pay their rent. Without these, renting to them becomes a risky proposition. Currently, private landlords have no information about the level of payment of universal credit to tenants or about when it will be paid. To provide confidence to a landlord, tenants should be allowed to give their consent to their landlord accessing a limited amount of information to confirm that a universal credit claim has been made and to check the status of that claim. I understand that social landlords are able to gain such information, so why not private landlords? For tenants in work, landlords always ask for a reference from employers to establish their income to ensure that funds are available to cover the rent. It must surely be common sense for landlords to be able to do likewise for those in receipt of housing benefit. I hope that in Committee the Government will bring forward an amendment that will ensure that there is a clear legal power, where the tenant provides written consent, for the Department for Work and Pensions to disclose to a landlord information on the housing element of a tenant's universal credit claim, including the amount and when it is paid.

My last point concerns universal credit claimants' rent arrears. As benefit claimants may often move home, including to seek work, landlords need the security of knowing that tenants in receipt of universal credit cannot simply stop paying their rent and leave their property. Currently, rent arrears can be recouped where a benefit claimant is still living in the house to which the arrears apply. There is, however, little or no opportunity for landlords to recoup them when such tenants move house unless they are prepared to go through a lengthy and probably costly court process. It is important that measures are put in place to give landlords more confidence that they will not be left facing rent arrears. Knowing that the landlord could recover rent arrears from an ongoing universal credit claim, even after a tenant has left the property, would be a strong disincentive for a tenant to rack up arrears in the first place. I hope the Minister will bring forward a measure in the Bill that will ensure that rent arrears

follow a tenant in receipt of universal credit, and that landlords affected have a clear route to reclaim the lost rent in such circumstances. I hope the Minister will look favourably on my three points, but I shall not hold my breath.

6.46 pm

**Baroness Bakewell (Lab):** My Lords, in considering the implications of this Bill for our society, I invoke the judgment of Adam Smith, author of *The Wealth of Nations* and acclaimed founder of the economic theory that gave birth to economic liberalism and the free market economy, who is a hero in many people's eyes. Adam Smith was not just an economist; he was also a philosopher. In his work *The Theory of Moral Sentiments* he expressed concerns that man in society had obligations other than to give free rein to his ambitions and self-interest. He wrote:

"How selfish-soever man may be supposed, there are evidently some principles in his nature which interest him in the fortune of others, and render their happiness necessary to him".

From this sprang what is called caring conservatism, a concept already referred to by my noble friend Lady Hollis. It has had a good run for its money, finding expression in Disraeli's one-nation politics and, in our own day, in David Cameron's big society.

That very concept is currently being gouged out and hollowed by the cruelties attendant on this Bill. We have been living for some time within a sea change of outlook on the part of our Governments to the public realm and the obligations of the state to care for its citizens. We have seen its impact on civic society. Even the Prime Minister has noticed. In his letter to the Conservative leader of Oxfordshire County Council, he expressed his concern at the cuts to services: elderly day centres, children's centres, libraries and such. In response, the council leader, a Conservative, wrote:

"I cannot accept your description of a drop in funding of £72 m or 37% as a 'slight fall'".

Other local councils are similarly up in arms at the scale of what they are having to cut: libraries, museums, galleries, sports facilities, parks and playgrounds, children's centres, youth clubs, after-school and holiday clubs, health and safety inspections. All and more are being stripped from the public realm.

Now with this welfare Bill claiming to promote employment we see real cruelty in dealing with people. In the service of whatever ideology or economic imperative these policies are promoting, their scale is now indefensible. This Bill deliberately hits those who are already poor, disabled or young. I ask the Minister to explain in what way this does anything to eliminate the prevailing direction of our society towards ever-greater divisions between rich and poor and how that is defensible in the name of caring conservatism.

Let me now refer to another ideology altogether. I was part of a cultural delegation to China in 1983 when the diktats of Chairman Mao were in full swing, including the one-child family policy. A Chinese friend I met there took me aside and explained that he and his wife had defied the ruling and had two children, for which he had been demoted and financially penalised. Our delegation was scandalised. I little thought that some decades later a Bill before Parliament would be discriminating between the worth of one child and



another in the same family. I am equally scandalised today and I am not alone. Faith groups across the country—Baptist, Jewish, Church of England, Church of Scotland, Quaker, Methodist, the United Reformed Church and the Caritas Social Action Network, which is the Catholic bishops—have expressed concerns about Clauses 11 and 12 limiting financial support to the first two children in any family. The government assessment estimates this measure will affect 640,000 families by 2020-21, which will mean at least 2 million children will be affected. We are not China but we are seeking by economic policies to limit family size.

Clause after clause of this Bill attacks the vulnerable. Clauses 7 and 8 lowering the benefit cap will affect 120,000 households forcing—so leaked DWP documents suggest—40,000 children below the poverty line. How can we then reduce poverty and its damning statistics? Clauses 6 and 4 will take care of that, by repealing the existing income-based measures of poverty and replacing them with so-called life chance indicators.

The whole area of disability and assessment, as we have heard from the noble Lord, Lord Low, will need to be carefully scrutinised. While welcoming certain aspects of the Bill's intentions, Parkinson's UK is worried, as are many charities, about the impact assessment for Clause 13 to cover the known problems with work capability assessment. We can begin with Clause 1 and ask that the reporting obligations are confirmed.

The Bill flies defiantly in the face of caring conservatism. Its measures, meant to promote employment, need to be scrutinised clause by clause against the damage they will do to the well-being of all our citizens.

6.52 pm

**Baroness Maddock (LD):** My Lords, I have three relevant declarations of interest. I am vice-president of the Local Government Association, vice-president of National Energy Action, which is a fuel poverty charity, and vice-president of the Sustainable Energy Association. I will confine my remarks this evening to two main areas—the almost wholesale repeal of the Child Poverty Act 2010, and how the fuel poverty strategy put in place during the coalition Government interacts with this Bill.

First, I have a general comment. In another place, the Secretary of State for Work and Pensions, Iain Duncan Smith, said:

“This is a Bill for working Britain ... work is the best route out of poverty ... being in work should always pay more than being on benefits ... spending on welfare should be sustainable and fair to the taxpayer while protecting the most vulnerable”.—[*Official Report*, Commons, 20/7/15; col. 1258.]

Many of us might agree with quite a lot of that but, when we examine the Bill closely, we find that it does not quite live up to those aims. This is particularly so when we look at the sections on child poverty and life chances. The Bill removes the four poverty targets set out in the Child Poverty Act 2010 and thereby the Government's duty to meet those targets. Under this Bill, the Secretary of State will have only to report annually on the number of children in workless households and educational attainment at the end of key stage 4. Other noble Lords commented on this earlier. Gone are any targets on income and material deprivation.

I recognise that, during the previous Parliament, coalition Ministers called for improved measures of child poverty that would better reflect the causes of poverty but we seem to be—and I apologise for this phrase but I could not find a better one—throwing the baby out with the bath water.

The Government's evidence review, published in January 2014, indeed showed that long-term worklessness had a very high bearing on the ability of children to exit poverty, as did low earnings. It also showed that low educational attainment had a major effect on the likelihood of poor children becoming poor adults. It was also clear from the review that income levels affected many of the areas that keep children in poverty and lead to poor life chances. There are so many factors that affect children's ability to do well educationally—not just housing but life experiences and the food they eat, which affects their health. All these are affected by levels of income.

I know that free school meals for all young children, which was pushed against the wishes of some of my Conservative colleagues when we were in coalition, have made a huge difference, not only to family incomes, particularly in my area of north Northumberland, but also to levels of attainment in those children. We have heard rumours that the Government want to close the scheme down. Can the Minister tell us whether this is true or merely a rumour?

In drawing up this Bill, how much attention have the Government paid to duties under the Fuel Poverty (England) Regulations 2014, particularly the legal requirement for the United Kingdom Government to declare how they will reach the new fuel targets in England within six months of the most recent general election? To date, this has not been done and the Energy and Climate Change Committee has already pointed out that the current resources are less than half those required to meet the targets set in that strategy. Has the Department for Work and Pensions looked at how its proposals will affect the numbers in fuel poverty? We know that reduced incomes will send more people—more families, more children—into fuel poverty. Has the Department for Work and Pensions looked at the interaction between any change in the warm home discount and its proposals, particularly any changes to the incomes of low-paid working families with children?

The warm home discount scheme provides automatic electricity bill support for low-income older-age households. For other vulnerable and low-income electricity customers who are not of pensionable age there is a one-off payment of £140. This is not paid automatically but is available to people if they apply in the summer. The policy is paid for through a levy on energy consumers and delivered across Great Britain by obligated energy suppliers. Without an extension this scheme will expire in 2016. It is important to know how these measures will interact with each other. Can the Minister tell us whether his department has taken account of such matters? I realise that it is not directly his responsibility but we urgently need to know what plans the Government have for the warm home discount scheme.

In conclusion, we can all agree that the strategies put in place after the 2010 Act have not led to the level of changes that we would have liked, particularly around child poverty. We all want better results. We have had

[BARONESS MADDOCK]

two strategies with a review in between and now drastic changes to the 2014 strategy. I wonder if the Minister—I am sorry he is not in his place but I understand it is a long time to sit there—can tell us why he thinks we are going to do so much better with the proposals here today. Many think they do not reflect well enough what the 2014 review actually showed. They will certainly help the Government by reducing targets but will they help reduce child poverty? Will they improve the life chances of children in poverty? Having listened to contributions this evening I am quite sure we are going to have robust discussions in Committee and I sincerely hope this will lead to an improved Bill. I hope that we can look further at the issue of fuel poverty.

6.59 pm

**Baroness Lister of Burtersett (Lab):** My Lords, the title of this Bill is a misnomer. It will not enhance welfare in the true sense of, to fare well. Instead, it will undermine the welfare of families with children in particular—already hit hard by a succession of social security cuts—because, unlike the last welfare reform Bill, which included some genuine reform alongside cuts, this Bill does not. In so far as it promotes work, it does so through the punitive Poor Law “less eligibility” principle and the devaluation of unpaid care work. A truer title would be the “denial and aggravation of child poverty Bill”. It effectively erases child poverty from the legislative lexicon, while together with other measures it could mean a further 600,000 children in poverty by 2020, according to the Resolution Foundation. The Joint Committee on Human Rights, of which I was a member, recommended that the Government should assess the impact on child poverty of any new law, as well as its compatibility with the UN Convention on the Rights of the Child. There is no such assessment, and that with regard to the rights of the child is written in a rose-tinted font.

Instead, as we have heard, the Bill removes all the statutory measures, duties and targets that underpinned this country’s child poverty strategy, which, under the last Labour Government, led to a significant reduction in child poverty. How will the Government now be held accountable for meeting their manifesto pledge to,

“work to eliminate child poverty”?

As for measures, the 2012 consultation balanced a preference for a multidimensional measure, with the statement:

“The Government is not playing a zero-sum game with child poverty measurement”.

This is from the coalition Government, but led by a Conservative in the DWP:

“There can be no doubt that income is a key part of our understanding of child poverty”.

The Government are playing a zero-sum game now. The 2012 consultation demonstrated overwhelming support for the retention of an income measure, as analysis of the responses by Kitty Stewart and Nick Roberts, of the LSE’s Centre for Analysis of Social Exclusion, demonstrates. They found general agreement that low income/material deprivation are the only factors that are reliably able to distinguish those in poverty

from those who are not. In evidence to the Public Bill Committee, respected academics branded the proposal as “silly” and warned that we are in danger of becoming “an international laughing stock”. A systematic academic review by CASE demonstrated unequivocally that family income is a key driver of children’s development and opportunities. As a CASE blog observed, not measuring income poverty while professing concern about life chances is little short of bizarre.

The Social Mobility and Child Poverty Commission called for,

“a clear commitment to maintain the centrality of income in measuring poverty”.

Perhaps that is why it is now going to lose child poverty from its remit. Will the Minister explain why that is the case? Given the replacement of the Child Poverty Act with a life chances Act, would it not make sense to call it the “life chances commission”, which would signal a broader remit than the narrow, meritocratic concept of “social mobility”?

Why, when the majority of children now live in households with a parent in work, is there to be no measure that can capture this alongside worklessness? Perhaps one reason is that some of the Bill’s measures, together with other tax credit cuts, are likely to aggravate in-work child poverty. In particular, families “supporting themselves through work”, to quote the Minister, could be hardest hit by the removal of means-tested financial support for third and subsequent children because of the interaction with the benefit cap for out-of-work families. The Children’s Commissioner is one of many who have voiced concerns, pointing out that this does not take account of the way family circumstances can so easily change. Yet, when introducing universal credit, Ministers placed such emphasis on the need for a dynamic understanding of family behaviour. Overall, children in black and minority ethnic families are likely to be disproportionately hurt. Their already high risk of poverty will increase, as will that of disabled children.

Another measure that will bear down particularly hard on larger and minority ethnic families is the reduction in the benefit cap. Now that it is being decoupled from average earnings, the rationale for its level is unclear. The original arguments against the cap have even greater force. As I argued when we last discussed the cap, it is unfair deliberately to reduce the amount of money some families will receive to well below the amount Parliament has determined is the minimum required to meet their needs.

It is even more unfair when, as my noble friend Lady Sherlock pointed out, the Government do not compare like with like when contrasting out-of-work and in-work incomes. No account is taken of the in-work benefits received on top of the comparator earnings, in particular child benefit and child tax credit, yet these benefits are included in the cap. This was pointed out in a recent Supreme Court judgment. Three out of five of the judges believed that the cap is not compliant with the UNCRC’s requirement to treat the best interests of the child as a primary consideration. Although the appeal was not allowed, the hope was expressed that the Government would address the implications of this finding when they review the cap—some hope.

One of the justifications for the cap is to increase work incentives, yet the House of Commons Library observes that,

“there is no general consensus”,

that it is,

“proving an effective means of moving claimants into work”.

Instead, a Community Links study found that when you force people into what they call “survival mode”, it can make finding and keeping a job harder and less of a priority because all you can think about is trying to get by. Also, 6% of those already capped are claiming carer’s allowance. Carers UK warns that many,

“are not in a position to pick up work or further work without reducing or withdrawing the care they provide”.

It asks, as the Government have said that it is not their intention to encourage people to stop caring and go into work, why this policy applies to carers. I hope the Minister has an answer. Also, is it reasonable to expect the 15% of capped lone parents who have a child aged under one to work when they are not required to do so even under the Bill’s further extension of conditionality?

Finally, the benefits freeze comes on top of existing cuts in their real value, which is particularly marked for child benefit and has been described by the IFS as “highly regressive”. The impact assessment notes that women are more likely to be affected than men, which is true of many of the measures. Moreover, as the main managers of poverty, women will bear much of the burden, at the expense of their mental and physical health.

I end with two questions. Will the Minister explain how the family test—which the noble Baroness, Lady Altmann, assured your Lordships’ House would be “strictly applied” to “all new policies”—is applied to a Bill that will spell disproportionate hardship for families with children? Will he explain how this damaging and punitive Bill, which will increase child poverty, is compatible with the Prime Minister’s pledge of,

“an all-out assault on poverty”?

7.08 pm

**Baroness Hollins (CB):** My Lords, the Government have ambitious aspirations to halve the disability employment gap, to achieve parity of esteem for mental and physical health conditions, and to improve children’s life chances. My remarks will be particularly relevant to Clauses 1 and 13, and are intended to highlight some risks in the Bill and to propose some changes and different approaches.

Clause 1 obliges the Secretary of State to report on progress made towards full employment, but this full employment reporting obligation does not include a breakdown to show whether any progress is being made towards halving the disability employment gap. Such a breakdown would maintain focus on the Government’s welcome manifesto commitment. Does the Minister agree that the reporting duty in the Bill would be strengthened if it included progress towards their wished-for reduction in the disability gap?

The employment rate for people in all disability groups between July and September this year was 47.6%. The gap between unemployment for disabled people and the rest of the population has remained stagnant at 30% for a decade, although it seems to be

beginning to grow. People with certain specific disabilities are further underrepresented in the workplace. For example, just 15% of adults with autism are in full-time paid employment.

I have an interest and expertise in learning disability. There are 1.5 million people with a learning disability in the UK. As my noble friend Lord Rix mentioned earlier, fewer than one in 10 adults with a learning disability are in work. Supporting people with a learning disability back to work requires specialist skills. A number of approaches are known to help people with learning disabilities into work. These include skills development; buddying schemes and mentoring; improved access to apprenticeship schemes, especially traineeships and supported internships; and breaking down the structural and societal barriers that prevent people with learning disabilities entering or returning to work. Dr Knight, a psychiatrist colleague and researcher who has helped me with this speech, recently saw three patients with a learning disability. Each of them wanted to work and had experience as a volunteer. None of them, however, has been able to progress to paid employment. The workplace is where efforts should be focused to get people with learning disabilities into work. A good example of that is the recent announcement by NHS England that NHS employers will become model employers of people with learning disabilities. I shall watch that with interest.

The Work and Pensions Committee report *Welfare to Work* highlighted the ineffectiveness of the current work programme in supporting disabled people into work. It called for a separate, specialist employment programme for disabled people. Scope has produced a range of proposals for what specialist employment support for disabled people could look like. Will the Minister commit to developing detailed plans on specialist employment support for disabled people? The Government have committed an additional £100 million to support people into work by the end of this Parliament, and I join my noble friend Lord Rix in hoping that the Minister will pledge a proportion of the money to getting people with learning disabilities into work.

Clauses 13 and 14 propose to cut the money that new claimants receive within the employment and support allowance work-related activity group, to encourage them to seek work. This group includes more than 490,000 disabled people, the largest group of them having serious mental illness, learning disabilities or autism. Being in this group means that they are not currently fit for work. This might be because of frequent and uncontrollable episodes of aggression or disinhibition; an inability to travel independently outside their home; an inability to learn anything beyond a simple task, such as setting an alarm clock, or an inability to cope with a minor planned change.

The Royal College of Psychiatrists has pointed out that only 8% of people with mental health problems have been helped into work, compared to 24% of those who do not have a health problem. Furthermore, a survey by Rethink found that 78% of respondents said that they would require more support from their GP, community health services or in-patient mental health services if their benefits were cut. A survey by the Disability Rights Coalition found that almost

[BARONESS HOLLINS]

seven in 10 disabled people say that cuts to employment support allowance will cause their health to suffer. Between 2010 and 2013, just over 1 million recipients of the main out-of-work disability benefit had their eligibility reassessed using a new functional checklist, the work capability assessment.

Although reviews of the functioning of the work capability assessment have led to changes in the way that mental disability is assessed, the reviews have not looked at the mental health effects of such reassessments. Doctors and disability rights organisations continue to raise concerns that they have had an adverse effect on the mental health of claimants, but until now there has been no population-level study exploring the health effects of this policy. However, a new study by Dr Barr at Liverpool University was published online yesterday in the *Journal of Epidemiology and Community Health*. The researchers adjusted for factors known to influence mental ill-health and for baseline conditions. They looked for any association between the reassessments conducted and changes in local rates of suicide, self-reported mental health problems and anti-depressant prescribing rates, in 149 local authorities in England. The researchers found that for each additional 10,000 people who were reassessed there were an additional six suicides, 2,700 cases of reported mental health problems and 7,020 anti-depressant prescriptions, all in working-age adults, and this trend has continued after the economic recovery.

A report of this study in the *Guardian* today quoted a DWP spokesperson as saying that the researchers did not know how many of the suicides were by people who had had an assessment. This seems to me, however, to miss the point. It is, in the first place, a population-level study—a large epidemiological study. The whole system, however, puts additional mental stress on an already disabled and vulnerable group, and the anticipation of reassessments may be too much for some. The researchers concluded:

“This policy may have had serious adverse consequences for mental health in England, which could outweigh any benefits that arise from moving people off disability benefits”.

These important new findings add weight to the demands from a number of disability charities that Clause 13 should be left out of the Bill altogether. Does the DWP intend to link benefit data to mental health data, including suicide, and how and when will such information be made public? I also agree with the noble Lord, Lord Layard, that being assigned to the ESA WRAG group should trigger referral to IAPT for psychological therapy.

The Bill in its current form has missed a number of opportunities. A focus on welfare rather than help to get back into work misses the opportunity to deliver on the commitment to halve the disability employment gap. There is a missed chance to design proper support to get the 250,000 people with mental health problems who are out of work back into employment. In his eloquent maiden speech the noble Lord, Lord Lansley, suggested that critics of legislative proposals should suggest alternative ways to achieve their goals. I suggest that specialist employment support for disabled people would be more cost-effective than the non-evidence-based so-called financial incentives proposed in this Bill.

7.17 pm

**Baroness Browning (Con):** My Lords, it is always a great pleasure to follow my noble friend Lady Hollins. I hope that I will not repeat too much of what has been said. I refer the House to the register and my declaration of an interest as vice-president of the National Autistic Society.

I want to focus on the change to the work-related activity group ESA. One group of people has not been mentioned at all so far: the support group, who have been independently assessed and deemed not to have to apply for paid work, and the WRAG group, as we shall call them. For a year, they are required to attend interviews—they are not just left alone, they must attend interviews—but the activity side of it is meant to involve getting back into work. We have heard from across the House today: from the noble Lord, Lord Patel, speaking very knowledgeably about cancer patients; from the noble Lord, Lord Layard, speaking about mental health; and from my noble friend, who spoke about learning disability. In that very large WRAG group are a considerable number of people on the autistic spectrum. I pay tribute to the Minister for the interest he has shown in and the time he has devoted to the problem of getting people on the autistic spectrum into paid work. I know that he cares about this issue and has put a lot of time into it since becoming a Minister. I hope he will not think me presumptuous when I say that, to judge by our conversations about this, he knows just how difficult that is.

The point about people on the autistic spectrum is that I know of no other group with disabilities who are so passionate about wanting to take their place in society and become independent, even if it is only working on a part-time basis. They are passionate about wanting to earn some money and be just like everybody else. This is not a group of shirkers or people who are “working” the system. It is not just children who are being newly diagnosed with autism; a lot of quite mature adults are still being diagnosed with it, very often because crisis points develop. I wonder what it is about people on the autistic spectrum which means that in 2017, they will be deemed to live on £30 a week less than the group who have been independently assessed as currently unable to work because of their disability or illness.

The impact assessment, which has been referred to today, is available in the Printed Paper Office. It says that the reduction in the WRAG level of payment will, “remove the financial incentives that could otherwise discourage claimants from taking steps back to work”.

That is printed in a government document. I have to say to my noble friend Lord Freud that I am disgusted with those words. I am disgusted that they were repeated down the other end and I hope that when my noble friend speaks, he will not in any way pray in aid that concept. We have heard about people such as cancer patients and many people with behavioural problems, autism or mental health problems—and people with complex problems whose disability is often a mixture of more than one of those. Those are very difficult people to help back into work. It is not always impossible but it is difficult. Where is the evidence for that statement in the impact assessment? What evidence have the

Government identified from the people in the current WRAG group, who have already been independently assessed and put into the group? What is it about them that has given the Government sufficient evidence to change a policy in such a dramatic way? In 2017, this will almost certainly affect that whole raft of people we have heard about today, whether they are cancer patients undergoing chemotherapy or people newly diagnosed on the autistic spectrum.

I have a feeling that the reason why the Government have gone in this direction is not as obvious as the Treasury putting the DWP's arm up behind its back and saying, "This is what you are going to do". Everybody who has served as a Minister will sympathise with my noble friend Lord Freud, because we all know the Treasury's ability in the art of arm-wrestling. However, the Government need to take a clear look at how they see disability, and to look first of all at the individual. It is quite striking that disability issues, and the Office for Disability Issues, are placed within the DWP—the Minister's own department. That is considered the right place for them to be. Can the Minister perhaps share with the House in due course what exactly the Office for Disability Issues does? Is it looking across the piece and beyond that important point about getting people into employment, which I do not disagree with? My noble friend will know that I have banged on his door many times to talk about getting disabled people back into work, or into work for the first time. But what is the Office for Disability Issues meant to do?

If we are concerned about disability, surely we are interested in the individual in a holistic way—not just their employment opportunities but the help they receive, their well-being, their housing, their ability to take their place in society and their social environment. Surely that covers almost every piece of legislation dealt with by almost every government department. I wonder whether placing that responsibility in the DWP has made it become narrow and channelled. Perhaps it fails to look outwards at what the real, day-to-day living needs of disabled people are across the piece, particularly those with complex disabilities whom it is not so easy to get into work.

I have been so impressed by companies such as BT, which has made it its mission actively to employ people with mental health conditions. It has done a fantastic job. Right the way through that company's culture, it now actively looks to employ people with mental health conditions. I have been impressed by what I have seen in some areas regarding the employment of people on the autistic spectrum, but it is patchy. It is hit and miss, unco-ordinated and not really as serious as it should be. I do not in any way hold my noble friend Lord Freud personally responsible, but I do believe that the Government have lost their way in making assumptions about people with disabilities and generalising about what living with a disability really means.

7.26 pm

**Lord Smith of Leigh (Lab):** My Lords, this has been a wide-ranging debate on a wide-ranging Bill, but I intend to concentrate on two aspects which I think I know something about from my experience, so I declare my interests as being leader of Wigan Council and a

vice-president of the LGA. The two areas that I want to concentrate on are troubled families and social rents.

The House may be surprised to hear that I am a great supporter of the Government's troubled families programme. If anything, it is too timid, but the principles are the right way forward. Led by the rather formidable Louise Casey, the programme has assisted 120,000 or so families and helped to turn them around. It has worked as a cross-departmental scheme and it has worked well with local government. The investment of just over £400 million has, according to the Prime Minister, produced savings of £1.2 billion—and who am I to question the Prime Minister's comments? There have been significant savings through the programme, as we know in my own authority. There are a lot of sceptics around who say that local authorities are in the troubled families programme because there is payment by results or because they have fiddled the figures. When we were asked to turn around exactly 755 families, they asked how we could achieve exactly that number. The answer is that we worked with more than 1,000 families to make sure that we had the 755. We did not charge for the others but made sure that we could charge for them.

The programme has worked because there is an emphasis on prevention and getting in there early, working with families to make sure that we can do it. It is a slow process because you need to get families' confidence. Frankly, some of these people are used to having men in suits come around—people like me, as they told me—to give them advice, but not necessarily the advice that they need or want. I was pleased to see that a phase 2 is going on but perhaps not so pleased that the money is not there. I hope that in the Autumn Statement, a real amount will be invested in this programme because it is about investing in people.

I was surprised to agree with a comment that the noble Lord, Lord Lansley, made about school readiness in his interesting maiden speech. School readiness really is a factor that determines life chances. In my authority about a third of kids come to school when they are not ready, but in deprived areas it can be more than 70%. We need to turn that around. I am hopeful that in the Autumn Statement, the Government will start to reverse some of their changes to Sure Start schemes and early years work because that is where we need to put a lot of attention.

In a parallel universe, today in the Moses Room we have been discussing an education Bill. I am disappointed that that Bill does not recognise—as far as I can see, as I was not able to take part—the really important role that schools play as community assets. We need to use schools to work in our communities. Where we have done that, we have even helped people to get jobs simply because they trust what goes on in schools, they trust head teachers, and so on.

In Clause 3, we are expected to agree a typical Westminster or Whitehall reporting obligation on troubled families. That is pretty weak. I hope that the Minister can assure us it is not just making sure that my officers, who are engaged in this work, have to spend more time reporting in. We want it to be a way that innovation and good practice can be spread around so that we can get this working properly across the country.

[LORD SMITH OF LEIGH]

Clause 21, as a number of noble Lords have mentioned, implements the Government's policy on social rents—a reduction of 1%. Again, as my noble friend on the Front Bench said: how can you be seen to be opposing this, opposing a reduction in the rents roll? The answer is that, for councils, it is a reversal of regular practice, it is reneging on a policy the Government agreed to only three-and-a-half years earlier.

Three-and-a-half years earlier, the Government said to local councils, "We need to review housing finance, and we need to localise it". So we went through it, and a big exercise was done by the Department for Communities and Local Government. It came up with a booklet of which I have only the front page, *The Housing Revenue Account Self-financing Determinations*. As an integral part of this, some councils had to borrow money. They said that in 30 years' time the accounts looked as though they needed to borrow money. Some actually got paid money back. The total amount borrowed was £13 billion; £6 billion was paid back. So there is a net benefit to the Treasury there of £7 billion.

My local authority was encouraged to borrow a significant amount: £98 million? Why would we do that? The Government said, "Don't worry. Under the scheme, you will be allowed for 10 years to have a 1% increase in rents to pay for the additional servicing of the debt borrowed". Within three-and-a-half years, that deal has been reneged on, as I said, by the Government, so in fact we have a financial deficit in my authority of probably about £35 million. What do we do? How do we cover that? We cannot raise the rents. We cannot subsidise—not that we have any money anyway. The only way to recover that debt is to reduce activity, reduce the repairs, reduce the maintenance on the property or—probably more likely, of course—reduce house building, stop doing that.

So here is a policy that the Prime Minister was announcing at the conference, a crusade to get more houses built, and in one swoop they have cut off the building of council properties. It does not take long, does it, to change minds? Of course, the beneficiaries of this rent, as my noble friend said, are not the tenants; about 70% of tenants are on housing benefits. Actually, the social housing authorities, the LGA reckons, are paying about £2.6 billion a year into the Treasury coffers.

A local authority obviously meets at the front door, as it were, the consequences of some of the welfare changes. Unlike some authorities, I can assure the noble Lord, Lord Low of Dalston, that we have maintained our welfare advice sector. The Minister has been to Wigan and seen this for himself, but it would be instructive for other Members—we are always talking about theories in here—to come to see what we call the crisis desk in Wigan.

Over the past 11 months, to give the most recent figures, we have had more than 4,500 people coming to that crisis desk in Wigan. Seventy percent of them said that they had no money. It is a complicated thing. Most of them were referred to food banks. Most of them were given support. Often, of course, DWP issues have caused them to have no money—benefits not being agreed or refused, sanctions or slowness in dealing with cases. Really, we need to change that.

We have devised a programme—unfunded, but we do it—which we call Living Well. We are trying to understand what we can do to help people. The complexity of issues that people have prevent them from getting work. Really, the DWP does not always help. We have one young man who is homeless. I would have thought that the best thing for that young man would be to try to find him a roof over his head, but the DWP keeps telling me that he has to get 10 job interviews a week. He said that, really, he just wants to get a home.

There is a toxic mix of people who have mental health problems, probably suffering from domestic abuse and other issues. We need to resolve that. If we are going to solve poverty in this country, the DWP needs to become part of the solution, not one of the main causes.

7.35 pm

**Baroness Meacher (CB):** My Lords, I will explore just some of the concerns about this new wave of welfare cuts. We need to consider these cuts in the context of the £21 billion of cuts implemented in the last Parliament. Under this Government, we are witnessing the most dramatic rolling back of the role of the state and the deepest reductions in the security floor for our most vulnerable citizens ever seen, in my view, in the UK.

The Minister said, I think, three times that the Government will protect the most vulnerable. My Lords, I have to say that is not my perception. What, for example, will this Bill mean for disabled people? The Government's justification for the cuts is, of course, that they want to make sure that work pays and to end benefits dependency as far as possible. This is certainly a fine theoretical position—no one could disagree with it—but it does not work for people with a disability or long-term sickness who cannot find an employer willing to take them on. This is the bit of the jigsaw that is missing in this Bill: the probably perfectly realistic position of employers. Whom will they employ? They will not employ some of the people who are going to be affected, and the results could be catastrophic.

Can the Minister inform the House whether his department has assessed the likely impact of the benefit cuts on the demand from disabled people for mental health services—for example, a bed in a psychiatric hospital or social services? The Royal College of Psychiatrists has expressed some concern about what that effect could be. In my view, it could be very worrying. The key issue is that if the DWP succeeds in cutting its budget, all that happens is an increase in the budget for the NHS and social services. Then, the Government's objective of a smaller state will not be achieved. I really would be grateful if the Minister addressed that point in his wind-up speech.

There are many, many causes for concern, but the cut I find most cruel—other noble Lords have mentioned this—is the cut of nearly £30 per week for sick and disabled people placed in what is commonly known as the WRAG: the ESA work related activity group. These people—as, again, other noble Lords have pointed out—have been assessed by an independent assessor as unfit for work. The Government argue that the extra £30 disincentivises sick and disabled people from working. The noble Baroness, Lady Browning, mentioned

those on the autistic spectrum. I have worked with people with a variety of mental health problems and people with learning difficulties. In my experience, all these people desperately want, more than anything else, is to be regarded as normal. What does that mean? It means being able to go to work. They really do not need this sort of incentive or disincentive.

About half those in WRAG are entitled to DLA or PIP. These are people with serious disabilities who will find it very hard to find work or to keep a job if they get one. Does the Minister not find it appalling that people with Parkinson's and multiple sclerosis—progressive illnesses, of course—are included in the WRAG because they are unfit to work now, and they will be subject to this £30 a week cut? If they are not fit for work now, the chances of an employer's taking them on in the future, as their symptoms get worse, are surely remote. Will the Minister ensure that such groups with worsening symptoms, assessed as not fit for work, are in future placed in the support group, whatever happens to the WRAG group?

Further, over 50% of people affected by this cut will suffer from mental and behavioural disorders. These people long to be accepted. Their families, who themselves may be on benefits, will have to pay for their food and heating. Is the Minister aware that 70% of respondents to the Disability Benefits Consortium survey said that the cut would in fact mean a return to work later, rather than sooner? Obviously, that is a judgment, and it may be wrong—but job hunting costs money, including money for transport and clothes, since you cannot go to work or an interview without appropriate clothes. That is probably particularly true for disabled people. If a claimant cannot afford the fare to attend an interview, how will that promote his employment prospects? Does the Minister have any evidence of the likely consequence of this cut on the employment prospects of sick and disabled people?

The Disability Benefits Consortium welcomes the commitment in the Conservative manifesto to halve the disability employment gap. Again, we are all behind such an objective, but depriving disabled people of essential resources will simply not achieve it. A specialist employment support programme has been mooted, which really could make a significant difference. Again, it would be good if the Minister advised the House about progress in developing that proposal.

The exemption from the benefit cap for claimants of DLA, PIP and the support group level of ESA is very welcome. However, many sick and disabled people will be subject to the cap, along with a small but significant number of carers of those defined as non-dependants in the benefits system, such as carers of adult disabled sons or daughters. The four-year freeze of benefits, including JSA, ESA, WRAG, housing benefit and universal credit, will also severely affect many disabled people, so there are multiple cuts coming along for particular families.

Perhaps the most extraordinary fact, if I am right about it, is that the most drastically affected claimants are families with disabled children. As a result of a cluster of cuts to child tax credit, the disability component and the introduction of the two child limit, a new universal credit claimant would have a maximum annual

entitlement of just one-quarter of their current entitlement in the tax credit system. Will the Minister inform the House whether that is correct? Do the Government really want to penalise such families with a disabled child more than anybody else? I find that quite difficult to believe. What action are the Government taking to assess the impact of these cuts on those people? I would be grateful to know about the evidence behind that.

There are many other serious concerns, including the impact of the reduction in social housing rents on the provision of supported housing for a number of vulnerable groups, as explained by the National Housing Federation. On housing, it seems that there is one real opportunity for the Government to save billions without hurting anybody, which I have mentioned before: by releasing 10% of the greenbelt around the major urban areas. That would transform the cost of land, housing and housing benefit. Yes, we love our greenbelt, but we go walking in the greenbelt regularly, and there is never anybody there.

In conclusion, the level of anxiety among sick and disabled people and others about this onslaught on their modest standard of living is unimaginable. The future for them is truly frightening. I hope that, through debating this Bill, we can truly mitigate the effects of the Government's plans.

7.44 pm

**Lord Polak (Con) (Maiden Speech):** My Lords, it is a great honour and privilege to sit in this House and to follow the noble Baroness, Lady Meacher. I am deeply grateful to my supporting Peers, the noble Lords, Lord Sterling and Lord Grade—both fine men with outstanding records in industry and public service. The noble Lord, Lord Sterling, has been and continues to be a source of wise advice and the noble Lord, Lord Grade, has been a great friend and is by far my favourite after-dinner speaker. I am grateful, too, for the courtesy and kindness of so many in this House: from fellow Peers, Clerks, Doorkeepers, restaurant and bar staff—in fact, everyone has been enormously welcoming.

At my introduction to this House just three weeks ago, so many thoughts and emotions were running through my mind. How did this sport-loving Scouser with a happy-go-lucky attitude arrive in your Lordships' House? I was brought up in Liverpool, where we listened to Lennon and McCartney or talked of Shankly and Dalglish; it was and still is a city full of people with warmth and character, where, as a young member of the small but vibrant modern orthodox Jewish community, I was encouraged to play our part in the community, and to get involved in charitable projects in order to help others. This notion of giving of oneself for the benefit of others is central to my Jewish faith. As it says in the ethics of our fathers:

“Other people's dignity should be as precious to you as your own”.

I moved to London in 1984 and took up my first job as a youth and community worker, and I have continued to be involved in communal and charitable endeavours. It is therefore fitting that I am delivering my maiden speech in your Lordships' House on the Second Reading of the Welfare Reform and Work Bill—a Bill full of examples of the Government taking

[LORD POLAK]

their responsibility. However, like my noble friend Lord Lupton, I would like to concentrate on Clause 3, which introduces a duty to report annually on the troubled families programme. This clause demonstrates the Government's commitment to supporting and improving the lives of families with multiple problems. The original troubled families programme improved the lives of 117,000 families by getting children back to school and significantly reducing youth crime and anti-social behaviour, with many of the families on the programme seeing an adult move off benefits and into continuous employment.

Families were mentioned nearly 100 times in the 2015 Tory manifesto, and we have an opportunity to develop a robust and comprehensive range of family policies. We need to match the promises we have made with economic support, particularly childcare, and with further policies to prevent family breakdown as a result of parents' relationships faltering, or of parents and carers being unable to provide the safe, stable and nurturing relationships that children need to flourish. My rabbi shared a second quote from scripture, saying:

"A society and a family are like a pile of stones. If you remove one stone the pile will collapse—if you add a stone to it, it will stand".

I hope to be able to support welfare, education and particularly health programmes and policies through which help can be given to those in need. Just over 27 years ago, I was given six months to live as a result of a brain tumour. It was discovered on the day in 1988 when I was organising a reception for the new Lord Chancellor, my noble and learned friend Lord Mackay of Clashfern. I did not get to the reception. Fortunately, the NHS and some wonderful people at the Royal Free Hospital saved my life. The dedication, professionalism and care displayed by the doctors, nurses and support staff was truly remarkable, and I know that these traits continue today. As a result of the surgery, I am 100% deaf in my left ear, which over the years has occasionally proved quite useful. I am aware that today, I have not been interrupted—but I am also aware that this courtesy is for today only. So I apologise if, in future, a noble Lord wants to intervene and I carry on speaking: it will just be that I did not hear them.

In conclusion, I could not help noticing that the Book of Genesis is full of family problems, family disputes and dysfunctional families. However, as you reach the end, Jacob resolves the dispute with Esau, Judah takes responsibility for Benjamin and Joseph forgives his brothers. It was only when individuals and families began to take responsibility—when they began to forgive and turn to reconciliation—that the families became a people and a nation. It is with the policies in this Bill, and particularly with the troubled family programme, that we can strengthen our families, our communities and our nation.

7.50 pm

**Lord Farmer (Con):** My Lords, it is a great pleasure and an honour to follow my noble friend Lord Polak—I am not sure he can hear me as his left ear is to this side—particularly after a maiden speech that was remarkable for both its humaneness and its humility.

The tone he struck rings completely true for those who, like me, have known my noble friend in his previous incarnation as director of Conservative Friends of Israel and now as the organisation's unsalaried honorary president. I have always been moved and touched by my noble friend's consistent work in improving relations between Britain and Israel for the common good of each country. He will, I am sure, make a uniquely valuable contribution to the work of this House. We welcome him to us.

I am pleased that this important debate has also enticed other new Peers to make their voices heard in this Chamber. I congratulate my noble friends Lord Lansley and Lord Lupton on their impressive contributions. Given her important role in designing universal credit, I am particularly looking forward to hearing the contribution from my noble friend Lady Stroud, and I want to acknowledge how fitting it is for to make her maiden speech in this debate. What better occasion to express the compassionate and one-nation conservatism—and I believe it is—that is not a new-fangled device cynically constructed to sweeten the bitter pills of difficult decisions? Rather it has a deep seam of tradition and a valued history in our party that goes back to Disraeli, Baldwin, Chamberlain and Butler—and today reaches Iain Duncan Smith and the Prime Minister.

As my noble friend Lord Polak said, government must take responsibility and it is vital to remember what the coalition inherited in 2010: a welfare system run by 35 different IT systems and a monster of complexity that constantly had to be fed and kept satisfied by myriad accretions of former Conservative and Labour Administrations alike. As he entered the last days of the 2010 election campaign, Gordon Brown promised a tiny toddler tax credit of just £4 a week, threatening to add further confusion to a system of 51 different benefits even highly numerate people found extremely difficult to understand.

In 2005, the National Audit Office said:

"Simplification is not an easy option. Radical reform is a rare, costly, time-consuming, and potentially controversial act".

So it is hugely to their credit that the coalition Government embarked on the costly and ambitious project of root-and-branch welfare reform, so that we did not repeat the mistakes of previous downturns, when it became pointless for claimants who fell on hard times to get back into work. We urgently needed a system with an internal dynamic that responded to extra effort and other kinds of behaviour we want to see across the whole working-age population—and in the rising generation for whom they are role models—so that they benefit from the better health, social networks and sense of achievement and self-esteem that comes from earned, but not benefits, income.

The starting point of universal credit was the need to tackle relative poverty effectively. In the boom years of the mid-2000s, the DWP's households below average income statistics showed that someone who had spent five years in low income had no more than a 10% chance of escaping poverty the next year. Large tranches of our population, often concentrated in poorer communities, were locked out of the record growth this country had been enjoying to 2008.



In 2009, by the time the recession had well and truly begun to bite, 5.9 million people were claiming out-of-work benefits, but throughout the preceding decade of high growth that number was only 500,000 lower. This speaks of a structural problem: high-participation tax rates preventing people in precarious economic circumstances moving into work and high marginal tax rates deterring them from working longer hours and progressing. Now, however, the British jobless rate has decreased to 5.3% and is at the lowest level since April 2008, when employment was at a record high.

Yet getting people into work is not the only priority. My understanding is that the ambition of ongoing welfare reform is to help people secure more hours and progress to better rates of pay so that they eventually no longer need tax credits at all. The 2009 *Family Resources Survey* showed that one in seven households were dependent on benefits for more than half of their income, and this may still be the case. Could the Minister explain to what extent underemployment, particularly as a result of working part-time, is contributing to low earnings, and not just unacceptably low wages? Surely progression towards full employment must distinguish between full-time and part-time work so that the Government hold themselves fully to account.

There were also penalties in the system that discouraged people from activities that could decrease their dependency over the long term, such as forming a stable family unit. Couples who had previously claimed as single people stood to lose far more income from benefits by moving in together than they saved through the economies of scale of sharing a home. If they were simply cohabiting, many continued to claim as single parents. In 2013, ONS and DWP figures suggested that well over 200,000 couples were pretending to live apart, with the couple penalty in tax credits a likely prime mover in this particular form of benefit fraud.

Married couples cannot hide their status and this is surely a major contributor to the social gradient in marriage. Wave 3 of the Millennium Cohort Study found that around half of new parents on a low income are married, compared to nearly 90% of those earning an annual salary of more than £52,000. Given the far greater stability of marriage, this has a terrible knock-on effect. Sadly, only half of children in poor families are still living with both their parents when they start school, compared with over 90% of those from higher-income families. Can the Minister explain what progress has been made in reducing the couple penalty in universal credit?

While on the subject of fraud, which is, after all, stealing from the taxpayer, your Lordships should also be aware that a tax credits system that pays for every child has created perverse incentives—for some migrants, for instance. Social workers in the borough of Westminster have made known to me that some are bringing in a large number of children, at least some of whom are very unlikely to be their own. If children are being treated as cash cows by exploitative adults, this is wholly unacceptable and must be exposed. It also puts the two-child limit for new claimants into a somewhat different light from what we have heard today.

To conclude, I was encouraged that, at earlier stages of welfare reform, noble Lords across the House acknowledged how complex, burdensome and inefficient

our benefits system had become under successive previous Governments, and that universal credit offers a desperately needed runway out of poverty at a time when deficit reduction remains a pressing concern. The challenges predicted by the National Audit Office have been significant but surmountable. Universal credit is being relentlessly rolled out, and well below budget. I hope that the Bill will be similarly welcomed and given co-operative support, and that we can work together to ensure that this Government fulfil their elected mandate—for the common good.

7.59 pm

**Baroness Donaghy (Lab):** My Lords, I shall concentrate on an area in which the Government take some pride: the self-employed. The Bill will make the lives of the low-earning self-employed more difficult. The chasm between the Treasury and the DWP is more apparent in this area than in any other. There has been a huge growth in the number of self-employed since 2008 and the Government have favoured it as a viable route off welfare and into work, which is good, provided that it is not forced and that it is genuine self-employment.

Benefit claimants starting their own business are encouraged by the Government with a grant or loan under the new enterprise allowance, together with support from a business mentor. Perhaps the Minister could tell the House, if not today then in a letter that could be placed in the Library, how many loans or grants have been awarded in such circumstances, together with their value, and how many business mentors have been involved. You never know, that may present a rosy picture, but things become a lot bleaker for the self-employed when one contemplates the effect of the tax credit and universal credit cuts without the counterweight of the new national living wage premium—which employees, but not the self-employed, will receive. It has also become tougher for the self-employed to secure working tax credits since April this year.

I am grateful to the Low Incomes Tax Reform Group, and to Robin Williamson and his colleagues, for the briefing that they have provided. As I said, HMRC has tightened up the rules for the self-employed claiming working tax credits. The decision was first announced in the Chancellor's Autumn Statement in December 2014 that self-employed claimants whose earnings were below 24 hours a week multiplied by the national minimum wage would be asked to show that their self-employment was genuine and effective. At the time of the Autumn Statement, the Low Incomes Tax Reform Group said that the proposed test was likely to discriminate unlawfully against disabled self-employed people who might not be able to work 24 hours a week for health reasons but who qualified under existing legislation on the basis of a 16-hour week.

The actual legislation, SI 2015/605, effective from 6 April this year, creates a slightly different rule whereby a claimant must meet the condition of being either employed or self-employed, as defined. For them to be self-employed, their activity needs to be undertaken on a commercial basis with a view to making a profit and it must be "organised and regular". What is interesting is that the additional conditions laid down in the Autumn Statement—namely, that a client must register as self-employed with HMRC for self-assessment

[BARONESS DONAGHY]

and provide their unique tax reference number with their working tax credit claim—have been postponed for introduction next year. Reading between the lines, I wonder whether this was a minor victory for the DWP and the Minister.

In a briefing published in April 2015, HMRC offered some information about how the new condition will be applied. It refers to selecting cases on the basis of a minimum-earnings threshold equivalent to qualifying working hours multiplied by the national minimum wage. It appears from its guidance that it is using the declared hours of the claimant rather than the hours needed to qualify for working tax credit to select claimants, and that leaves many uncertainties. How will HMRC determine whether an activity is undertaken on a commercial basis? Will there be practical implications for the difference in tax and tax credit interpretation of status, whether employed or self-employed? How will claimants and prospective claimants be helped to ensure that they claim on a correct basis to avoid incurring an overpayment by mistake? Apparently, HMRC is still developing its guidance on this. No wonder the Bow Group has said that self-employed people may be pushed on to unemployment benefits as a result.

I turn to the minimum income floor and universal credit. I raised this during the debates on the Welfare Reform Bill, and nothing has changed. The Government make the incorrect assumption that a self-employed person is running a viable business if they are making a clear profit equal to at least the national minimum wage. This ignores the fact that a business has to meet its own costs and expenses before it can declare a profit, and for an employee the salary that he or she is paid is clear of all those costs and expenses. The self-employed worker, though, has to pay for rent, heating, lighting, office equipment, a van, tools and so on, and can take home only what is left over. The two situations are not comparable. However, the DWP, in administering universal credit, deems that a claimant who is gainfully self-employed should be earning a clear profit equal in most cases to the national minimum wage for a 35-hour week, known as the minimum income floor. If they are not, their welfare payments will be restricted as though they were.

The exception is the start-up period during the first 12 months of a new business. This policy is unrealistic and impractical because very few self-employed people are able to make much, if any, profit in the early years of a new business, let alone the first 12 months. Many make a loss as a result of new premises, low receipts, bad debts, seasonal factors or taking on their first employees. This particularly affects the farming and hospitality industries. From April 2016, claimants will be allowed a limited carry-forward of cash trading losses made in any month, but this will not help to cushion the impact of the minimum income floor. Another rule will provide that if the claimant's earnings in a month are high enough to no longer entitle them to universal credit, any surplus is to be treated as earnings in any of the next six months in which the claimant again claims universal credit. This rule is likely to bear more harshly on the self-employed claimant, again because of the impact of the minimum income floor.

Do the Government intend to align the minimum income floor with the national minimum wage, or the national living wage for the over-25s? This would raise the level of profit that they assumed a self-employed universal credit claimant was earning if their actual earnings in the month were less than that amount. With the cuts in tax credit levels and an increase in deemed income for universal credit purposes without any increase in actual income, this would be a double whammy for the low-earning self-employed worker and Britain's pay rise would become another cut in welfare for the low-income self-employed worker.

Lastly, I want to raise the issue of the support for mortgage interest. According to the impact assessment, 170,000 households receive support for mortgage interest or SMI, 55% of claimants are of working age, and single females comprise almost half the case load. However, it is difficult for me to say how many self-employed would be affected because there is no reference whatever to the self-employed in any of the impact assessments.

Whether or not the proposal is justified, it will make life more difficult for the self-employed on low earnings. The SMI payments will be changed from a benefit to an interest-bearing loan, secured against the mortgaged property, from April 2018. Would the Minister consider a two-year grace period before SMI payments become loans secured on the property? This change, which would reflect an option previously given by the DWP during consultation, would ensure that SMI continued to act as a straightforward short-term safety net for homeowners in financial difficulty. I strongly believe that interest should not be charged on SMI loans and that administrative costs should not be secured on property. I look forward to the Committee stage of the Bill.

8.10 pm

**Lord Shipley (LD):** My Lords, I declare an interest as vice-president of the Local Government Association and of National Energy Action. As has been said, this is a wide-ranging Bill, in which the housing elements should be seen in the context of the Housing and Planning Bill that we shall shortly be considering. I shall concentrate tonight on issues relating to the future of social housing for rent, the particular difficulties the Bill presents for supported housing and its potential negative impact on delivering welfare-to-work programmes.

I am becoming very concerned about what seems to be clear government policy not to prioritise the social housing sector, nor to support new build-for-rent adequately. In a recent report, the estate agency Savills found that the Government's focus on boosting home ownership is set to exclude 70,000 more households each year from either buying or renting at a cost people can afford. I am unclear why the Government are so set on promoting owner-occupation, to the exclusion of social renting, and seek to deliver three-quarters of their promise to promote affordable housing through starter homes for sale with a 20% discount. In terms of providing homes to rent, this is not enough as a policy. It will not meet demand and it will not help those who cannot afford to buy.

In terms of supported housing, social housing providers play a critical role in keeping costs down, particularly for the National Health Service, but also for public

spending generally. The case of homelessness is an example. In 2012, the Department for Communities and Local Government concluded that an individual being homeless cost the Government between £24,000 and £30,000 a year. It is much cheaper to prevent homelessness arising in the first place and supported housing is part of the means of doing that. The cost of placement in extra-care housing is much cheaper than alternative placements or care packages. There is, therefore, a strong case for the Government to exempt housing for vulnerable people from the 1% cut in rents each year for the next four years proposed in the Bill. Without that exemption, the reduction in rent income could result in fewer refuges, fewer homelessness hostels, fewer homes for veterans and fewer homes for people with disabilities, with the additional public spending that would entail.

The Bill was amended in the other place to allow for the possibility of organisational waivers. Given that the Government have accepted, in their own impact assessment, published at the end of September, that, “the rent reduction measures may disproportionately impact on supported housing and may cause a reduction in service provision”, the case for housing for vulnerable people being exempt from the rent decrease provisions in the Bill is very strong.

I move on to local authority housing. There is a difference between the impact of the Bill on housing associations and its impact on local councils. Typically, the rents are higher in housing association properties and housing associations generally carry more reserves. The level of annual surplus for some housing associations is very high—in some cases well into the tens of millions of pounds. This may well be one of the factors in the Government’s wish to reduce rents. However, council housing revenue accounts are different, with little or no annual surplus contributions to general funds. The view from this sector seems to be that it will have to consolidate and concentrate on core business, with the extra services it provides, which in some instances can be very important, facing withdrawal. There will, therefore, be a slowdown in new building across the sector, which is most certainly not in the public interest. The noble Lord, Lord Smith of Leigh, alluded to this. Have the Government assessed the impact on new build, since councils need to be confident about their ability to borrow? Constant changes in rent income levels do not help them and, if they are not helped to build, more prospective tenants will be forced into the private rented sector with its higher rents and an adverse impact, as a consequence, on the housing benefit bill.

A further impact of the Bill relates to social housing provider schemes to develop employability for tenants. It may not continue in the way that it has, yet the outputs for the level of spend are impressive. An example is Your Homes Newcastle, which is where I live. In 2014-15, 64 people were employed through either the Your Homes Your Jobs programme or an apprenticeship programme, with 83% moving into permanent employment. Some 42 tenants were supported to create their own businesses and in excess of 200 tenants received employment support through training programmes provided by Your Homes Newcastle. All this could be in danger of being lost. There are many similar examples that could be provided and of which I hope the

Minister is aware. I hope that, in his reply, the Minister will explain whether the Government have plans to enable social housing providers to maintain and, indeed, enhance their welfare-to-work programmes, given the critical role they play in addressing low skills and barriers to employment and reducing social exclusion. These bodies deliver welfare to work, in line with government policy, for large numbers of people and I suggest to the Minister that it would be highly retrograde if this were to be lost.

8.16 pm

**Baroness Howe of Idlicote (CB):** My Lords, it would be wrong to discuss the measures in this Bill without highlighting the disproportionate impact the changes would have on people with mental health problems, and I am very glad to say that a number of your Lordships have already raised this issue as important. Just like physical health, we all have mental health. More of us are speaking out about mental health than ever before but, as has been mentioned, there is still a long way to go.

One area where people with mental health problems are still far too often unsupported and misunderstood is in back-to-work support. Over a third of people with mild to moderate mental health problems, and almost two-thirds of people with more severe mental health problems, are unemployed. Only 9% have been supported into work through the Government’s flagship back-to-work scheme, yet we know that the majority of people with mental health problems want to work. It is essential that this legislation looks at improving support to help people with these difficulties into work.

One problem is that mental health needs are not properly understood or acknowledged, which leads to the wrong support being provided. This does not help people get into work. The story of Lee, a 38 year-old man with mental health problems including depression, anxiety and a personality disorder, illustrates the difficulties. When out of work, in the employment and support allowance work-related activity group—the ESA WRAG—Lee attended a weekly self-help management course at his local jobcentre, which he had to attend or face his benefit being sanctioned. But the support he was provided with did not take into account his mental health. Lee said that,

“it was focussing more on people in pain, people who had bad backs and first aid ... and I did say a number of times at these meetings that this doesn’t apply to me. I’m not in pain as such, I have a mental health problem”.

Of course, Lee’s experiences are not unique. Another sufferer said that her adviser,

“simply did what I could already do on my own, put together a CV and look for jobs. There was not enough support geared to my specific difficulties. Every task was the same for everyone. Not everyone’s needs are the same”.

In addition, the conditionality and sanctions regime has become an unchallenged aspect of back-to-work support. Research by Mind, which does so much in this field, shows that people with mental health problems are three times more likely to have their benefit sanctioned than they are to be supported into employment. That is a clear signal that the system is not working for people with mental health problems, despite this group making up over half of all people on employment and support allowance.

[BARONESS HOWE OF IDLICOTE]

The changes which this Bill legislates for—namely, reducing the amount people on the employment and support allowance work-related activity group receive by £30 a week—would have a serious impact on people with mental health problems, as others have said. We should all be concerned by the Government's lack of assessment of the impact that these changes will be having on people and their families. I am pleased to hear about the review being undertaken by my noble friends Lord Low, Lady Meacher and Lady Grey-Thompson, which I gather will look at how the cut will affect the day-to-day lives of disabled people and whether it will help them move closer to work. We know already that 75% of people with common mental health problems, such as anxiety and depression, receive no appropriate treatment, and that many people use their benefit to pay for talking therapy treatments and well-being activities. There is space in this legislation to support people with mental health problems better and ultimately to move closer to the Government's welcome commitment to halve the disability employment gap.

I end by asking the Minister two questions. One is a repeat of the question that my noble friend Lord Rix asked. The government impact assessment stated that the justification for the £30-a-week cut was to,

“remove the financial disincentive to work”.

Can the Minister present us with the evidence to show that cutting disabled people's benefits results in more disabled people getting jobs? Secondly, the Equality and Human Rights Commission has said that the impact assessment accompanying the Bill does not,

“fully assess the impact on equality and human rights. This may make it difficult for parliamentarians to properly consider the implications of the measures in the Bill”.

Does the Minister accept this criticism? It would be good to hear his reply at some stage as the Bill progresses through your Lordships' House, even though I do not expect much of an answer this evening.

8.23 pm

**Lord Hodgson of Astley Abbotts (Con):** My Lords, there have been 27 speeches so far and I want to avoid ploughing or reploughing ground that has probably been pretty extensively tilled already. Therefore, my contribution will draw on my experiences in the charity and voluntary sector and, in particular, on the work that I did for the Government in looking at effects on that sector in a report called *Unshackling Good Neighbours*. The report tried to find ways of removing barriers to the growth of the third sector, and the research for it gave me the chance to see the condition of some of our most disadvantaged fellow citizens. At times it could be slightly dispiriting but, by contrast, the activities of the volunteers in the third sector organisations—and they were mostly volunteers—were almost universally uplifting. Often with very little money and few assets, they set out to tackle some of the most deep-seated and intractable problems in our society. They were trying to provide a ladder up which our unlucky fellow citizens could climb.

It will come as no surprise to the House that one of the main rungs of the ladder was a job—regular, steady employment, often with third sector organisations helping to provide an introduction to the disciplines

and self-disciplines that the commercial world requires from people who perhaps have become unfamiliar with them because of a long period out of work. Self-evidently a job provides an answer to some of the economic challenges but it does much more than that, as my noble friend Lord Lupton said in his distinguished maiden speech. It helps to provide an answer to social challenges, because one of the pernicious effects of long-term unemployment is an erosion of self-confidence. By contrast, a job creates self-confidence. It creates a sense of self-worth, a sense of belonging and a sense of having a stake in society—above all, a stake in a society that values the individual. Thus, it contributes to social cohesion—the glue that binds us all together—the creation and maintenance of which I believe is one of the great challenges that we will face over the next few years. I will come back to that in a minute or two.

Therefore, it will come as no surprise to the House that I strongly support the direction of travel of the Bill, and in my few minutes I want to address briefly three issues: the apprenticeship programme, the troubled families initiative and the restriction of certain benefits to two children only.

The plan to create 3 million apprenticeships seems admirable. There is a pressing need for vocational training, and the noble Lord, Lord Young of Norwood Green, will, I know, follow me on that. It will provide people with more satisfying, better-paid and more secure jobs than—dare I say it?—a 2.2 in media studies. The Sutton Trust and Big Society Capital are only two of the many organisations that provide many concrete examples of the advantages of this policy. It is certainly not a policy that lacks ambition, but I have some concern that, as numbers expand to meet the 3 million target, the quality standards may be compromised and an apprenticeship may too often become not much more than basic training. So some element of quality control will be essential to keep faith with those joining the programmes. On that point, at least, I am happy to agree with the UNISON briefing circulated to Members of your Lordships' House. The Skills Funding Agency, as the potential policeman, has a vital role to play in this regard. It should also consider establishing a confidential hotline so that those who feel that what was promised is not now being delivered can seek support and redress.

Secondly, I strongly support the initiatives in the Bill to help break the cycle of underachievement, underperformance and deprivation—that is, the troubled families initiative. The troubles faced by each family are unique. Themes there may be but the admixture is unique. Government programmes tend by their very nature to be broad brush—no other approach is possible at scale—but what many of these families need is the detailed attention that can often best be provided by smaller third sector groups. However, their role is often constrained by the commissioning processes. Commissioners can be highly risk averse, preferring to put their faith in large groups, for which smaller third sector organisations can too often become “bid candy”, being landed with the most challenging areas, which perforce carry a higher risk of failure, while the main contractor takes the “vanilla flavour” mainstream cases.

A Second Reading debate is not the place to discuss the details of the commissioning processes but I urge my noble friend to ask his officials to consider establishing

some commissioning yardsticks. The third sector deserves a level playing field and a series of yardsticks would help to establish it. It would also provide a means for more effective delivery of the Government's admirable policy objectives in this area.

I turn thirdly to what I might call, in shorthand, the two children issue, which is possibly the most challenging. In my various visits and trips compiling my reports for the Government I have been struck by how many people, from every sector in every region of our country, emphasise the concept of fairness. It is of course true that the detailed aspect of what each thinks is fair varies according to the eye of the beholder, but the underlying principles are very often the same. This concept of fairness underpins the unspoken and unwritten contract that commits all of us to playing our part in preserving our social model, whether it be pay-as-you-go pensions, the method of funding the National Health Service or the issues that we are discussing tonight. However, the elasticity of the social model is not infinite and should not be taken for granted.

I have of course read very carefully the briefings from a number of organisations on this issue and, in particular, the one from the faith groups, signed by the right reverend Prelate the Bishop of Durham. I understand the point being made and, no doubt, we shall have some robust debates on this point in Committee. However, with great respect to the right reverend Prelate, and indeed to the noble Baroness, Lady Bakewell, who spoke very strongly on this matter half an hour ago, at this stage, I think that with the careful shaping given to this part of the Bill by the Government—for example, that it is a two-child rolling programme and disabled children are exempt—they have got the fairness balance about right.

In the last part of my speech, on the background of the Bill and the issue of social cohesion, I want to turn to a very different point: how we are going to preserve the social cohesion of this country over the next 20 years and the challenges that we face.

This country is undergoing an exceptionally rapid growth in population. I want to make it clear, as I always do when I speak on this subject, that this is not about people's race, creed, colour or ethnic origin. It is purely about absolute numbers—and the numbers are stark. The ONS figures for 2014, produced in late September, indicated that the population of this country increased by 1,435 people every day—just under 900 from immigration, and around 600 from excess of births over deaths, or the natural increase. That is 10,000 people a week. We are putting a small town on to the map of the United Kingdom every week, 52 weeks of the year.

Think of the consequences of that. Take just one consequence that we always debate in your Lordships' House, that of housing. Currently, we house 2.3 people per dwelling. I make the assumption that we would want our new arrivals, wherever they come from, to be no less well housed. To house 1,435 people per day means that we need 624 dwellings. That is 26 per hour or one every two and a half minutes, night and day, without any improvements being made to our existing housing stock, which I suspect most of us would believe are necessary.

I am afraid that this is not a temporary phenomenon. The ONS projections indicate a mid-point for the UK's population in 2035 of a further 10 million people—that is made up of both immigration and natural increase. Twenty years from now, we are going to have to build three new Greater Manchesters. On the same metric of 2.3 people per dwelling, that is 4.4 million homes. If noble Lords do the simple arithmetic, they will see that that is one new house every two and a half minutes for the next 20 years.

I fear that the introduction of 10 million people and 4.5 million homes will pose challenges to our social cohesion that we have not really begun to think carefully about. This is 10 million people in a country that has just overtaken the Netherlands as the most densely populated in Europe, with 425 people per square kilometre—the Netherlands having just under 400 people per square kilometre.

It is easy to put this issue into a box marked “too difficult” because it is difficult. I urge my noble friend on the Front Bench; I urge the noble Baroness, Lady Sherlock—this is not a party political matter—and, indeed, I urge the right reverend Prelate the Bishop of Durham to hold this question and its implicit challenges in their collective mind. For, if there are to be challenges to our social cohesion, it will not be those of us in your Lordships' House who will suffer. It will be the poor, the ill-educated, the unemployed and, above all, the recently arrived—in many ways the people we are trying to help in this Bill—who will bear the brunt.

Twenty years from now, I will probably be dribbling into my cornflakes, unaware of what is going on around me. I believe our successors will be entitled to ask why, on this important issue, we always looked the other way.

8.35 pm

**Lord Young of Norwood Green (Lab):** My Lords, as the noble Lord, Lord Hodgson, confidently predicted, I shall focus mainly on the question of apprenticeships. I welcome the Government's commitment in the welfare Bill to both full employment and reporting on the status of apprenticeships. It is hard to quarrel with a Government who announce the ambitious target of 3 million apprenticeships. I make my usual comment that I only wish they would disaggregate that figure and be more upfront in recognising that a significant number of those apprentices—probably about 60%-plus of them—are people already in existing employment who are retraining and reskilling. It is not that we do not have to do that, but I think that “apprenticeship” is the wrong label.

The real focus of attention ought to be on the lower end of the age spectrum—on the 16s to 18s, or even up to age 24. Notwithstanding the progress that has been made on employment, that is where the levels of unemployment are probably at their highest in many parts of the country.

My other concern is one which I have expressed on a number of occasions. In the drive to push up apprenticeships, which is laudable and with which the previous Government made a reasonable start, can you sustain quality as well as quantity? Take a situation where you have already had an Ofsted report which

[LORD YOUNG OF NORWOOD GREEN] said that, in a number of sectors where the largest volume of apprentices were in areas such as business administration and retail, the quality was manifestly not being sustained, the level of training was minimal and people were, quite frankly being exploited. We should be concerned about that. It is not more than a couple of years ago that a young apprentice went out to work one day and never returned. He died in an environment which was absolutely appalling. I make no apology for reiterating these concerns.

Recently I received a helpful response about some of these issues from the noble Earl, Lord Courtown. He said:

“An ‘approved English apprenticeship agreement’ carries the status of a contract of service. That means that employment and health and safety laws apply. The apprenticeship agreement confirms that the apprentice is undertaking an apprenticeship and specifies the standard they are working towards completing. For apprentices who have an employer, an apprenticeship agreement (whether based on the old frameworks or the new standards) must be in place in order for an employer to claim government funding”.

As a statement, it is okay, but does it really guarantee quality? Does it absolutely guarantee that that young person is going to a good quality, safe working environment? I am not convinced that it does. I issue this as a caution against being complacent if the Government are going to drive up the level of apprenticeships at the rate that they say they are.

The letter goes on with more helpful news—about the introduction of a,

“‘Statement of Commitment’ which is signed by the employer, training provider and apprentice ... and sets out the key expectations, roles and responsibilities”.

All of that is good and I want to see it. I am not complaining about it, but I also want to see that the Government actually have in place processes that will ensure that the quality of apprenticeships is consistently monitored and reviewed. I do not expect the Minister in a debate as wide-ranging as this to have anticipated all these questions, but that does not make them unimportant or unnecessary to pursue them.

We are told about the Skills Funding Agency which “runs the apprenticeship helpline”. That is good, but in many cases young people are only too grateful to be in employment. They do not want to rock the boat, so to speak, so they are capable of being exploited. I merely make the point. Another paragraph really does worry me a little. It states:

“Beyond the quality guarantees inherent in the new apprenticeship standards themselves, quality is assured by the assessment process. Whilst employers are generally free to arrange whatever on-programme training they believe will be needed”—

as I say, that worries me a little—

“to ensure their apprentice reaches full competence, which will often include the completion of a qualification”.

If it is an apprenticeship, should it not always include the completion of a qualification? If we are talking about raising the quality of apprenticeships and convincing parents that the vocational route is just as good as the academic one, that ought to be addressed. If it is a quality apprenticeship, it means that the individual is acquiring skills, training and competence that ought to be tested by an external, independent source.

I am conscious of the time, but I want to turn to a briefing from the charity Leonard Cheshire Disability, which I thought was really interesting; I am grateful for it. It focuses on disability. I cannot deal with as much of it as I would like, but I shall cover some of the points made. It states:

“Given the Prime Minister’s commitment to implementing the manifesto in full we welcome the inclusion in the manifesto of a pledge to halve the disability employment gap”.

I think that we would all welcome that. The charity goes on to stress four key points:

“Reporting on the progress towards halving the disability gap ... Ensuring that more disabled people can benefit from apprenticeship schemes by ensuring that they are as accessible as possible ... Greater clarity from the Government around the specialised support that will be available for disabled people to help them secure and stay in work ... Exploring how the Government can use its role as a public sector employer and commissioner to encourage its supply chain and other employers to employ more disabled people”.

Those are good, constructive points and I hope that the Minister will be able to respond to them.

The briefing then goes on in another interesting paragraph to address apprenticeship schemes and disabled people:

“Apprenticeships provide an excellent route into work for young people—including disabled people—and allow them to develop the skills they need to succeed in the job market. We welcome the Government’s pledge to fund three million new, high quality apprenticeships this Parliament. However too often apprenticeships are inaccessible to disabled people; indeed the number of disabled apprentices has declined from 11.5% in 2007/8 to 8.7% in 2014/15. During the passage of the Bill, we would like to see further commitments from the Government to support more disabled people to participate in apprenticeships, by ensuring that vital funding, such as Access to Work and training funding, remains available and can meet the demand”.

That is a helpful, factual and constructive analysis of what is actually going on. I believe that the Government are genuine in their attempts to seek to secure full employment, but if they are going to meet the target of halving the number of people with disabilities who are not in work, some issues are raised here that need to be addressed. I want the Government to succeed because I believe that getting people into worthwhile employment has a transforming influence on their lives.

8.45 pm

**Baroness Greengross (CB):** My Lords, in the time available I can consider only a very few of the many issues covered in this Bill. I think we all encourage measures that support people into work and to remain at work, so I welcome the clauses which cover the new reporting obligations the Government will have to commit to. They include annual reporting on the progress towards full employment, and this should assist in the task of halving the disability employment gap and recruiting and keeping disabled people in work.

I also welcome the measures that seek to remove income-related targets and replace them with new measures to improve the life chances of children. The new duty to create an annual report on children living in workless households in England and their educational attainment is also very welcome.

The re-emphasis of the importance of encouraging social mobility is also good, but I have some concerns that some of the measures contained in the Bill may,

in fact, drive up homelessness and consequently drive people further away from the labour market. In particular, I have concerns about the lowering of the benefit cap, which has been widely discussed by your Lordships. Most working-age benefits are to be frozen under Clauses 9 and 10. Some benefits, however, are not affected and are going to rise in line with CPI. Many of these are pensioners' benefits. As someone who has worked for most of my adult life to ensure fairness for older people, I say that we must have regard to inter-generational fairness on some of these issues.

Some clauses will change the current provisions for help with mortgage payments. In the future, any assistance with interest payments will be in the form of a loan secured by a charge against the property. Under these regulations, the loan will also accrue interest and incur an administration fee. These costs will be recovered from the available equity in the property when it is sold, but this means that people could be left with nothing because they do not happen to live in the areas such as London and the south-east which enjoy the property prices that now prevail.

Clause 19 requires that registered providers of social housing must reduce the rents payable by 1% each year for the next four years, as the noble Lord, Lord Shipley, has illustrated. While this will be welcome relief to those struggling with the annual uprating of rents in the social housing sector, it is another blow to housing associations, which are still reeling from the plans to force them to engage in subsidised right-to-buy schemes. As a result of that, many associations are now selling off properties on the open market at full price and, if the rent is fair, they will also have to take the hit on any rent reductions. Not all landlords are exploiters of their tenants. While reducing social rents is obviously welcome, tackling the high cost of housing is the only sustainable way of reducing welfare spending in the long run. More housebuilding is the only way to bring housing costs down, and progress in achieving this aim must not be undermined. This reinforces the need for support in the latest round of the Affordable Homes programme, which aims to increase the supply of new affordable homes in England by March 2018.

Finally, as a former commissioner on the Equality and Human Rights Commission, I share the concern of the EHRC, which in its evidence to the Public Bill Committee felt that the impact assessments and human rights memorandum which accompany the Bill do not fully assess the impact on vulnerable groups, and that this could make it difficult for parliamentarians properly to consider the implications of the measures in the Bill. This Bill needs very careful consideration and the sort of scrutiny that only the House of Lords can give it.

8.50 pm

**The Lord Bishop of Durham:** My Lords, I support many of the principles underlying this Bill: the importance of personal, as well as collective, responsibility; the value of decent work, not just financially, but for human dignity; the role of the welfare system in encouraging positive behaviours; the recognition that poverty is not simply about lack of income; and the desire for fairness for those who receive from and contribute to the system, including the vast majority of us who do both at different points in our lives. None of these is completely

new, but the Government's approach to welfare reform has certainly reinvigorated the debate about poverty, helping to challenge implicit assumptions and some very tired thinking. Governments naturally want to distinguish themselves, but in seeking to introduce a fresh perspective on old problems, there is always a danger of going too far or of throwing out the good with the bad. That is my concern about some of the measures being discussed today.

The first is the proposal to replace the existing child poverty measures and targets with an obligation to report on a set of life chances indicators. Where I agree with the proposal is that poverty is not simply a matter of economics and the possession of material goods. Unemployment, low skills, poor housing, addiction and family instability are all tied up with people's experiences of poverty, so it is right to acknowledge this in some way in our understanding of poverty and our approach to tackling it.

However, to scrap all of the income-based measures ignores the importance of money in meeting people's basic needs. It also ignores the wealth of evidence pointing to the damaging effects that income poverty has on children's lives in terms of their health, education and future opportunities. Life chances are affected by a multiple of factors, and basic income is one of them. When the coalition Government carried out a public consultation on child poverty measurement in 2013, more than 200 public, academic and voluntary organisations responded. The overwhelming majority argued that poverty is defined by lack of income and that other non-income-based indicators should be used to supplement the current income-based measures. Only one respondent did not think that income should be included in the child poverty measures, yet this is what is proposed in the Bill.

If the Bill goes through in its current form, there will be no recognition of in-work poverty in spite of the fact that around two-thirds of children in poverty have at least one parent in paid employment and there will be no targets for the new indicators and no duty on central and local government to publish strategies to tackle child poverty, simply an obligation to report on the listed indicators. With child poverty projected to rise by up to a million over the next five years, it is convenient, but unacceptable, for the Government to abandon the commitment they made to these targets when the Child Poverty Act was voted through in 2010 with cross-party support.

Last week, I wrote to noble Lords to express deeply held concerns—I am grateful to the noble Lord, Lord Hodgson, for having read the letter and commented on it—about the limit that this Bill would introduce on the support for families with more than two children, so noble Lords will not be surprised that I am raising them now. We firmly believe that children are a blessing and strongly resist anything that implies that an additional child is unwanted or burdensome. Every child is valuable; every child matters. We are also very concerned about the practical consequences for the families affected who are already struggling to make ends meet. Larger families will lose up to £2,780 for each additional child beyond the first two. Two million children will be affected by the end of the Parliament, many of whom

[THE LORD BISHOP OF DURHAM] are already in or at risk of poverty. The majority of these live in working families with limited scope to increase their income. Also affected will be many families who had their children in good times, but who are unlucky enough to lose their job, become ill or disabled or experience a divorce. The Treasury is unable to forecast its own finances accurately more than a year ahead, yet parents are expected to anticipate their own future income for the next 16 years.

As faith leaders, we believe that this measure is fundamentally anti-family and surely fails the Government's own family test. In extreme circumstances, older children may be forced to leave home before they are ready and large families may break up in order to avoid the two-child penalty. Vulnerable parents who are bereaved or fleeing domestic violence often require extra support at a time of acute need, but they will not be adequately supported if they have more than two children. Kinship carers and private foster parents—there are around 215,000 in the UK—may be unable to take on this vital role if they are no longer eligible for additional support.

This measure will also have a disproportionate impact on particular faith communities where large families are the norm, perhaps because of parents' devout desire to avoid contraception or abortion. If the two-child limit is designed to encourage lower-income families to have fewer children there is very little evidence that it will be effective. Instead, the impact will be to increase child poverty, penalising children in a largely futile attempt to influence the behaviour of their parents.

A parent from the St Chad's Community Project in Bensham in my diocese had this to say about the changes: "I receive Working Tax Credit as a single parent with three young boys to support. I feel that making these changes would be adding more pressure to my family. I already have to be very careful with my spending budget — rent, council tax, electric and gas all have to be paid before everything else. My children would suffer as a result. The extra money I get goes towards the children's school uniform, trips and extras". She is worried that she will not be able to manage if her benefits are cut, having only recently turned her life around when she was offered a job as a part-time support worker. This particular family may be protected in the short term, but future clients will find life gets even harder if these changes are introduced. Already, this project refers five to 10 families a week to the local food bank, because they are struggling so much, even though the majority of its clients are in work.

This situation will almost certainly get worse as a result of this Bill. I therefore urge the House to support amendments that would relax the limit on support for larger families—or at least reduce its impact by protecting the most vulnerable families—and look very carefully at ensuring that income is included as a factor in child poverty.

8.57 pm

**Baroness Andrews (Lab):** My Lords, it is a pleasure to follow the right reverend Prelate the Bishop of Durham, even if he has made most of my speech for me—although I can hardly complain about that. I shall try to add a few points that he did not mention.

This is a very regressive Bill that plays fast and loose with language and is based on a series of false premises. The basic tenets of the Bill have already been demolished by my noble friend Lady Hollis and the cumulative impact exposed by my noble friends Lady Sherlock and Lady Lister, the latter of whom also offered the House an alternative and rather more accurate title for the Bill.

I will confine myself to two broad points. The whole tone of the Bill is based on the assumption that if we call poverty by other names or measure it in other ways it will go away. In fact, as has been systematically demonstrated this evening, the Bill cuts the incomes of the poorest, and the working poor in particular. It puts children inevitably at the greatest risk. It prejudices family life and threatens the most vulnerable. It is a prospectus for greater poverty and greater inequality. It is a deliberate policy choice by this Government.

Clauses 1 to 7, which eradicate the poverty targets, are a very simple solution to the problem—they aim not to abolish poverty itself but simply the targets in the framework that has enabled successive Governments to examine, understand, chart and attack poverty. As we have heard many times already, the targets would be replaced by a set of life chances. It is a solution worthy of Kafka. The Government, as we have heard, are virtually alone in defending this. My own figures—perhaps the Minister can confirm this—say that 97% of respondents to the consultation on the new measures believe that the targets under the Child Poverty Act should be retained; a mere 3% disagreed. Can the Minister in winding up tell us who constituted the 3%? It would be quite interesting to know who agreed with him.

The reasons for the abolition are pretty unobvious. Those income measures tell a graphic story of failure: half a million more children will be in absolute poverty after 2016 and a likely 4.7 million will be in absolute poverty by 2020. Clearly, income is no longer an indication, let alone a determinant, of poverty, because the Government decree it so. I find it astonishing that this can be defended with any integrity or logic, yet we know that the Minister is a man of great intelligence and integrity. Instead of robust, independent targets that will impose on the Government reporting requirements and accountability for troubled families, worklessness and educational achievement—these are the substitutes for the hard measures of income poverty. They are not, as they have been described by the Minister in another place, measures of poverty. They are not the root causes of poverty. Research shows that they are more likely to be the outcomes of poverty. There is a mass of evidence showing the proven link between poverty and educational failure, and much of the other indicators. If the Government were serious about the root causes of poverty, they can do something very simple: keep the income measures in place, add them to the new measures of life chances, explore the relationship between them and devise policies to attack them.

When I think about what the Government are trying to do by redefining poverty, I think of a young man I heard about last week. He is a student who was unable to go to school because he had only one shirt. When it was washed he had to wait for it to dry, but there was no money for the meter, so he missed school.



That is what poverty means: it means having no money for the meter, not having a spare shirt or a spare pair of shoes. That young man possibly came from a troubled family, and it would be good to measure his educational achievement and his social mobility, although it would take years and involve sophisticated methodologies. The point is, by dismantling the full picture of the impact of policies on incomes of families in and out of work, we cannot equip ourselves to understand or frame the policies that have the greatest effect, let alone eradicate material poverty.

One of the most disingenuous aspects of this part of the Bill is that the new measures proposed are at most half measures. The most egregious gap is that there is no measure for the poverty of families in work—those families attacked by the attempted tax credit changes. Another is that there is no reference or target for measuring the cost of housing on families, at a time when working families are being priced out of the private rented sector. Will the Minister explain why these measures do not take into account those two most fundamental aspects of family costs?

That brings me to the second area: housing. As we have heard, Clause 21 introduces a 1% reduction to social housing rents for each of four years, beginning in April 2016. It looks like a sensible step and has been cautiously welcomed. What are not welcome are the perverse consequences. The predicted loss of income to housing associations is £3.85 billion. The Office for Budget Responsibility has estimated a loss of 14,000 homes; the National Housing Federation, 27,000. Which of these figures does the Minister agree with, or does he have an alternative figure? There is only one way to compensate for this: maintain funding for the affordable homes programme. Will he give us that assurance?

As we have heard, some of the most vulnerable people in society will be badly hurt by these reductions in rent. These are people in supported housing, people who need shelter from domestic abuse, people who would otherwise be on the streets. It is the most expensive form of housing support. It carries high rents. As the noble Baroness, Lady Greengross, said, housing associations are already cutting back on their plans. It is such a false economy. Supported housing is estimated to save the country about £640 million a year. In 10 years' time the shortfall, if these plans go ahead, will be 46,000 homes. The only certain prognosis is a massive increase in homelessness and greater cost to the NHS. This is yet another example of the dysfunctional disconnect between housing and health policy. The Bill has already been amended in the House of Commons to allow for some limited exemptions. I urge the Minister to do what many of the agencies that really know what they are talking about are asking him to do and introduce an amendment for the whole of the supported housing sector. That is the only thing that we can do to guarantee viability.

Finally, I come back to a very significant point about young people. The Government announced in the Budget that 18 to 21 year-olds making a new claim for universal credit will not be automatically entitled to support with their housing costs. As yet, the details are unclear, as is the process of implementation, but there

is widespread concern that many young people may not fall into a protected category. Already, 8% of 16 to 24 year-olds report homelessness. The last thing we want is more young people recruited on to the streets. Will the Minister give us an assurance this evening that he will provide the list of exemptions that takes into account all the reasons that young people may need support with their housing costs, and that this will be the subject of wide consultation before any regulations are brought forward?

In conclusion, in his foreword to the Cabinet Office briefing on the Bill, the Prime Minister said that the Bill was designed to champion social justice. We on this side of the House have a better idea of what social justice means. It does not mean cutting benefits. It does not mean removing a guaranteed framework so that you know how many people are in poverty and whether those figures are going up or down. It means being fair and introducing policies that really support families and the most vulnerable in our society.

9.06 pm

**Baroness Stroud (Con) (Maiden Speech):** My Lords, it is an honour and a privilege to stand before you today for the first time as a Member of this House. I have been overwhelmed by the kindness and generosity of Members on both sides of this House as they have supported me in taking my seat here. I would also like to thank the doorkeepers who, on various occasions, have found me on red-carpeted corridors going in the wrong direction and have simply turned me around and pointed me back in the right direction. I thank too my noble friends Lord Freud and Lord Farmer, who introduced me to the House as my supporters. I have worked with the noble Lord, Lord Freud, for five years in the Department for Work and Pensions, and have known the support of the noble Lord, Lord Farmer, for eight years at the Centre for Social Justice. I cannot think of two better men to be my supporters and I thank them.

There is a line in the Queen's Letters Patent to each of us which says:

"I give you a seat, a place and a voice".

To have a place and be able to sit in this House is nothing short of a privilege, but to have a voice here is nothing short of a responsibility. It is my desire to use my voice in this House to speak up on behalf of those who cannot speak for themselves.

I first became convinced that it was possible to see those in poverty completely turn their lives around when I left university—a few more years ago than I care to admit to. I went to live in Hong Kong. I lived in a place called the Walled City, a slum area rife with drug trading and prostitution. I worked with drug addicts to take them off drugs and see them completely rehabilitated. It was not the drug withdrawal process that really astounded me, however: it was the life change that followed—the rebuilding of learning to work again, of family relationships, of learning how to manage one's finances and deal with one's mental health problems. This is where the true courage of those who I worked among really lay. This is when I became convinced that true personal change was absolutely possible.

[BARONESS STROUD]

I came back to the UK to see if the same transformation was possible here too. Working with those struggling with drug and alcohol addictions and those with mental health problems, I started a night shelter, then a hostel, then a rehabilitation house and a halfway house back into the community. We saw lives transformed here too and it taught me not to sell anybody short with a maintenance culture, but to support the innate human desire of individuals to fight their way out of poverty and to take every opportunity available to them.

After 17 years of front-line poverty fighting I had built organisations that cared for 50 people for one night and another 50 for another night. But I found that down the road there were another 50—and in the next town another 50, and in the one after that. So I started asking: how do you translate up on to a national level the lessons that we had been learning on a local level?

It was at this point that I met Iain Duncan Smith and founded the Centre for Social Justice, which was all about translating solutions to poverty from local levels up on to a national level. It was about tackling the root causes of poverty and not just the symptoms. If we were to get ahead of the curve and start addressing the real problems, we needed to turn off the tap and not just pick up the pieces. We identified family breakdown, the failure of our education system for the poorest, addiction, debt and worklessness as the key drivers of social breakdown. It started with the understanding that if you are born into a family who love you and care for you, if you go to a good school, do not get involved in drugs or get into debt and have a job, your chances of being poor are really remote. But if one of those drivers turns—you lose your job, say—or a second turns so that you lose your job and get into debt, your life begins to destabilise. If you lose your job, get into debt and experience family breakdown, things become really tough for you. If all five of those pathways reverse, you become entrenched in poverty and without some other external intervention, you are unlikely to see the life transformation which you as an individual long for.

These five pathways, developed at the Centre for Social Justice and informed by front-line poverty-fighting organisations from all over the UK, have become the building block of the Government's life chances strategy. This is a life chances measure, which is about saying, "Let's actually tackle the reasons why someone is poor. Let's support people by removing the obstacles that confront families so that they can take responsibility for their own lives". It is about saying: let us challenge the risk of future poverty, by narrowing the educational attainment gap, and challenge current poverty by ensuring that children grow up in working households—preferably full-time working households. But let us ensure that the entrenching factors of family breakdown, mental health, serious personal debt and addiction are challenged, too.

Since I arrived in this House I have been deeply moved, in listening to the debates from all sides of the House, by the genuine care, compassion and commitment that exists in this place for disadvantaged people. It is my wish to add my voice and experience to support those who are the most vulnerable, and to ensure that every life chance is given and every obstacle torn down.

9.13 pm

**Baroness Stedman-Scott (Con):** I congratulate my noble friend Lady Stroud, whom I have known and worked with for some time, on her maiden speech. We worked at the CSJ on *Breakdown Britain* and *Breakthrough Britain*, and I compliment her on identifying not just problems but the solutions that make a real difference to the lives of people. She is committed, knowledgeable and incisive regarding the issues and the solutions we need to put in place. This House will be the richer for her contribution and involvement. From all my dealings with her, the one thing I would say is that she is very good at challenging herself and her colleagues—and, I hope, the whole House—to do that which is best for those who need us most.

I support the principles behind this welfare Bill. While I am sure that it will have been quoted many times, I fully support the objective of doing all we can to move our country and the individuals in it from a low-wage, high-tax and high-welfare society to a higher-wage, lower-tax, lower-welfare economy. This principle will ensure that work always pays more than a life on benefits and that support is focused on the most vulnerable in a way that they need. We must not miss the point that the system must be fair, as my noble friend Lord Blencathra explained, to all those who have put in and those who receive the help they need. I do not mean being fair to one group at the expense of another; I mean basic fairness.

We heard about China tonight. I am thankful that we live in a democracy that allows everybody in this House to stand up and say exactly how they see the situation. People listen, and some people's views may well be changed, but we need to make sure we work together to get the best of this Bill for those who need it most.

I will focus on apprenticeships. Clause 2 introduces a duty to report annually on the progress being made towards the Government's ambitious target of 3 million apprenticeships being started in England during this Parliament. That figure is ambitious, but we have to be ambitious for the people we want to take part in apprenticeships. However, our ambitions must not stop at the quantity of apprenticeships; we must also consider their quality.

It is encouraging to know that in development are more than 140 Trailblazer groups, involving more than 1,300 employers and 187 published approved apprenticeship standards. Of these, more than 60 are higher and degree apprenticeships, and more than 160 are new, approved English apprenticeship standards. Provisional data show that during the last Parliament, there were 2.3 million apprenticeship starts, of which more than 600,000—26%—were taken by 16 to 18 year-olds. We need to build capacity for more 16 to 18 year-olds in approved apprenticeships.

For me, apprenticeships have three benefits: for the participants, for the employers and for the economy. I will talk about the participants. Apprenticeships are part of the journey of people who want and need to make a successful transition from education to employment. I have spoken many times in this House about the need to take young people on a journey and support them. Apprenticeships introduce young people

in particular to the world of work. They do not just produce work experience but, most important, they provide real experience of the world of work and give young people the necessary skills.

Research by London Economics shows that the lifetime benefits associated with apprenticeships at Levels 2 and 3 are significant: between £48,000 and £74,000 for Level 2, and between £77,000 and £117,000 for Level 3. Higher apprentices can earn up to £150,000 more, on average, over their lifetime than those with just vocational qualifications. I am a great believer in evaluating programmes. In 2014 an apprenticeship evaluation showed that 89% of apprentices were satisfied with their apprenticeship; 85% said that their ability to do the job had improved; and 83% said that their career prospects had improved. Apprenticeships are good for apprentices. Nine out of 10 of all apprenticeship completers—88%—are in either full or part-time employment, seven out of 10 with the same employer.

Secondly, apprenticeships are good for employers. According to the 2014 apprenticeship evaluation, 82% of employers were satisfied with the programme, while 70% reported that apprenticeships had improved the quality of their product or service. That is an excellent basis on which to build to ensure that quality as well as quantity is maintained. I fully accept that larger employers have the capacity and infrastructure to accommodate and support apprenticeships. I am pleased at the number of SMEs that are giving such opportunities, but sometimes they do not have the capacity and infrastructure to do as well as they want. Are we doing enough to support SMEs to make sure that they play their full role and give young people the opportunities that they should? I would also like to encourage the whole public sector to open their minds more to providing apprenticeship roles.

Thirdly, the economy as a whole benefits from apprenticeships, as people are upskilled and make a good transition from education to employment and understand how they can play their full role in the business. That helps our economy to continue to grow.

In summary, we have a welfare Bill that aims to ensure that we do better for people. I am sure we will have a big debate about the rights and wrongs of that, but let us not only have the debate but find some really good solutions, so that many who start their journey can, with our support, complete it and reach a good destination. Apprenticeships are a key, fundamental part of that journey, and quality is important. None of these things will happen unless employers, particularly SMEs, are able to deliver good quality apprenticeships and, as a result, a good economy.

I look forward to the continuing debate and, with some trepidation, to the continuing challenge. But I hope that the hearts of every one of us will beat in concert, and at the end of the day we will do the right thing for the people whom we in this House are here to serve.

9.21 pm

**Baroness Warwick of Undercliffe (Lab):** My Lords, last week in my capacity as chair of the National Housing Federation, I hosted a briefing on this Bill. One of the speakers was the chief executive of an NHF member organisation, St Mungo's Broadway. St Mungo's provides

supported housing for about 3,600 people a year. On any one night, about 2,500 people are in its hostels, semi-independent housing or care homes. St Mungo's provides vital support to help people to gain the skills and confidence to recover from homelessness and to live as independently as possible. The CEO was enormously concerned that, under the Government's plan to reduce social housing rents as set out in this Bill, it will not be able to deliver for homeless and vulnerable people on anything like the same scale. Taking into account the rental income that it had anticipated over this period, it expects to lose £4 million, and local authority cuts over the same four-year period will mean further falls in income. These cuts will mean that St Mungo's will have to stop running some of its vital supported housing schemes. Their residents have slept rough, been in prison, have a mental health problem or a significant physical health condition; more than half have a substance-use problem, and their problems often overlap. They need skilled and intensive housing management and support. Who else will provide it if schemes like these are forced to close?

Housing associations up and down the country will face the same dilemma. They are committed to building the homes the country needs and will do all they can to continue with this vital work, but we underestimate at our peril the impact of the 1% rent reduction over the next four years. The result is an estimated loss of more than £3.85 billion in rental income. This will have a significant impact on all associations; it will have a particularly severe impact on the provision of supported housing for vulnerable people, including domestic abuse refuges, homelessness hostels and homes for veterans and people with disabilities. Like the right reverend Prelate the Bishop of St Albans—I thought he set out the issues extremely well—and many other noble Lords in this debate today, I am deeply concerned that the rent reduction will result in a serious lack of provision for people with complex problems and high support needs.

I have had numerous examples from all over the country. I will mention just two: Framework in Nottingham estimates losing 240 high support units over the next four years, and Riverside based in Liverpool says that 32 of its 102 supported housing schemes will become loss-making as a result of the rent reduction. As well as this, the policy will add greater cost to the public purse. The Homes and Communities Agency recently estimated that the net financial benefit of specialist housing was about £640 million overall. Excluding specified accommodation from the rent reduction measure would result in a reduction in the overall savings delivered by this policy of around £93.5 million in year 4—over six times less than the savings that specialist housing offers the public.

As others have said, the Government have acknowledged that,

“the rent reduction measures may disproportionately impact on supported housing and may cause a reduction in service provision”.

The Bill was amended in another place to allow the possibility for organisational waivers. But the cost structures used by health, care and support providers are complex, and vary across the sector. The development of a waiver formula that is consistent and fair would be extremely challenging. As my noble friend Lady Andrews

[BARONESS WARWICK OF UNDERCLIFFE] and other Members of this House have done already in this debate, I urge the Minister to agree that specified housing—in other words, housing for vulnerable people—should be excluded from the rent reduction requirement. I hope that the House will support this.

There are two other issues I want to touch on: the impact of the rent reduction on stock transfer organisations, and the impact of the benefit cap on housing affordability and temporary accommodation. Stock transfer organisations inherit from local authorities housing stock that needs improvement. They generally start out with a business plan that involves increasing rents in accordance with guidelines set by the regulator, and they use this anticipated revenue to underpin borrowings to undertake the much-needed improvements.

This means that the organisation's finances are extremely tight in its early years of operation. The rent reduction will cause many of these organisations to struggle to deliver improvements promised to tenants at the time of the transfer. In some cases their financial viability will be put at risk. In regard to the benefit cap, a secure and decent home is often the starting point to help people back into work. The Bill's proposal to lower the benefit cap to £23,000 in Greater London and £20,000 elsewhere will make housing unaffordable for thousands of families. This affordability challenge is not restricted to families renting in the private rented sector. The NHF's modelling shows that a couple with three children would not be able to afford the average housing association rent on a three-bed property in any region. In London, families would face a shortfall between benefit and rent of £27.79 per week. The weekly shortfall under a £20,000 cap ranges from £37.40 in Yorkshire and Humberside to £67.35 in the south-east, based on the current rent agreement.

A lower benefit cap will have a particularly significant impact on families living in temporary accommodation. Temporary accommodation is a vital part of the homelessness safety net and is used by local authorities to house people who otherwise would need to be placed in more costly emergency interventions such as bed-and-breakfast accommodation. People placed in temporary accommodation by local authorities have little scope to move to reduce their housing costs, and are likely to be further from the job market. If they are no longer able to keep up with rent payments in temporary housing due to the cap, they may find themselves homeless again, and it is likely that local authorities will struggle to rehouse them. I hope the Minister will agree that people living in temporary accommodation should be treated in a similar way to tenants in supported exempt accommodation and have their housing costs omitted from the calculation of the cap.

The current system for regulating social rents is overly rigid and confusing. Currently rents are fixed by the Government, at either a percentage of the local private rent or the lower social rent level. Because private rents vary hugely across the country and do not rise and fall in proportion to local wages, housing association homes are much less affordable for customers in some places than in others. Surely it makes much more sense for housing associations to be able to set rents that reflect local market conditions and customer

circumstances, within an overall envelope set by the Secretary of State. I urge the Government to give housing associations that flexibility.

The Bill will have some significant unintended consequences for the housing of some of the most vulnerable people in society. I hope that the Minister will be prepared to look carefully at exempting specified housing from the rent reduction. Will he agree to meet some of the providers of these schemes to hear their concerns first hand?

9.30 pm

**Baroness Grey-Thompson (CB):** My Lords, I welcome the Government's manifesto commitment to halve the disability employment gap. I sincerely hope that the Bill will help to achieve that, but there are challenges along the way.

Scope's analysis of the labour force survey indicates that between July and September 2011, 18.5% of the total number of unemployed people were disabled. The statistics from April to June 2015 indicate that disabled people now make up 26% of the total number of unemployed people. It is also estimated that a 10 percentage point increase in disability employment would increase GDP by £45 billion by 2030.

I believe that disabled people should be in work, but it is a complex issue. The Government have consistently said that they support the most vulnerable but it is no surprise that I have concerns about how we might achieve that. The importance of the annual report has been highlighted by the noble Baroness, Lady Doocey, and she is absolutely right, but it is more likely that a disabled person will be asked at interview how they go to the bathroom than whether they have the skills to do the job. In other contexts, I have frequently been asked that question. A non-disabled person would be utterly appalled if they were asked that in an interview, but disabled people wrongly expect this as the norm.

I hope that in Committee we will be able to explore what good reporting will look like and how value can be added. That is important because, once out of work, disabled people face considerable barriers to returning. Some 10% of unemployed disabled people have been out of work for five years or more, compared with just 3% of the non-disabled population. I live in the north-east of England, where in the past eight weeks 5,000 jobs have been lost. The chances of a disabled person finding work in this environment will be few and far between. In recommissioning for the work programme and Work Choice in 2017, the Government must develop detailed plans for specialist employment support programmes for disabled people, as recommended by the Commons Work and Pensions Select Committee last month.

The current back-to-work support for disabled people is ineffective. The work programme may have been successful in helping to address cyclical unemployment but it has struggled to address the historically low employment rates among disabled people. Job outcomes for disabled people on the work programme are only 7.7% for new ESA customers and 3.9% for other ESA incapacity benefit customers. This is compared to a job outcome rate of 21.5% for JSA 25-plus customers. People referred to Work Choice between July and

December 2014 had a job-start rate of 57.3% by June 2015, but Work Choice is small in scale and poorly targeted at disabled people on ESA.

I hope that the Minister will consult experts on what support into employment should look like, because the work capability assessment does not assess employment support needs. The level of financial support that a disabled person receives determines the employment support that they receive, but that is unhelpful because those two things are just not related.

I must apologise to the Minister that I am unable to attend the weekly Cross-Bench meeting tomorrow, where he will be speaking to my noble friends about this Bill, because I am launching a Citizens Advice report called *Waiting for Credit*, which looks at the universal credit rollout. It is vital that we get the correct implementation of this because it affects how disabled and non-disabled people are able to move in and out of work.

The noble Lord, Lord Low, has already mentioned that he, my noble friend Lady Meacher and I will be looking at ESA. I do not wish to pre-empt the findings but I imagine that there may be quite a number of amendments in this area. There is a great deal of concern. I do not want disabled people to be disincentivised from getting into work, and we need to explore further whether it creates a greater incentive for claimants to want to be placed in the support group. Given the limited support available to disabled people in the support group, it could have the negative impact of moving people further away from the workplace.

I would welcome a further discussion with the Minister about the impact assessment. I struggle to see how cutting support could incentivise disabled people into work, and I am looking forward to the DWP's convincing arguments in this area.

There are also a number of issues to do with carers, who could be penalised by the lower benefit cap in the Bill. They make a huge contribution to society, but there is great complexity about whether they live in the same property and whether they are counted as a separate household, even if they do. We must consider how protection can be offered to carers who do not live in the same household. There are also many considerations for people with a life-limiting and potentially rapidly declining condition.

The noble Lord, Lord Borwick, raised the issue of Motability. I had a Motability car when I started learning to drive at 17, because insurance for a disabled person was ludicrous, twice the price of that for a new driver, which was blatant discrimination. It is better now, but under the changes that are coming, if a person loses their benefits they will lose their car. There was a recent case of Olivia Cork, a leg amputee, who was told she was not disabled enough. She went through the process and asked for reconsideration but was turned down. She now has to find £4,900 to be able to keep her car. In a Britain where there are many issues of accessibility to public transport, this is far more disabling than it is helping a disabled person get into work. Whizz-Kidz launched a campaign today looking at accessible travel. In London it is fine, but if you live in the north-east like I do it is really difficult for a disabled person to get around.

There is so much that can be done to help disabled people, but so much is outside the Minister's remit. I dream that one day we will actually have a joined-up Government. I am chair of ukactive, and last week we released *Blueprint for an Active Britain*; it contains a whole host of recommendations, such as having activity experts in GPs' surgeries to help everybody become more active. The Minister said that work is beneficial—activity is beneficial too. We need to be looking at physical literacy for all. Many disabled children are excluded from physical activity and PE in school and there are clear links between educational attainment and activity, but that is outside the remit of the Bill.

I am also chair of the national Wheelchair Leadership Alliance; it is looking at provision of day chairs, which in England is a complete postcode lottery. I am grateful that we have had a lot of support from MPs and CCGs but the wrong wheelchair causes harm. It excludes children from school and people from work. To highlight the issue, I had a picture of myself taken in a wheelbarrow. It has a seat, wheels and handles but is absolutely no use to me. That is the problem of providing a wrong wheelchair. Access to Work has been through reforms. I am currently dealing with a case—it provided a woman with a chair but only gave her five-sevenths of the money towards it. It then suggested that she leave it in work over the weekend so she would not wear it out. These changes are simply bonkers. Instead of encouraging people to work, they are making it really difficult.

Finally, I was today considering why we are here and what we are trying to achieve. I saw a story in the *Bristol Post* this morning about a young lady called Lily Grace Hooper, who is at primary school. She had a stroke as a baby and is now blind. After a health and safety assessment, she was told that she cannot use her white cane in school in case she tripped people up, but she should have a full-time adult helper instead. What a waste of resources. I am sure there are decent intentions behind it, but it is patronising, it does not promote socialisation, it does not aid her education and it takes away any aspiration. This case sends out a really poor message to disabled people about their independence. The message is, "Why bother?". I know that this decision was not made by the DWP or the Minister, but the message it sends out about the value of disabled people in society is very worrying. If the Government want disabled people in work, we need to look at the wider issues, not just treat them in isolation. If children are important—if we genuinely want to look at their life chances—children like Lily Grace Hooper deserve a much brighter future.

9.39 pm

**Baroness Eaton (Con):** My Lords, I declare an interest as a former chairman and current vice-president of the Local Government Association. Getting people into work and reforming welfare are two of the key priorities of this Government, building on the successes achieved over the past five years. In the previous Parliament, 1.9 million jobs were created, an average of 1,000 new jobs per day, more than in the rest of the European Union combined. Each of these new jobs represents a transformation in people's lives, giving families more security, boosting the self-esteem of young

[BARONESS EATON]

people employed for the first time and providing renewed hope for the long-term unemployed. This successful record in relation to job creation is no accident. It is the product of hard work by people in every part of the country. It is thanks also to the Government's long-term economic plan. However impressive this record is, it is not enough. The Government have set themselves the bold aim of achieving full employment, and this Bill introduces a duty on them to report to Parliament on the progress being made on this, which I welcome.

As other noble Lords mentioned, the Bill also introduces a duty on the Government to report to Parliament on progress towards another key aim: the achievement of 3 million apprenticeships in England. Over the past five years, the number of apprenticeships has reached record levels—2.2 million—but there is clearly more to be done. I strongly welcome the Government's ambitions in this area, and I know that local government will be keen to play its part in meeting this target. Indeed, councils are currently leading the way in providing apprenticeship opportunities for young people in their local areas. By way of illustration, I will highlight just one example that I am aware of. Kent County Council, via the Kent Apprenticeship Programme, offers grants of up to £2,000 to businesses which take on a young person aged 18 to 24 who has previously been claiming out-of-work benefit.

The Government's commitment to create 3 million new apprenticeships over the course of this Parliament has received universal support. It is absolutely right that we are prioritising apprenticeships, which provide a high-quality, accessible alternative for young people who are not pursuing the academic route. By championing apprenticeships, the Government are working in partnership with employers and further education providers to invest in the workforce of tomorrow. This is essential to the future success of our economy. Apprenticeships are also key to solving long-term unemployment. They provide a path for young people into work, a route out of benefits and a path to self-sufficiency and success.

As with all opportunities for young people, we must make sure that apprenticeships are accessible to those who are vulnerable or who need extra support to unlock their potential. We know that some young people will need additional support to transition effectively into work and become financially independent. Another group of particular concern is young people who have been in care. We know that these young people typically have much poorer outcomes than their peers. Multiple care placements too often lead to a disrupted education, which in turn means that they leave school without the necessary qualifications. Some 84% of children in care leave school without good GCSEs. In addition, many have emotional and mental health problems.

The Prime Minister used his party conference speech to restate his commitment to improving outcomes for children in care. As he said, the state has a responsibility, as their corporate parent, to provide them with opportunities by improving standards in our schools and performance in social services. We also need to think about what happens after a looked-after child becomes a young adult. The previous Government

took some important steps forward, including the welcome introduction of Staying Put, which enables young people in foster care to remain with their foster families until the age of 21. We know that this has had a positive impact. But of course more needs to be done to help care leavers realise their ambitions and become independent.

The charity Barnardo's has put forward a number of suggestions for improving access to apprenticeships for care leavers. There are two points that are worth consideration. The first is that we know some young people are not ready to start an apprenticeship straightaway. They may not have the academic qualifications they need, such as GCSEs in English and maths, or they may lack other skills needed for the workplace. What we must not do is to give up on these young people or write them off as unable to move into employment. Rather, we need to find the right pathways into work. Traineeships are an important way forward in this respect. The Government rightly identified that they can provide a useful transition between school and an apprenticeship or other forms of training or work. However, it is very important that these traineeships lead to paid work. I hope that Ministers will consider how we can ensure that traineeships provide an effective part of the solution to improving employment prospects for young people furthest from the workplace.

The other suggestion from Barnardo's concerns young people who have the skills to do an apprenticeship but need support to complete it successfully. Let us consider, for instance, a care leaver who has qualifications but lacks what we often term "life skills" as a result of suffering trauma. For these young people, extra support either in the workplace or outside it is vital to boost their confidence and make sure that they stay on track. The challenge, of course, is that this kind of support has cost implications. I would welcome a discussion with the Minister to explore options for some kind of support fund for apprentices with additional needs.

In eight minutes, it is impossible to refer to all aspects of the Bill but, finally, I want to touch on the admittedly difficult issue of restricting child tax credit to two or fewer children. It is important that we understand that this Government have a mandate to reduce the welfare bill and that they need to be fair to the many working families whose budgets have to accommodate the cost of every additional child. In 2012, the average number of dependent children in families in the UK was 1.7. Limiting support through tax credits to two children is proportionate. Families on benefit should have to make the same financial decisions as families supporting themselves solely through work.

It is important to see this measure in the round. Child benefit will see no incursions, and the additional 15 hours of free childcare for working parents of three and four year-olds is worth £2,500 per child. I am relieved that the Government will treat multiple births as single births but with a child element for each sibling where there were previously fewer than two children in the household. I believe that the Government will be consulting on further exemptions, so obviously flexibility seems to be the order of the day.

Achieving full employment and ensuring that those in work are rewarded are key to securing a just society and a prosperous economy. These are the two central ambitions of the Bill and, as such, it has my strong and enthusiastic support.

9.47 pm

**Lord MacKenzie of Culkein (Lab):** My Lords, I will try not to detain the House for too long at this hour. I want to speak, in particular, about the effects that this legislation will have on people with life-limiting illnesses and on those with terminal diagnoses. I want to follow on from a lot of what was said by the noble Lord, Lord Patel, and the right reverend Prelate the Bishop of St Albans and from some of the points made by the noble Baroness, Lady Browning.

As a nurse by profession, I could give many examples, but one that bears heavily on me is that of people living with motor neurone disease—that awful, usually rapidly progressing illness, which is always fatal. There is no cure, and it is a disease that I have seen at close hand.

We have heard much from the Government about the need to have a welfare system that is fair, that boosts employment; that is about choices, transforming lives, paying off the deficit and so on. The Conservative manifesto also promised—if I recall correctly—to protect people with disabilities and the most vulnerable in society. Therefore, I wonder why so many charitable organisations caring for the vulnerable and for those with differing disabilities are so concerned about the Bill—none more so than the Motor Neurone Disease Association, to which I should pay the warmest of tributes for its tireless work in supporting those living with MND and in supporting research into a possible cure.

One of the MNDA's real concerns is the proposal to include the basic or main rate allowance of the employment support allowance in the freeze. People with motor neurone disease inevitably face rising costs as the disease progresses. If the Bill is enacted in its present form, they would be quite a bit worse off by 2019 or 2020.

A second issue causing much concern is the reduction in the benefit cap. This will undoubtedly have an adverse effect on those full-time, unpaid carers who do not live in the same household as the person they care for. This can include friends and/or family members who do not live in the same property. It could also include people who do live in the same property but who are counted as a separate household. For example, an adult living with and caring for an elderly parent or sibling may still be subject to the benefit cap. It cannot be right, therefore, that the inclusion of the carer's allowance and bereavement allowance will affect full-time, unpaid carers in this way. In my view, these two allowances should be removed from the scope of the benefit cap.

Thirdly, there is very real concern about the question of mortgage interest. Converting this present benefit into a recoverable interest-bearing loan has the potential to leave many in great difficulty, not least those with an illness such as motor neurone disease, where the condition can deteriorate very quickly. In these situations, financial difficulties can follow just as rapidly. It cannot be right that people with life-limiting illnesses should be put in this position of possible financial crisis.

How can the waiting period of 39 weeks before qualifying for this new loan be justified? In not a few cases, 39 weeks is actually longer than the time between diagnosis of motor neurone disease and death. The cumulative effect of the reforms I have referred to is a potentially adverse effect for many people with life-limiting illnesses.

All Governments will sometimes propose or do things that provoke disappointment, anger and a whole gamut of other emotions and reactions. However, I suspect that anyone with a nursing background such as mine, and who is familiar with life-limiting illnesses, is entitled to be profoundly upset and not a little angry that any political party that claims to be on the side of the people, not least people with illness and disability, would seek to deal with the deficit on the backs of those living with always fatal illnesses such as motor neurone disease.

Nothing in these proposals has anything whatever to do with fairness, boosting employment or making work pay. Penalising people with life-limiting illness will do nothing to build an economy based on higher pay—or any of the other reasons that might be advanced as justification for this Bill. Except it will, perhaps, make the tiniest of tiny dents in the deficit. But if so, to how many decimal points would the Treasury have to go to measure that very tiny dent? Even if it were measurable, the Treasury would never publish such a calculation. Given the track record of that department in recent times, it is not about caring but about dogma. Others are being left to pick up the pieces.

I do not believe for one moment that the Minister would wish these things on people with terminal illnesses or diseases such as motor neurone disease. I hope that he will, in replying, be able to give a commitment that the Government will attempt to address these very proper and real concerns raised on behalf of those with life-limiting illnesses, and that the Government can show that they are listening. I look forward very much to the Minister's reply.

9.54 pm

**The Earl of Listowel (CB):** My Lords, it was a privilege and pleasure to hear the maiden speeches of the noble Lord, Lord Polak, and the noble Baroness, Lady Stroud. I much regret that business in the Moses Room prevented me hearing the two earlier maiden speeches, but of course I will read those later. I much look forward to further contributions from the noble Lords and the noble Baroness.

I warmly welcome many aspects of this Bill. I welcome the attention paid to the importance of employment, to apprenticeships, and I welcome the troubled families clause. I have some serious concerns as well, in particular with regard to removing the monitoring of child poverty. However, I would like to convey my admiration for the Government in achieving high rates of employment and coming through such a difficult economic crisis. When I speak with people from Spain who come here to work and I hear of the atrocious unemployment rates among young people there and the difficulties they face, it brings home to me the achievement of this Government. We now have the lowest rate of unemployment since 2008 and, I think, the highest rate of employment on record—a real, important achievement.

[THE EARL OF LISTOWEL]

This has been particularly brought home to me as I am a carer of a mentally ill, middle-aged man who has not worked for at least four years. What has brought a sense of the possibility of escape from his depression and paranoia has been the recognition that, if he carries on as he is, he will be wasting his whole life doing nothing, and the hope that he might be able to return to the job that he thoroughly enjoyed doing in the past.

There is a checkout lady in my local supermarket who is due to give birth in December. She has just had her last day at work. I see her quite regularly and I see customers saying: "I wish you well". This will be her first child, so she is a bit worried about it. Because she is in employment, she has a community of people around her who are encouraging and supporting her. She need not feel isolated.

Many noble Lords will be aware of the recent report on perinatal mental health which caused so much concern. It highlighted the problems of depression during and after pregnancy. At the launch of that report, I spoke with a psychiatrist. He said: "One can bear almost anything, as long as one does not have to do it on one's own". So a key aspect of the Government's success in creating more employment is how it can break the isolation that so many long-term unemployed people can experience.

Reference has been made to the work of Louise Casey and the troubled families programme. I remember Louise Casey in her first important job—the Rough Sleepers' Initiative. I saw her on a number of occasions inspiring the people on the ground and bringing about very important and welcome changes to provision for rough sleepers. One thing that she really hammered home was the need to have purposeful activity for those on the streets as soon as possible. They needed to have something useful to do. I want to make clear my admiration and respect for the Government in what they have been doing to help many people into employment in these difficult times.

I hope there may be time for me to speak about homelessness and housing need. I urge noble Lords to consider introducing a metric in this Bill to look at housing need. Shelter is perhaps the primary requisite for people from which they can then find work and educate themselves. If we are looking at poverty, we should be looking at housing poverty as well.

I am concerned at the decision to move away from a metric for child poverty in terms of income poverty. I had the privilege of hearing the right honourable Iain Duncan Smith about six or seven years ago when he came to speak at a dinner at the Michael Sieff Foundation conference. I am a trustee of that organisation. He spoke knowledgeably and passionately about the work he had been doing at the Centre for Social Justice with Graham Allen MP to tackle some of the long-standing social issues in Britain. We found it very refreshing to hear from a politician who was so committed and understood the issues at hand so well.

The area of the Bill I am looking at in particular concerns the metrics around child poverty, not only for children in workless households but also for those in working ones. Some two-thirds of children living in poverty are in working households. It is important

that we keep a hold on these things. Perhaps it is presumptuous of me to say this, but I noticed that the last coalition Government recognised that the women's vote is very important. Around half way through the last Parliament one suddenly had the sense that the Government were saying, "We really need to think about our policy towards women". I have derived such pleasure and satisfaction from working with the noble Lord and his colleagues over the years and I worry that perhaps they might be shooting themselves in the foot. If the Government stop thinking about child poverty and if they do not look at how many children are in low-income circumstances and thus in material poverty, that might make women think that perhaps the Government are not sensitive to families, particularly vulnerable families. It may be very presumptuous of me to say this, but most of the people I work with are women because it seems that it is mostly women who are interested in family issues, as I am. I notice that polling with regard to women has been changing and they are becoming more concerned about these issues. The work done by Iain Duncan Smith in the past was so important because of the perception that, way back, the Conservative Party had become insensitive to some of these areas and that it was being too harsh. Indeed, it was a female politician, Theresa May, who raised this issue at a party conference.

I shall move on to housing. I noted the speeches of the noble Lords, Lord Smith of Leigh, Lord Shipley and Lord Hodgson of Astley Abbots, on this subject. I have spoken to many women who are in housing need or are homeless and they have told me about the instability in their lives. I have seen the poor conditions and overcrowding, of which perhaps the worst example was a woman living in a house in multiple occupation. She shared the kitchen and bathroom with five other families. She had a newborn baby and felt deeply isolated; indeed, she was in tears during our visit because she knew no one. I agree with the Minister that we need to think not only about income, but employment and other aspects such as education. We also need to think about housing need among vulnerable families, which should be monitored carefully.

Finally, there is the question of housing benefit being paid to tenants. I declare an interest as a landlord; fortunately I have not had the issue of tenants not paying their rent, but I understand that it is a serious concern for landlords. If we continue to pay housing benefit directly to tenants, there is the risk that many of them will fail to pay the rent and arrears will accrue, exacerbating the problems that have been talked about for housing associations and local authorities as regards their financial security. They will spend a lot of time and resource on chasing up arrears. This is a matter I hope to take up with the noble Baroness, Lady Meacher, at a later point in the Bill. I look forward to the Minister's response.

10.05 pm

**Lord Young of Cookham (Con):** My Lords, I have listened for the past six hours to this excellent debate with its high-quality maiden speeches with a growing sense of relief that I am no longer the Government's Chief Whip, as some serious issues have been raised that will need addressing in Committee. As someone



who was a Housing Minister, on and off, for 10 years and who chaired a housing association for seven years, I want to focus my remarks on the two clauses in the Bill that deal with housing, which were welcomed in another place by the Opposition Front Bench.

Looking at the clauses on support for mortgage interest, the Opposition spokesman said:

“We support reforms to mortgage interest support that will strengthen work incentives and deliver savings”.—[*Official Report*, Commons, 20/7/15; col. 1265.]

Of the rent reductions, which have been controversial in today’s debate, the Opposition spokesman said:

“We want...reductions in social rents that will deliver savings to the taxpayer”.—[*Official Report*, Commons, 20/7/15; col. 1273.]

So the housing element of the Bill ought to be less controversial than the rest of it.

Dealing first with support for mortgage interest, which was touched on by the noble Baroness, Lady Sherlock, and the noble Lord, Lord MacKenzie, turning a grant into a loan is a sensible way of cutting public expenditure without reducing support to the homeowner who faces difficulties. I will come to the extra waiting period in a moment, but it is difficult to justify the fact that a householder sitting on a substantial chunk of equity gets a grant from the taxpayer, leaving when he dies his estate to his beneficiaries, unencumbered by the help he has had from the taxpayer. It seems sensible to convert that from a grant to a loan, and I think that would be justifiable whether or not one was looking for savings in public expenditure.

There are extra weeks before the entitlement kicks in, but that simply restores the waiting period to what it was before the financial crash in 2009. I understand the concern that this might push up repossessions, which are at an all-time low, but I wonder whether a bank or building society would go through the aggravation of repossession if it knew that in a few weeks’ time it would get, direct from the Government, monthly interest in full on the sum in question. In view of the concern, I wonder if it would make sense for Housing Ministers to have a dialogue with the CML, perhaps to get a memorandum of understanding that repossession would not normally be activated if SMI was about to kick in. Ministers made it clear in another place that:

“We remain committed to helping owner-occupiers in times of need to avoid the risk of repossession”.—[*Official Report*, Commons, Welfare Reform and Work Bill Committee, 13/10/15; col. 356.]

I think that dialogue might help.

The reduction in social rents is of course welcome news to tenants, and not just those who pay the rent in full. Of course, some of those currently on housing benefit hopefully will float off it in the next four years and therefore benefit from the measure. Those who currently pay their rent will be able to plan, knowing that for the next four years one of the largest items in their budget will go down in cash terms. This is good news for tenants and good news for the DWP, in that it reduces its outgoings not just on housing benefit but presumably on other index-linked benefits as well, as the downward pressure on rents will influence the CPI.

However, as my noble friend will know, this saving is subject to the ONS changing its mind on housing association debt. It decided just a few days ago that,

as from next March, housing association debt will score as public expenditure. This means that, far from this measure reducing public expenditure, it will push it up unless between now and next March the Government can make sufficient changes to the housing association regime to convince the ONS that it can be reclassified. Can my noble friend indicate how they are going to ensure that the ONS ruling is reversed? Of course, that was based on measures taken before the rent reduction and the voluntary right to buy was introduced. It is important that any deregulation does not undermine the creditworthiness of the movement.

What is good news for tenants and the DWP is less good news for investment in housing, as many noble Lords have said in this debate. Ever since housing associations were able to borrow from the capital markets, there has been a link between housing associations’ rents and the size of their investment programme. I confess that when I was Housing Minister, much of my capital programme was funded by the DWP through housing benefit, so any reduction in rent affects cash flow and the ability to sustain borrowing, and therefore affects the investment programme.

It is therefore important that any measures in the Bill that reduce the investment programme of housing associations be replaced by other measures in the Housing and Planning Bill, because there are two sides to this coin. If one side of the coin is reduction in rents in this Bill, the other side has to be measures to increase supply to counteract that in the Housing and Planning Bill currently in another place. I understand the points that were made about supported housing and the excellent work done by those who help the homeless, such as St Mungo’s Broadway and other movements. Clause 22(7) enables the Minister to make exceptions, and I am sure we will want to look at this in Committee to see whether we can safeguard the valuable work housing associations do to support vulnerable people.

My final point concerns an issue that has not been raised in this debate. Reducing social rents at a time when market rents continue to rise brings into sharp focus the question of who gets lifetime tenancies at a lower rent from a social landlord, as opposed to the other half of the market, which has to accept short-term tenancies at market rents from landlords who, in some cases, are not as good as local authorities or registered social landlords. Noble Lords with very long memories may recall the Local Government and Housing Act 1989, one of the objectives of which was to influence the level of social rents to market level, with housing benefit taking the strain. The golden age of Nicholas Ridley never actually arrived, for good reasons, but this measure makes a sharp step in the opposite direction, widening the gap between the two sectors. That means that we need to ensure that the stock of social housing is more accurately targeted at those who need it most. That means another look at lifetime tenancies and at measures to encourage mobility through the social housing sector, as families now decently housed find their circumstances have improved and they can make their way into market housing, freeing social housing for those who, like they were, are in desperate housing need at the inception of their tenancies.

[LORD YOUNG OF COOKHAM]

This Bill is an important building block in getting public finances under control, but it raises serious issues for those who want to see an increase in housing supply. Those issues need to be developed when the Housing and Planning Bill reaches this House, and I hope to take a part in those proceedings.

10.12 pm

**Baroness Gale (Lab):** My Lords, as I am the last Back-Bencher to speak in this debate, I believe that everything that has to be said about this Bill has already been said, but I will speak briefly on Clause 13. It will cut the support paid to people who cannot currently work owing to sickness or disability by about 30%. That means that this group of sick and disabled people will get the same financial support as those on jobseeker's allowance who are fit and well enough to work. The rationale given for the cut is that this extra money for people in the ESA WRAG acts as what the Chancellor calls a "perverse incentive" which stops sick and disabled people getting better and working. The noble Baroness, Lady Browning, put it very clearly when she described this move as disgusting. I agree with her on that. The Government's policy intention is to get more people from the work-related activity group back into work. Where is the evidence for the Government's claims that the cut will get people into jobs who are currently unfit to work owing to sickness or disability?

Reducing financial support for sick and disabled people cannot improve a medical prognosis or speed a recovery. There are also fears about not being able to afford to attend all medical appointments and having to stop therapeutic classes that maximise physical movement and social confidence. It is clear that cutting support by one-third to half a million sick and disabled people is likely to put extra pressure on accident and emergency services and the health service generally.

This is not mentioned at all in the Government's impact assessment, and the glaring omission casts doubt on the Government's claim that this policy will save around £640 million a year by 2020-21. Sick and disabled people do not give up work lightly in order to claim benefits. It is not a lifestyle choice. A study found that people with Parkinson's worked for an average of 3.4 to 4.9 years after being diagnosed. People report regularly that they want to work for as long as they are able. Many people with Parkinson's work and, with the correct drugs regime and the help and support of their workplace, will be able to continue to work for some time. Eventually, as it is a progressive illness, they will have to give up work. They work as long as they can because of the uncertain future they face, which for many will mean expensive care and support.

There should be no doubt about the motivation of sick and disabled people wanting to work—most people want to work—but they face many significant barriers, including their health and workplace obstacles such as employer attitudes and inappropriate job design. The test does not capture the reality of living with a fluctuating condition, leaving people at risk of being assessed on a "good day". People with Parkinson's can have a good day and perhaps the next day cannot do anything. Tests such as the ability to lift a pen and place it in a pocket do not say anything of someone's

ability to have a job and carry out the work. The impact of pain and fatigue is not considered and neither is the fact that some people will not recover because they have incurable and degenerative conditions.

If someone has had to give up work because of the progression of their condition and their prognosis is further deterioration, this will inevitably impact their chances of securing employment again. As a result of the many failings of the WCA, employment and support allowance claimants with Parkinson's are placed in the impossible and demoralising position of being told they are either fit for work or should be getting themselves back into work, and are often placed in the work-related activity group rather than the much more appropriate support group.

Many people struggle to survive on the WRAG payment, as they are already trying to improve or maintain their health. The Government would be taking £30 a week from almost half a million people on employment support allowance in the work-related activity group. Ministers argue that if these people worked between four and five hours a week on the new minimum wage they could recoup this loss. I wonder where these jobs offering four to five hours a week are. Can the Minister say how many thousands of jobs there are that people could work in for those few hours to recoup the money the Government are going to cut from their benefits?

How is making people poorer an incentive to work, especially people with progressive illnesses such as Parkinson's and multiple sclerosis? In its excellent briefing, Scope says that it,

"opposes the proposed reduction in support provided to disabled people through the Employment and Support Allowance Work Related Activity Group (WRAG) set out in Clause 13. Disabled people placed in ESA WRAG have been found 'unfit for work' by the independent Work Capability Assessment (WCA). The proposed change will not incentivise disabled people to find work".

I agree with Scope and look forward to hearing the Minister's response.

10.19 pm

**Lord Kirkwood of Kirkhope (LD):** My Lords, it has been a long evening and we are now in injury time. I will try to dispose of my winding-up speech with as much dispatch as I can. I am bound to warn the Minister at the beginning that, as my noble friend Lady Manzoor said at the end of her excellent speech, my noble friend Lady Thomas is not able to be with us because she managed to break her right patella while opening her mail. She obviously gets more exciting mail than I do, but the message I got said specifically that the noble Lord, Lord Freud, must understand that she still has one whole patella left. I do not know with what malice this was meant, but I pass it on, for what it is worth. She will be watching us on Parliament TV as we speak.

I characterise the Bill as one that would never have seen the light of day had any Liberal Democrats been left in the Government. I could say more about that, but I will save it for Committee, where we will all be manning the barricades yet again. I look forward to that. However, there is an unreality about the debate. It has been a very well-informed debate—I would expect nothing else—but we are all in the difficulty

that we do not know what is happening in the comprehensive spending review. That will change the game in a way that will not help.

I see all this as a second squeeze. The first squeeze in 2010 was more understandable. This will be a harder sell. The Government will find this very difficult politically when it all beds down and the consequences are fully known and understood. I say that not just because of the deficit reduction programme embedded in the Bill; it is on top of everything else. One of my biggest disappointments in the coalition Government was that, despite the DWP having 200-odd researchers, they never got round to the interrelated, total evaluation of how some of phase 1 of the squeeze in the last Parliament was affecting individual, low-income families. We still do not know that. We are now putting extra pressure on low-income families who are in a much worse position than they were in 2010 when this went through its first iteration. Another thing that is different is not just that they are worse off than they were, but that the public services on which they could rely in 2010 are much degraded. That is almost as big a factor as some of the reductions in finance available to these low-income groups.

We really need to move in this direction with massive caution. I know and trust the Minister. I know that this has less to do with him than it does some other people, but he understands the importance of monitoring, piloting, watching and learning. He gets that. We are relying on him to maintain as much of that as he can keep hold of. Obviously he is not in charge of everything—I do not think that he would be here in the first place if he was—but we will need him to be in listening mode. Committee on the Welfare Reform Bill in 2012 was a model of what a Minister should do in response to some constructive but positive criticism from an Opposition who, I am sure, will continue to be constructive in the way they approach Committee on the Bill.

We have 32 clauses. I hope that the business managers understand that we need time for the noble Lord, Lord Freud, to work his listening magic. He needs time to reflect on what we say to him. The business managers may say, “32 clauses; we can do that in three or four weeks”. We seriously need to take time on this. My former colleague in the House of Commons, the noble Lord, Lord Young of Cookham, spoke about being a former Chief Whip. Once a Chief Whip, always a Chief Whip; I was a Chief Whip in my time. I would not like to be whipping the government side.

Although some powerful and well-informed speeches were made by the Opposition, they were all about the need to get reports made to Parliament. Annual reports are terrific, but they change absolutely nothing and they make no one any better off. That does not mean that they are not important, but they are insignificant compared to some of the other changes that got the House’s attention. Clearly, I consider those to be Clauses 13 and 14. There has been a powerful set of speeches from all sides of the House about the need to change the provisions for the ESA WRAG group clients. That is clearly something we need to think about.

The child poverty measures will take time. The noble Baroness, Lady Lister, made a powerful speech, and I always agree with everything that she says. In particular, however, I agree with the reference to the LSE British

Politics and Policy survey by Nick Roberts and Kitty Stewart, which looked at the results of the consultation on child poverty indicators. They looked at 230 of the 257 submissions under a freedom of information request. They said:

“There is very strong support for the existing measures, and near universal support for keeping income poverty and material deprivation at the heart of poverty measurement”.

That does not exclude any of the other things mentioned, a point made earlier. I am in favour of expanding some of the measures. What I am absolutely not in favour of, and I do not know anybody sensible who is, is ditching income. It does not make any sense at all. It makes us the laughing-stock of our European neighbours. We have academics—the noble Baroness, Lady Lister, is one of them—who understand these things better than anybody else in the world. Theirs were among the 230 submissions that were looked at by the LSE group, and that was their conclusion. It was a serious piece of work looking at what we need to do to get that set of indicators correct.

I want to say something else in passing—I have no time to develop it. Parts of the Bill affect Scotland. Parts of it, however, do not. I invite the noble Lord, Lord Freud, to come to Drumchapel and Easterhouse. He and I will go around advocating low-welfare and low-tax policies in the coming May elections in Scotland for Holyrood. Let us see how we get on. I promise the House that this could be used by the Scottish nationalist propagandists. They are grudge experts; we know that. This is meat and drink to them. It will make the job of the unionist parties, including the Conservative Party in Scotland, a lot more difficult than it otherwise might be. There are unintended consequences that we need to deal with. This is a very important Bill. I could say more, but I hope the Minister will be able to arrange some serious time in Committee to deal with this.

As a final point, I want to explore the idea of preventive spending. The noble Baroness, Lady Stroud, whose maiden speech was excellent, and whose work I know—although I do not always agree with her conclusions—made a very powerful speech. What she was actually saying was that if we were cleverer about evaluating the outcomes of preventive spending, the kind of things that she does would be an absolute no-brainer. However, they cost money and you cannot do bespoke preventive spending on an invest-to-save basis without giving some basic income support to keep people alive while you are doing it. I want to use Committee to explore some ideas about that through probing amendments. I hope that we will have a constructive Committee. We need to: this is an important Bill. It is important that we get it right. It would not have happened if there had been a Liberal Democrat in the Government.

10.29 pm

**Lord McKenzie of Luton (Lab):** My Lords, notwithstanding the fascinating and varied content of their contributions, given the hour, I hope that the House will allow me just to offer collective congratulations to all our maiden speakers. I look forward to hearing their contributions in future.

This is a wretched Bill. I am bound to say that it is the worst I have encountered in my time in the House. As my noble friend Lady Sherlock said at the start,

[LORD MCKENZIE OF LUTON]

it will increase poverty, penalise working households and accelerate homelessness. There is more besides as the Government are pursuing further cuts in parallel, not least their ill-fated attempt to cut tax credits through secondary legislation. This is done in the name of moving to a low-tax, lower-welfare and higher-wage society but we know that tax cuts and higher wages, even when they come, do not compensate for the scale of social security cuts which the poorest will be made to endure. The national living wage is not a direct substitute for cuts to in-work support and we know that half of the cash gains flow to the wealthiest half of households and are not available to the self-employed. My noble friend Lady Donaghy made some important wider points about the self-employed, which we will need to explore in Committee.

A significant contribution to the Chancellor's £12 billion of cuts, which the noble Baroness, Lady Manzoor, rightly claimed as a political choice, will come from across-the-board freezes in working-age benefit rates. This amounts to a 4.8% real cut, given the OBR forecast for CPI, and comes on top of three years of nominal increases under the coalition Government—presumably, also a political choice. Because of this, the IFS tells us that 13 million families will on average lose something like £260 a year. Breaking the link with prices and earnings, a growing feature of government policy, means cutting the poorest off from the mainstream of society. We argue for an annual assessment of benefit levels. My noble friend Lady Hollis reminded us to be careful of the mantra around benefits and pointed that as a percentage of GDP, the welfare bill has been pretty constant over a long time. The welfare and social security system is something which we all dip in and out of during the course of our lives.

The IFS analysis of the distributional effect of the coalition's tax and benefit changes shows that, overall, the coalition Government raised a net £13.5 billion in taxes and cut net benefits by £16.5 billion. Who picked up the tab when measured as a percentage of income? The bottom two deciles have borne the most. How is this supporting the most vulnerable? Where are Adam Smith's values in all that and who will bear the cost this time round? According to the IFS, it will be the poorest income decile groups.

The reporting obligations of Clauses 1 to 3 can be supported if strengthened. We heard from the noble Baronesses, Lady Stedman-Scott and Lady Eaton, the noble Lord, Lord Hodgson, and my noble friend Lord Young of Norwood Green, who was passionate about having quality apprenticeships and the importance of that government commitment. We need to be clear what employment means to the Government. I sometimes think that the impression is created that active market policies began with the Centre for Social Justice. If we need to look at a bit of history, perhaps I may take the Minister back to a report which he wrote in 2007, when he said that the Labour Government,

"has made strong, and in some respects remarkable, progress over the last ten years".

He went on to say:

"This is a genuinely impressive record. And underneath these headlines the biggest improvements have been for areas and groups which were previously furthest behind. Nearly every

disadvantaged group that the Government has targeted (e.g. lone parents, older workers, ethnic minorities and disabled people) has seen its 'employment gap' reduced".

I commend the noble Lord for the excellent report which he wrote previously.

Several noble Lords talked about the troubled families programme. My noble friend Lord Smith and the noble Lord, Lord Lupton, have supported that. I think we need to make sure that reporting of the troubled families programme includes a report on resources that are made available to local government. Several noble Lords focused on the lowering to three of the age of children whose parents must undertake work search or be sanctioned.

As well as seeking an independent review of the operation of sanctions, we will look to constrain this policy in circumstances where suitable and affordable child care is not available. We agree that child poverty is multifaceted and have no problem with further reporting requirements around worklessness and educational attainment. We might think about bad housing as well, but, although we subscribe to work being the best route out of poverty, we need to acknowledge the growing reality of in-work poverty, a point made by several noble Lords during this debate. CPAG tells us that 64% of children who are now living in poverty are in working households.

Like my noble friend Lady Lister, we are vigorously opposed to the removal of the measures and targets in the Child Poverty Act. We know that the lack of adequate income is a decisive characteristic and one of the primary drivers of poor life chances. Not having to measure income or indeed develop a strategy may be convenient for the Government, but it will not change the reality, a reality where the Resolution Foundation says that we are facing, in this rich country of ours, having some 3.7 million children in poverty by 2020. This is an outcome which is spurred by cuts to working-age benefits.

We look forward to the review of the noble Lord, Lord Low, and the noble Baronesses, Lady Meacher and Lady Grey-Thompson, and to their bringing their expertise to bear on the consequences for disabled people of this legislation. We have great confidence in their deliberations.

We support the Government's ambition to halve the disability employment gap, although their progress, as the noble Baroness, Lady Doocey, said, should be routinely measured. However, there are a number of measures in the Bill which do not help in recognising that disabled people take longer to get back to work and have challenging financial resistance. The noble Lord, Lord Patel, gave us an authoritative account of some of the challenges that disabled people face in getting back to work. Removing the uplift for individuals in the WRAG will cost them £1,500 a year and is justified on the spurious and unsubstantiated basis that it will improve work incentives, notwithstanding, of course, that people in the WRAG—this is a point made by several noble Lords—have been assessed as not currently able to work. These are individuals also who will be disproportionately affected by cuts to working-age benefits, including, for those not in receipt

of DLA/PIP, the benefit cap. How is that supporting the most vulnerable? We will seek to remove Clauses 13 and 14 from the Bill.

It is said that disabled people have been failed by the benefits system. We maintain they have been failed by the Work Programme, particularly those with mental health challenges. I commend the contributions of the noble Baroness, Lady Meacher, and the noble Lord, Lord Layard.

That we have a housing crisis is not in doubt. New build is woefully short of what is required. Rents in the private sector are rising. Homelessness is increasing. Of course, one of the first decisions of the coalition Government was to cut capital spending for social housing and to put the burden of funding on so-called affordable rents. No surprise therefore that the housing benefit bill ballooned by some £30 billion, so now it is all going to go into reverse with enforced social rent reduction, amounting to an average 12% by 2020, reversing also the agreements relating to refinancing agreements for local authorities. That may be good news for some tenants, perhaps, but the benefit will overwhelmingly accrue to the Treasury in reduced housing benefit. Taking some £4 billion out of the sector by 2020 is bound to lead to fewer social homes being provided. We heard from my noble friend Lord Smith of Leigh that this problem is already beginning to bite. As was mentioned, the National Housing Federation has said that it could lead to 27,000 fewer homes by 2020.

We have received strong representations about the impact of this policy on providers of specialist housing that deliver vital services to some of the most vulnerable in our communities. The right reverend Prelate the Bishop of St Albans in particular focused on this issue. Being able to seek an exemption from the policy is all very well, but we support a statutory exemption for specialised housing and seek to require the Secretary of State to bring forward arrangements to ensure that the impact of rent reduction will not impair the ability of housing associations or councils to build new affordable homes. We know that the benefit cap has already reduced the affordability of suitable housing and increased homelessness. Further reductions will make the vast majority of the country unaffordable to couples with three or more children. Freezing local housing allowance will further put housing beyond the reach of many. Shelter advises that in two years local housing allowance will not cover the bottom one-third of rents in almost all local authorities, which is staggering. The homelessness duty placed on local authorities will become intolerable, as cuts to their budgets bite. Of course, although DHPs will help, they are not a panacea.

We will support exemption from the cap for those in high-cost temporary accommodation; we will also seek to remove carers from the scope of the cap and exclude children-related allowances from the calculation. The assertion that this is all about work incentives is bogus, as those caught by the cap are overwhelmingly not required to work. Perhaps the Minister can give us the figure of how many people that actually involves. The Secretary of State should certainly not be let loose to change the cap almost at will and without reference to clear criteria.

As for switching support for mortgage interest by grant to a loan, we will seek protection for pensioners, who comprise some 45% of claimants. Given the switch, there seems little justification for the extended wait to 39 weeks. We will probe in Committee the availability of independent advice and concerns over conflicts of interest.

We have heard fierce opposition to the two-child policy, none more powerful than that from the right reverend Prelate the Bishop of Durham and my noble friend Lady Sherlock. Their opposition and that of the faith communities generally is not only about the financial impact of the restriction on larger families, including some 2 million children—families which already have a higher risk of poverty. As their briefing makes clear, the policy will have profoundly negative effects on family life. It raises horrific images of what women may have to endure in seeking exemption. There is much that we have to challenge in this Bill, none more so than this grotesque policy. It is a line that we must ensure that the Government are not allowed to cross.

10.42 pm

**Lord Freud:** My Lords, I was expecting some excellent contributions to this debate, and I was not disappointed. We have all been privileged to enjoy the quartet of maiden speeches this evening. I was particularly struck by my noble friend Lord Lansley saying that we need to add value in our measures of poverty. No one could mistake the passion with which my noble friend Lady Stroud has devoted her life to tackling the root causes of poverty. My noble friends Lord Lupton and Lord Polak concentrated on the importance of the troubled families programme. As my noble friend Lord Lupton said, we need to intervene, not just look at statistics. I also thought that we had a complete variety of styles from the four—you could not get a more varied set of contributions—and I look forward to many more contributions from my noble friends.

This Bill builds on the principles first introduced in the Welfare Reform Act 2012. In the past, Governments spent money in an attempt to solve problems rather than drive real change in people's lives, and our approach is different: we believe that we should reward work and support aspiration, that we must have in place a fair, affordable and sustainable welfare system, along with the appropriate protections for the most vulnerable, and that we must relentlessly focus on tackling the root causes of child poverty to improve the life chances of our children. It is also worth remembering that the measures in the Bill must not be taken alone. We must also take into account the national living wage, increases in the personal tax allowance and the reforms of childcare, all of which will help to ensure that work pays.

Let me address some of the points that were made in the debate. There were quite a lot, and I will attempt to answer as many as possible. We will have a chance to go into them all in Committee. To help that process, I will, as the noble Lord, Lord Kirkwood, asked, make sure that we have the same process that we had with the Welfare Reform Bill. I will make briefing sessions available for noble Lords on the specific policy in good time, so that we have an informed process.

[LORD FREUD]

Let me begin with the first three clauses of the Bill: the statutory duties to report on full employment, apprenticeships and troubled families. The noble Lord, Lord McKenzie, asked why we are not setting the target for full employment there. We set out in our manifesto the aspiration for the UK to be the best place in the world to start a business, and to achieve the highest employment rate in the G7. Producing an annual report will illustrate our progress towards that goal.

The noble Baroness, Lady Donaghy, asked whether underemployment as a result of working part-time is contributing to low earnings. The figures show that 85% of people who are working part-time are doing so through choice. The number of vacancies are now pretty substantial—in excess of 700,000 at any one time. In answer to the question asked by the noble Baronesses, Lady Manzoor, Lady Doocey and Lady Hollis, full employment will allow support for those with disabilities. We have already found 450,000 people in the Work Programme sustained work. We need to continue to support individuals into work through successful programmes such as Access to Work, and to work with the health system to improve access to treatment.

Closing the disability gap and improving employers' attitudes to disabled people is a theme that was picked up by the noble Baronesses, Lady Doocey, Lady Meacher, Lady Hollins, and Lady Grey-Thompson, and by the noble Lords, Lord Rix and Lord Young. Clearly, it is a challenging ambition and we are committed to it. We have extended Access to Work and launched specialist employability support. We continue to work with employers through our Disability Confident campaign, and announced funding of a further £100 million per year for additional practical support. Clearly, progress here is a key factor in achieving full employment and closing the gap.

The noble Lord, Lord Young, my noble friend Lord Blencathra and my noble friend Lady Stedman-Scott asked about the quality of apprenticeships. Improving quality has been central to our reforms, and employers are developing new standards to ensure that apprenticeships meet the skills needs of their sectors.

The Government ensure that small businesses are engaged in the development of those apprenticeship standards, and we have made significant progress in making them easier for small businesses to take on. In answer to the question of my noble friend Lord Hodgson, there are 40,000 people with disabilities or learning difficulties starting an apprenticeship. More clearly can be done. My noble friend Lady Eaton asked about care leavers. The Government provide full funding for apprenticeship training for entitled 19 to 23 year-old care leavers. They can also get access to programmes such as traineeships for the support they need to get ready for an apprenticeship.

I turn to life chances. We have made it clear that our focus is on the symptoms of child poverty—excuse me, the existing statutory targets focus on the symptoms of child poverty—and we have a new approach, the life chances one, focused on transforming lives through tackling the root causes of child poverty. Clause 4 therefore places a duty on the Secretary of State to report annually on the key life-chance measures of worklessness and educational attainment.

**Baroness Hollis of Heigham:** How is the Minister going to account for poverty among children of working families?

**Lord Freud:** The HBAI measures are still there. We will have all the measures that we normally have.

The noble Baronesses, Lady Hollis, Lady Sherlock and Lady Lister, were concerned about the impact of this on the Budget. Our reforms are designed to incentivise work and ensure that it always pays, and then to allow people to keep more of what they earn. The new life-chance measures will drive continued action on work and education, which will make the biggest differences to disadvantaged children now and in the future.

Numerous noble Lords argued that we should keep income-based measures and measure in-work poverty, as the noble Baroness has just reinforced. The existing statutory framework set around the four income-related targets is unfit for purpose. The framework does not drive the right action, so instead we will focus on the root causes such as worklessness and educational failure. The income measures led Governments to spend their finite resources on action that did not produce the best results for our children, and that is the reason for our new approach. As I just said, though, and in response to the noble Lord, Lord Kirkwood, we will still be publishing all the income measures and the HBAI report. I remind him that no other country in the world uses those measures as a target as opposed to a measure.

I am flattered by the vigorous quoting by the noble Lord, Lord McKenzie, from that small piece of work. I should point out that when I say there were some remarkable changes, there were no remarkable changes in the number of NEETs, which went up through the longest boom in history, nor in the amount of worklessness or social housing, which plateaued whether one was at the top or the bottom of the cycle, and I recommended a major effort to pull the disabled back into the labour market and into society. Of course some of the figures that I was so pleased with then fell straight off a cliff when we had a rather remarkable recession—probably the worst recession that this country has had since the 1920s. However, we took £60 billion out of the welfare bill over the last coalition Government, and up until the time for when we have the latest data, the relative measure of people in poverty had declined in that period by 800,000 people. So it is wise to use not people's forecasts of income but what has actually happened.

I turn to the benefit cap. It is not fair for someone on benefits to receive more than many people in work; reducing the benefit cap to £23,000 in London and £20,000 elsewhere better aligns the level with the circumstances of hard-working families across the country. On the question raised by a number of noble Lords—the noble Baronesses, Lady Sherlock, Lady Hollis, Lady Lister and Lady Warwick—about whether the level was too low, we originally set the cap at £26,000 but we want to balance the key aims of strengthening work incentives and promoting fairness between those in work and those in receipt of out-of-work benefits.

Any changes to the cap level will require the passage of regulations. I can assure the noble Baroness, Lady Sherlock, who was concerned about this, that the regulations which lower the level of the cap will follow

the affirmative parliamentary process. In response to the question from the noble Baroness, Lady Lister, and the noble Lord, Lord McKenzie, carer's allowance is included in the cap. The Government fully acknowledge and value the very important role that carers provide to society but 94% of households in receipt of carer's allowance will have a benefit income above the new cap level. They are, anyway, exempt from the cap.

The benefits freeze is a vital part of the Government's welfare reforms, providing £3.5 billion of savings by 2019-20—without any cash losers—which would otherwise need to be found elsewhere. The noble Lord, Lord Low, asked about the impact of the freeze on the disabled. We have exempted the benefits which contribute to the additional cost of disability and care from the working-age benefit freeze. The noble Baronesses, Lady Hollis and Lady Bakewell, raised the issue of the two-child limit. Families on benefits should make the same financial decisions as those families supporting themselves solely through work. Families on lower incomes will continue to receive child benefit for all children in the household, including a higher rate paid for the eldest qualifying child or young person. The noble Baronesses, Lady Sherlock and Lady Manzoor, both raised questions about involuntary two-child families. The Government will look at the important issues around exemption through secondary legislation and will provide more detail in due course. The situation with kinship carers is similar.

The noble Baroness, Lady Sherlock, raised the point of the impact on disabled children. Parents of disabled children will continue to receive the disabled child element and severely disabled child element in child tax credit and, in UC, the additional amount of the child element in respect of all disabled children, regardless of the total number of children in the household. The noble Baroness, Lady Manzoor, asked for assurance that the architecture of UC will not be lost. I appreciate her support on that and give credit to the Liberal Democrats, who were utterly supportive of universal credit and our efforts to bring it into reality under the previous Government. I am delighted to see that they maintain that level of support.

I turn now to the clauses which remove the work-related activity component in ESA, and its equivalent in universal credit, for new claimants from April 2017. The noble Baronesses, Lady Sherlock, Lady Manzoor, Lady Doocey, Lady Browning, Lady Meacher, Lady Howe and Lady Gale, asked for evidence that the WRAG component is a disincentive. A report by the OECD in 2005 argued that:

“Financial incentives to work can be improved by either cutting welfare benefit levels, or introducing in-work benefits while leaving benefit levels unchanged”.

On the other hand, employment support provides an opportunity to begin talking to ESA claimants about their ability to work. A positive relationship with a work coach, combined with evidence-based methods for goal-setting and striving, offers a promising way towards moving ESA claimants back into work. We will be increasing the practical support with new funding. The noble Baronesses, Lady Sherlock, Lady Manzoor, Lady Doocey, Lady Browning, Lady Meacher and Lady Gale, the right reverend Prelate the Bishop of St Albans and the noble Lord, Lord Patel, argued that

these claimants have been found unfit for work. The ESA claimants in the work-related activity group have been found to have limited capability for work. This is very different from being unfit for any work and, although they are not required to look for work, ESA explicitly recognises that claimants may be able to undertake some work via the permitted work rules. This change, combined with the new funding, is about providing the right incentives and support to encourage more people to move closer to the labour market.

The noble Lord, Lord Patel, made a point about those with cancer. The vast majority of those with cancer claiming ESA are actually in the support group, a point that he himself made. This includes anyone who is preparing for, receiving or recovering from chemotherapy or radiotherapy that will significantly limit their ability to work. Only a small proportion of individuals whose initial diagnosis is cancer will be placed in a work-related activity group.

On mental health conditions, raised by the noble Baronesses, Lady Manzoor and Lady Howe, and the noble Lord, Lord Layard, it was clearly acknowledged that returning to work can improve mental health, which is why we are committed to ensuring that as many people with mental health conditions as possible receive effective support to return to and remain in work. We will actually be investing £43 million over the next three years in trialling ways to provide specialist support for people with common health conditions to get back into the workplace.

On conditionality for parents, raised by the noble Baroness, Lady Sherlock, we believe that more can be done to support parents with young children to prepare and look for work. Where childcare is not available, requirements will be tailored around caring responsibilities.

On the clauses to turn support for mortgage interest into a loan, the noble Lord, Lord McKenzie, and the noble Baroness, Lady Sherlock, raised issues around pensioners. Pensioners will have access to the same level of support for mortgage interest payments as the current system provides. This will be provided via a loan, but that will not have to be repaid until the individual's property has been sold—which often, in the case of pensioners, will be on their death, so the people who actually pay are the inheritors; that is not something the party opposite would have a huge problem with, I would have thought.

A large number of noble Lords talked about social housing rents. The answer to the noble Lord, Lord Smith, is that the Government were elected with a mandate to put welfare spending on a sustainable footing to reduce the deficit. We are confident that housing associations and local authorities will be able to find and make efficiencies to accommodate the new settlement.

On specialist supported accommodation, which a large number of noble Lords brought up, we are proposing that there will be some exceptions from the rent reductions. We have set out some of those in the Bill and we will be setting out further exceptions in regulations. Our intention is to align exceptions with the equivalent provisions of the rent standard. At present these include specialised supported accommodation, residential care homes and nursing homes, and intermediate rent and private finance initiative housing.

[LORD FREUD]

We will work with the sector to ensure that the most vulnerable people are not adversely affected—indeed, I am planning to meet St Mungo's.

Regrettably, I cannot deal with all the questions and must draw to a close. I thank all noble Lords again for their contributions. Welfare reform is about much more than simply money. Our reforms seek to change the state of the nation, break the cycle of dependency, create the right kinds of incentives, have a fair welfare system, provide the best possible start in life for children, and bring lasting change that directly affects attitudes and behaviours. This Bill is a real opportunity to make a difference to the lives of some of the poorest, the neediest and the most vulnerable people in our society. It is an important and necessary piece of legislation. I commend this Bill to the House and ask for it to be given a Second Reading.

*Bill read a second time and committed to a Committee of the Whole House.*

### **Transport for London Bill [HL]**

*Message from the Commons*

*A message was brought from the Commons that the promoters of the Transport for London Bill [HL], which was originally introduced in the House of Lords in Session 2010-12 on 24 January 2011, should have leave to proceed with the Bill in the current Session according to the provisions of Standing Order 188B (Revival of bills).*

*House adjourned at 11.04 pm.*



# Grand Committee

Tuesday, 17 November 2015.

## Education and Adoption Bill

Committee (3rd Day)

3.30 pm

*Relevant document: 10th Report from the Delegated Powers Committee*

**The Deputy Chairman of Committees (Lord Geddes) (Con):** My Lords, it is now 3.30 pm. I am obliged to begin by advising the Grand Committee that, if there is a Division in the Chamber—which I am brave enough to say is singly unlikely—while we are sitting, this Committee will adjourn as soon as the Division Bells are rung and resume after 10 minutes.

### *Clause 9: Consultation about identity of Academy sponsor in certain cases*

#### *Amendment 23*

Tabled by **Lord Storey**

**23:** Clause 9, page 6, line 39, at end insert—

“(d) parents of children registered at the school, and

(e) the teaching and support staff at the school.”

**Lord Storey (LD):** My Lords, I understand that there are some drafting issues with this amendment, but I will still speak to it and we can perhaps resolve those in later amendments. I have always believed strongly that it is important that every pupil or student should have a qualified teacher. That does not prevent the opportunity for those members of staff who are preparing to become qualified and it does not prevent those teaching assistants who have NVQ level 3 or 4 from teaching.

Sorry, am I on the right amendment here?

**Baroness Evans of Bowes Park (Con):** No.

**Lord Watson of Invergowrie (Lab):** Are you in the right Room?

**Lord Storey:** I could see all these faces nodding—

**The Parliamentary Under-Secretary of State, Department for Education (Lord Nash) (Con):** I am tempted to say that you might as well keep going.

**Lord Storey:** As a teacher, it was a fascinating experience to see the students looking quite puzzled, but when I asked whether I was correct, nobody would say “No”—they just looked on. I think that they wanted me to have an even bigger fall than I was already taking.

**Lord Nash:** I take it that you have QTS.

**Lord Storey:** Yes, absolutely. But I shall sit down.

**The Deputy Chairman of Committees:** In order that the discussion can continue, would the noble Lord be kind enough to move his amendment.

**Lord Storey:** I beg to move Amendment 23.

**Baroness Massey of Darwen (Lab):** My Lords, as the noble Baroness, Lady Pinnock, is not here—it is not a good start—I shall rise to speak to this group of amendments, which follow on in a different way from the concerns about consultation that were raised last week but with the added dimension of consultation on a proposed academy sponsor. I remain astonished at the requirement to consult if a school is undergoing a voluntary conversion but not if it is classed as being eligible for conversion—we discussed that last week—and I also remain astonished that the Government do not see the absolute necessity to consult those people who are most involved in the school, whatever the school’s type.

I think that the noble Baroness, Lady Perry, who is here, thankfully—so she may correct me—previously in Committee raised the issue of what happened to schools in London when comprehensivisation took place. As she pointed out, there were many different types of school in London at that time: there were successful grammar schools and successful secondary modern schools, and there were failing grammar schools and failing secondary modern schools. There were also different ideologies about education and there were immense complications about land transfers. I was a parent and a governor in Inner London at that time, and I remember those battles. I also remember the consultations—with parents, teachers, governors, directors of education and the inspectorate—and I think that that consultation was valued and made for the successful re-establishment of many schools.

I assure the Minister that, like many colleagues, I have fought for high standards in education and for the welfare and rights of children. In this Bill, we are not trying to delay or disrupt; we are seeking the best for children, and I hope that the Minister will respect that. I also know that hurry is often the enemy of satisfactory results and that consultation processes are important. There seems to be some sort of air of desperation—“How dare parents and governors challenge so-called education experts?”. It is not a case of experts against the rest; any expert worth the name will accept that they might not have all the answers and will want to seek a diversity of opinion. Effective experts want to help others to understand their reasoning and proposals. I cannot go along with this hurry here.

The Minister will say, as Nick Gibb has said:

“We want the transformation of a failing school to begin from day one”.—[*Official Report*, Commons, Education and Adoption Bill Committee, 9/7/15; col. 288.]

Fair enough, but let us not go along the track whereby a pupil who is “languishing” in a failing school even for a day is suddenly whisked away into a different structure. It simply does not, and cannot, happen like that. It takes time—certainly longer than a day—to transform a system. Parents and teachers are very

[BARONESS MASSEY OF DARWEN]

aware that some academy sponsors have actually failed. I argue that there is time for consultation to take place, and it cannot possibly happen in a day.

Moreover, I cannot go along with Nicky Morgan's argument about sweeping away,

"the bureaucratic and legal loopholes previously exploited by those who put ideological objections above the best interests of children".

I cannot believe, as Nick Gibb said, that,

"unnecessary debate, delaying tactics and obstruction of the process"—[*Official Report*, Commons, Education and Adoption Bill Committee, 9/7/15; col. 285.]

is a justification for cutting out consultation. This is a particularly unpleasant and aggressive way of polarising the argument. Everyone, especially parents, seeks the best interests of children. The parents and teachers know the children that we are talking about. They know the school and the community, and they need to be certain of an appropriate academy sponsor. That is what this is about—the appropriateness of the academy sponsor.

Ofsted is the obvious body to give an overall vision or view of an academy chain as well as of individual schools. The Secretary of State should surely listen to Ofsted giving its objective view. Surely the parents, teachers, governors and pupils have the right to know a great deal about a proposed academy sponsor from Ofsted and other reports: the sponsor's track record, its philosophy, its ethos, and its experience in dealing with all types of pupil, including those with special educational needs. Websites and reports are useful, of course—and I have looked at many websites of academies—but what is more important is face-to-face consultation, where questions can be asked and reports considered. Academy schools and chains can fail, just as any school can fail. Some schools have had to be transferred to a new chain. Parents and governors, quite rightly, do not want to take unnecessary risks. This idea really does need to be looked at again.

**Lord Storey:** I will try a second time.

The noble Lord, Lord Nash, has a view that he has expressed a number of times: that there is not time for consultation with parents; that if a school is failing, we have to get on with putting it right; and that, the longer we delay doing something, the more effect it will have on the progress of a child and the success of the school. That is a view that I can understand, but I equally understand that parents play a hugely important part in the development of a child's education. The notion that a school should close down and become an academy without any discussion among those parents is very strange. That does not seem the correct way we have viewed education over the last X number of years. We have always seen parents as pivotal—as part of that partnership.

On my second point, again the comments made by the noble Lord, Lord Nash, resonated with me. On Second Reading, he talked about his own experiences in Pimlico, and I think he alluded to some of the abuse that he and his wife received when they were consulting to start up the school. As someone who closed more schools in Liverpool at the time of falling rolls than

anyone else, I know those sort of pressures. Yes, some people will use consultation as a means of maintaining the status quo or for political reasons, but that does not make this the right thing to do. Surely we can look at this objectively and say that it can take place at an agreed period of time or if there is an agreed means of doing it. However, the principle of consultation must be enshrined as we go forward on this.

I do not have any objections to academies. I have come to the view, which I have expressed on two or three occasions, that I would rather see all secondary schools become academies than create a whole pattern of different types of schools. Therefore, I do not have any ideological view against academies. We should not be getting to the point where a school is failing and a pupil is languishing in it—we should be in there before that happens. I cannot understand why we get to a point where we suddenly say, "This school is failing, so let us close it down", with all the trauma that the pupils face when that happens. We should be there before that happens. However, if a school is going to close, an academy is going to be established and an academy is going to be chosen for that school, we should consult with parents. I hope that the Minister will look creatively and objectively at how we might achieve that, with the minimum fuss and the minimum amount of time, but in the interests of that all-important partnership.

Once again, I apologise for getting the amendment wrong.

**Lord Watson of Invergowrie:** My Lords, I will speak to Amendments 24 and 25 in this group and to whether Clause 9 should stand part.

Amendment 24 aims to bring some much-needed transparency to the process of selecting academy sponsors. There is an unanswerable case in general terms for consultation but there is also a case for consultation on this very specific issue. Local communities should not have sponsors imposed on them without having some say in the matter. Sponsors are not just interchangeable. They have particular approaches to managing schools and to the curriculum. They have very different records, in terms of both their effectiveness and their record in managing public money. Again, I urge the Minister to acknowledge the essential fact that public money is involved here—which ought to mean that transparency and accountability are guaranteed. It is public money, yet the Minister wants to cancel the public's right to have any say locally as to how it is used in educating their children. It is unacceptable that a Minister can come to Parliament, propose such a fundamentally undemocratic measure and hope to get away with it.

Currently, there is absolutely no public quality control of would-be sponsors. On academisation, we know that Ministers are determined to press ahead at full speed and are thus required to find sponsors at all costs. We also know that regional schools commissioners are paid by results—that is, how many academies they can bring into being—and so they need to find sponsors at all costs. That is surely not a healthy situation. Someone, somewhere, needs to have the responsibility to say, "Wait a minute—these people are just not up to the task". If that means that some schools cannot be

converted as quickly as had been intended, surely that is preferable to signing up sponsors who are inadequate. More needs to be done by government—in whose name we are told the regional schools commissioners act—to get the sponsors right, rather than to get them right now.

3.45 pm

Logically, of course, this role should be undertaken by Ofsted, and that brings me to Amendment 25. Why Ofsted should be written out of so much of this Bill is worrying because it reflects the clear determination of the Department for Education and its Ministers to ensure that as much as possible of all aspects of transfers from maintained status to academy status is removed from public scrutiny. I have to ask the question: why the secrecy? What does the Secretary of State and her department feel they have to hide? Presumably, it is something or some things that would not stand up to close examination, at least as regards how they are being carried out.

Ofsted should have the right of access so as to guard the public interest. If it were simply a question of resources—I think we all know that Ofsted is underresourced—that at least would be an issue that could be addressed. But it goes deeper than that. The Government are determined to ensure that we have a two-tier structure in public education. I say that because on our last day in Committee, the Minister—the noble Lord, Lord Nash—declined to accept an invitation from my noble friend Lord Hunt to say that the Government intended to make every school an academy. Clearly, we are looking at a two-tier structure that will be there for some considerable time.

The Minister will no doubt argue that he and his appointees can be trusted in the matter of sponsors, as in all other matters relating to academisation. However, the facts suggest otherwise, because the performance of sponsors shows that some are simply not competent. Some have been found to have misused public money. Some, such as Prospects Academies Trust in 2014, have collapsed through incompetence, with all the consequent problems that causes for children, parents and teachers. Some have highly questionable international links, such as the Aurora Academies Trust, connected to one of the more dubious US schools chains with a record of failure and scandal in that country.

Earlier this year, we followed with increasing concern events surrounding the forced academisation of the Hewett School in Norwich. That brought up all sorts of questions relating to consultation and parental involvement in the process. I suspect that the fear of that being repeated is one of the main drivers of this anti-democratic Bill because I have no doubt that is exactly the kind of example that the Ministers will point to when lecturing us on why we cannot have people being asked for their views in case—heaven forbid—they are likely to want something other than academisation, and they might kick up a bit of a racket in doing so. I am sorry but that is the democratic process. There was a large march through the city of Norwich in protest at the Secretary of State's academy order and a clear majority of those asked in a consultation exercise were opposed to it. There were dubious goings-on

between the company given the role of carrying out the consultation and the trust seeking to become the academy's sponsor.

Did any of this trouble the Secretary of State? Not a bit of it—she rode roughshod over the views of parents and the local community and announced, in so many words, “You're having an academy and that's the end of it. Now, go away!”. It just so happens that the trust that is now the sponsor of the Hewett Academy is chaired by a major donor to the Conservative Party and the chair of the academy's board of governors is the trust's chief executive, a person lauded by the former Secretary of State, Mr Gove. Are these coincidences? Almost certainly not. So there is a serious need for proper, independent quality control of would-be sponsors. Why would Ministers not want that to be guaranteed? There is an urgent need for Ofsted to take on this role to bring transparency to areas where it seems the Government are determined that there should be none.

This clause is symptomatic of the general “we know best” approach of the Government throughout this Bill. We all share the aim of wanting our children and schools to perform as well as they possibly can, but we differ fundamentally with the Government on the means of bringing about these changes. Parents, school governors and local authorities all have long-established rights that enable them to have their say on matters affecting schools in their communities. Teaching unions, too, have the right to give their opinion, given that they are at the interface between children and their future careers. Yet in this clause we see that only certain categories of person are entitled to be consulted while everyone else, it seems, is insulted. Why should foundation or voluntary schools be treated differently from maintained schools? It is instructive that the appropriate religious body in faith schools merits consultation, but at the end of the day they can still be overruled by the Secretary of State on whether or not their school will be forced to become an academy, or who the sponsors will be. They may not even be of the same faith as the school itself.

Then, of course, there is the question of land. I made reference earlier to the Hewett Academy in Norwich, which sits on land estimated to be worth £60 million. That is £60 million of public funds—at least it was until recently. Now that tidy sum has simply been handed to a group of the Government's friends and while at present they are saying that they have no plans to sell the ground and move to a new site—let us face it, they would have to be monumentally stupid to suggest anything else—there will be nothing to prevent that in future. The only certainty is that the public purse is £60 million lighter as a result of that deal.

If I were involved with a faith school, I would be very concerned as to the future of the land owned by my church because, ultimately, it can be taken by the Secretary of State from that church, which may have owned the land for centuries, and handed over to anybody approved as a sponsor to do with as he pleases. I suggest that that is a shocking state of affairs for a Government in a democracy to contemplate, far less legislate for.

**Lord Sutherland of Houndwood (CB):** My Lords, I shall comment, I hope briefly, on the three listed amendments in reverse order, starting with Amendment 25. I made it plain under desperate interrogation at the previous sitting that I am in favour of Ofsted having rights of inspection over academies, and I do not move from that. However, rather than this fairly complex amendment—which I have to say, as presented, has a touch of an amendment by innuendo, which I am not comfortable with—I would hope for provision to be made for Ofsted to make its own judgment on when inspection is required, and to be open to requests from the department and the Secretary of State, as it currently is, to carry out specific tasks. I would think that Ofsted is probably in the best position to take the view on whether detailed inspection, and all that that implies, is necessary. That is Amendment 25.

On Amendment 24, I do not like the very last subsection about “all correspondence held by” the Secretary of State being published. We have a freedom of information system, and I think that that can and should be used as appropriate.

In some ways, the more substantial Amendment 23, on consulting parents, will not necessarily produce total wisdom, as I have made clear on this Bill and elsewhere. I have been a parent myself in these contexts, and sometimes we can get it wrong. On the other hand, I take the point that providing more time for consultation is not in the interests of the pupil. However, I then worry that if a provision is made for consultation of religious authorities, I can only believe that that is being pushed by a fairly powerful lobbying group who say that it is really rather important that, “We are consulted”. If these are the authorities presiding over a school that turns out to be coasting, what have they been doing? I think that there is a case for a rethink on this, or alternatively, having an opportunity for parents to make their views known, I would hope that the local press and MP can be a useful avenue in that.

**Lord Addington (LD):** My Lords, this is a fairly minor point, but I heard the Hewett School in Norwich being mentioned, and I am one of its alumni. Possibly that explains quite a lot.

**Lord Watson of Invergowrie:** It is no longer the Hewett School but the Hewett Academy.

**Lord Addington:** It is still a school or an academy, and if we remembered that it might help some of the progress on this Bill.

Regarding some of the points raised by the noble Lord, that school sits on sports grounds that have served half the sports clubs in the area. Indeed, the club where I started my career—I should declare—and finished, started on those grounds. These are the sorts of things that need to be worked into the system. We have to try to get them in somewhere along the line. On its use as a community asset, the noble Lord will not know the place but these are acres of prime playing fields in the heart of one of the fastest growing cities in the country. They are wonderful playing fields on flat, open ground that have been used as an asset by everything going on there. How we build on such a

utility is something that should be taken into account. What are we doing on the broader picture? That has not been brought in here, and it should. The fact that the community and parents should be given that courtesy is self-evident. That greater asset to the local community is something we seem to have missed so far.

**The Earl of Listowel (CB):** My Lords, I shall be taking part in the Second Reading of the Welfare Reform and Work Bill, so I apologise to your Lordships if I cannot be here for much of this afternoon’s discussion.

Listening to this debate, I think back to the experience of my half-sister, who for many years was a school librarian in Canada. She would complain about fathers coming in and taking books for their three year-olds about the planets and stars, which were completely inappropriate for the age of the children in question. Fathers were expecting children to understand things that they had no possibility of understanding. I think that probably happens a lot in the education system and outside it. People feel very strongly that certain things are important and others are less so.

My concern with sponsors is that they may have a very strong vision; sometimes that is a very positive thing, but sometimes that may not be so helpful. That is why I am interested to hear from the Minister, in a letter in due course, about the selection, training, support and development of sponsors, and why I have some sympathy with the concerns expressed by the Committee about who these sponsors are and who guards the sponsors. I look forward to the Minister’s response.

**Baroness Hughes of Stretford (Lab):** My Lords, I will make just a few comments on this group of amendments. I, too, apologise that I will not be able to be here for the whole Committee sitting. Unfortunately, because of other commitments I will be in and out a little bit.

I support the spirit of Amendment 25. I cannot see any reasonable and valid arguments why chains of academies should not be routinely inspected. The noble Lord, Lord Sutherland, made the point that that discretion could be left with Ofsted, but if it does not actually inspect chains I do not know how it will know whether or not it needs to inspect them. They ought to be brought into the fold of those organisations that Ofsted routinely inspects.

I want to focus on parents and what I believe is the right of parents to be both informed and consulted about significant changes to the status and organisation of the school in which their children are pupils. We touched on this in an earlier meeting. We have since had, just before this Committee session started, the response of the noble Lord, Lord Nash, to the noble Baroness, Lady Sharp, who raised some of these issues. It is now clear from this letter, notwithstanding the comments of the noble Baroness, Lady Evans, at the previous meeting, that in relation to a failing school the governing body does not have a duty to inform parents; it is required to take reasonable steps, but we all acknowledged in Committee that in many instances that does not happen. So there is not a duty on the

governing body specifically to inform parents if Ofsted has decided the school is failing and that consequences will follow.

The noble Lord, Lord Nash, also admits in the letter that:

“There are no requirements within the Bill for the governing body to have to inform parents that the school has been identified as coasting”,

by the regional schools commissioner; nor is there a requirement on the regional schools commissioner to inform parents that he or she has decided that the school is coasting. It seems that, when it comes to these important matters, parents are falling between a number of bodies which may or may not decide that they should inform parents and which may or may not consult them. It is in the gift of the Government to make that a duty and to bring the rights of parents to information and consultation to the fore in the Bill. Surely that is right.

As the noble Lord, Lord Storey, said, the only argument we have heard against that so far is that the Minister thinks that that would delay things at a time when speed is of the essence in setting matters to rights when a school is not performing. But that is within the Government’s own gift. The Government could set strict time limits. They could set down the means by which that consultation should take place. They could set that in statute or in regulation to minimise any delay, but that could still involve putting the rights of parents to information and consultation to the fore as an equally important principle, along with the others in the Bill.

I look forward to hearing the Minister’s response to that point, because if he is still relying on the very weak argument that this would cause unnecessary delay, he really has to say why the Government do not grasp that nettle and bring forward proposals that would minimise delay but still involve parents in decisions about their children.

4 pm

**Lord Nash:** My Lords, in speaking to Amendments 23, 24 and 25, regarding consultation about the identity of a sponsor that has been identified for an underperforming school, I shall also use the opportunity to set out the case for Clause 9 remaining part of the Bill.

I hope by this point in the debate that noble Lords will be all too familiar with the strong case for the central pillar of the Bill—that is, that where a school is underperforming and an academy solution is needed we want the transformation to take place from day one. We do not want the process to be delayed through debate about whether that school should become an academy. We have been clear that becoming an academy with the support of a sponsor is the best way to bring about radical improvement in a struggling school. That is why Clause 8 makes clear that there is no duty to consult where an academy order is to be made because the school is eligible for an intervention.

We also do not want any delays caused by ongoing debate about who the sponsor should be for the school in question. Where it is necessary for a school to become an academy with the support of a sponsor in

order to address failure or bring about necessary improvements, regional schools commissions will decide the most appropriate sponsor.

However, I have committed during a previous debate in Committee, as well as in my letter sent to the noble Baroness, Lady Sharp, today, to reflect on whether any further commitments can be made to ensure that parents will always be engaged if their child’s school is causing concern.

Amendment 25 seeks to require Ofsted to report on, and in some cases inspect, an academy trust prior to the Secretary of State entering into an academy arrangement with that trust in relation to a failing or coasting school. I agree with noble Lords that regional schools commissioners must have a clear picture of the performance and capacity of academy trusts operating in their local area. This information is required when RSCs make decisions about which trust is best placed to take on a failing or coasting school and when they hold trusts to account for the performance of their existing academies.

There are already strong systems in place to scrutinise and assess the performance and capacity of trusts, and I hope that when the noble Lord, Lord Watson, meets regional schools commissioners he will be able to satisfy himself of this. Regional schools commissioners already hold trusts to account for their education performance based on the individual Ofsted inspections of schools within that trust and on performance data. The Education Funding Agency already carries out trust-level reviews, assessing the financial and governance arrangements in trusts against the robust requirements set out in the *Academies Financial Handbook*.

In fact, the accountability framework for academy trusts reflects their status as both charitable companies and public bodies. This means that, when it comes to matters of good governance and financial management, they not only have statutory responsibilities under company law but are also accountable to Parliament for how they spend public money. Furthermore, Ofsted can already inspect a group of schools within a trust and make an assessment of the support that the trust provides to all its schools through these individual inspections and through taking the views of any schools in the trust about the support they receive. The published inspection report after such focused inspections include Ofsted’s assessment of the overall performance of the trust, as well as a summary of the outcomes of the individual academy inspections.

The noble Baroness, Lady Morgan of Huyton, spoke last week of the importance of regional schools commissioners working well with Ofsted regional directors. I reiterate that regional schools commissioners already meet regularly with Ofsted regional directors to share information about academies, trusts and sponsors and discuss any performance concerns. We have shown that we take decisive action where trusts do not improve the performance of their schools. With a number of trusts we have moved a number of their schools to more effective sponsors to address concerns about the trusts’ overall performance. We also carefully monitor the capacity of trusts as they expand. Where we have concerns, we will pause a trust from further expansion

[LORD NASH]

until we are convinced that it has the capacity to provide the high-quality support that failing or coasting schools require.

At his most recent appearance before the Education Select Committee, Sir Michael Wilshaw, Her Majesty's Chief Inspector for Schools, was clear that the current arrangements whereby Ofsted can inspect batches of schools within an academy trust at the same time are appropriate. Therefore, the proposed new clause is not only unnecessary but would create an additional layer of bureaucracy that prevented regional schools commissioners and trusts moving swiftly to bring about much-needed improvements in failing and coasting schools.

The noble Baroness, Lady Hughes, spoke about Ofsted inspecting chains. We do not think that it is right that Ofsted should have an additional role in judging a trust's central functions or operating model. This would simply place another burden on Ofsted, distracting it from what is most important and from the core skill of an HMI, which is inspecting the quality of teaching and learning in schools.

However, I have already had discussions with senior members of the Ofsted team about circumstances which may arise in which we may want to organise a parallel audit of a trust, where an inspection by Ofsted of a batch of schools in the trust and the trust's school improvement capability would take place alongside a simultaneous but separate investigation by the EFA of the trust's central governance, management and financial competence—an area of activity which we think the EFA is more appropriately qualified to inspect.

Having reassured Peers on the processes for holding trusts to account, I turn to Amendments 23 and 24, which would require wider consultation about the identity of the sponsor for a school eligible for intervention. RSCs, supported by their head teacher boards, will use their local knowledge and expertise to identify the sponsor which they believe will provide the most benefit to an underperforming school. I see no need to consult the local authority or the existing governing body of an underperforming school about that decision, given that it is those bodies which have overseen the failure of the school or have been judged to be unable to address underperformance at the school. The quote I mentioned in last week's debates, about turkeys voting for Christmas, comes to mind.

Dave Baker, the CEO of the Olympus Academy Trust and one of the individuals who attended the meeting with Peers the week before last, has perhaps summed up the position most compellingly:

"Where a school fails, swift action is needed and there is no time for debate and delay. As a member of a Headteacher board, I know the effort that goes into identifying and matching the right sponsor for any individual school. Where a school has failed, efforts should be spent on getting the right sponsor in place as soon as possible so that the sponsor can start engaging parents and start to secure change through decisive leadership. This should be the focus of everyone's attention rather than lengthy debates about who the sponsor should be".

Once an RSC has identified a sponsor for a school, the sponsor will usually be keen to engage with staff and parents about its plans for the school, ensuring that they understand what will happen next and have

the opportunity to share their views on the sponsor's approach. This means that staff and parents still have a say on the future of the school. I have already set out in earlier debates examples of how this engagement has taken place. I would also quote Martyn Oliver, the CEO designate of the very successful Outwood Grange Academies Trust, who said:

"A prospective trust does not just ride roughshod over a school and its community. Outwood Grange has a clear vision and we are passionate about engaging staff and parents on that vision. The advantage of our model is that alongside the clear vision of the trust, local governing bodies are left with more space to focus on things like engaging with the local community. Ultimately parents are happy, especially when they start to see the dramatic improvements in results for their children".

Noble Lords have also proposed that correspondence about how a sponsor for a school is identified should be published. I believe this to be unnecessary. As I have described, RSCs already subject sponsors to thorough scrutiny. The decisions of RSCs and head teacher boards are already transparent. RSCs assess applications from prospective new sponsors against published criteria. The rigorous assessment process ensures that prospective sponsors have a strong track record in educational improvement and financial management, and that their proposed trust has high-quality leadership and appropriate governance. The majority of sponsors are high-performing schools which have been subject to rigorous assessment by Ofsted and have been found to provide outstanding education. We publish a list of approved academy sponsors. After sponsors are approved, they remain under careful monitoring by RSCs and the department. RSCs take account of the trust's capacity and its track record in turning the performance of academies around before allocating them any new sponsored academies.

A full list of RSC decisions is already published on GOV.UK and we are making RSCs' decision-making more transparent. From December, a fuller note of head teacher board meetings will be published to cover all meetings from 1 October this year and will contain information on the criteria that were considered for each decision.

The noble Lords, Lord Watson and Lord Addington, made some comments about the Hewett School and its land. I can assure the noble Lords that the terms of our legal agreements with the sponsor in that case make it absolutely clear that it will not be able to dispose of any of the land without the consent of the Secretary of State.

I would like to take this opportunity, however, to reiterate the purpose of Clause 9, which specifies the limited circumstances in which it will be appropriate for RSCs to consult on the identity of the sponsor. Clause 9 requires that, where a foundation or voluntary school with a foundation is eligible for intervention and subject to an academy order, then the RSCs must consult the trustees, the foundation and—for a school with a religious character—the appropriate religious body about who they propose should be the sponsor. It is important that underperformance, whatever type of school it is in, is tackled. That is why we are clear that there should be no consultation on whether a failing school should become a sponsored academy, whether it is a foundation school or not, but in the case of faith schools we must also ensure that their ethos is preserved.

In many cases, a diocesan sponsor will be the best choice for a failing church school, but where appropriate—for example, where the diocesan sponsor does not have sufficient capacity to take on that school at that time—a non-faith sponsor can be put into place in such a way that the school's particular ethos is protected. I expect that dioceses and RSCs will work closely together to agree on the best academy solutions for any failing church schools. To support those arrangements, we are having discussions about reviewing and updating the memoranda of understanding that set out the roles of dioceses and government as they relate to the academy programme, in order to reflect the changes in this Bill and the wider evolving policy landscape. These discussions are ongoing.

The trustees, foundation and religious body are specified in Clause 9 because they are being consulted specifically in recognition of their responsibility for the ethos of the school, and to contribute their views on how this may best be preserved. This is why we do not agree with Amendment 23, which proposes that parents and staff should be consulted, too.

I hope that noble Lords have once again been persuaded by my commitment to ensuring that underperformance is tackled swiftly wherever, and in whatever type of school, it occurs. I have, however, explained the reasons why Clause 9 is important in the group of schools it applies to and reiterated my belief that sponsors can, and will, engage with parents, staff and communities once they are matched with a school. As I said earlier, I have committed to reflect further on whether any more commitments can be made to ensure that parents will always be engaged when their child's school is causing concern. In light of this, I urge the noble Lords not to press their amendments and to allow Clause 9 to stand part of the Bill.

**Baroness Massey of Darwen:** Before the noble Lord sits down, may I ask a question? I am grateful for the letter to the noble Baroness, Lady Sharp, which I have not got through my own post but through the photocopying skills of the noble Lord, Lord Hunt, but no doubt it will come to me. I thank him for that. I have not said it yet, but it seems from what the Minister just said that there has been, if not a softening of approach, then at least some consideration about parents. However, could the Minister tell me—we have talked about this day one, but what exactly happens on day one? Surely, a child or children cannot be transferred to another school on day one, so there must be some gap between all this. How large is the gap, and why is it not possible to set a timetable for some sort of consultation, given that there will be a gap already? Children cannot just be put into another school the day after, so what is this day one? Could he tell me, or perhaps write to me about it?

**Lord Nash:** I think I have already said that I shall reflect on the points made, and I shall take that into account.

**Baroness Massey of Darwen:** But what now happens on day one?

**Lord Nash:** I think that I should, perhaps, write to the noble Baroness about that.

4.15 pm

**The Earl of Listowel:** My Lords, I thank the Minister for his helpful reply. I found it very reassuring in terms of my particular concern about sponsors. I think that he was saying that most sponsors will already have a track record, and they will be the ones who are being looked at.

Perhaps he could say what proportion is likely to be coming in new to the field, and answer this example. Let us say I ticked all the boxes to become a sponsor for an academy, and seemed to be a very good person to do the job, but I thought that schools were places for work, not play, and that school playtime should be quite short. What would be the process to enlighten me that that is not the case or to weed me out and keep me away from the academy? How much influence might I have? I am thinking here of the story of an academy, which may be apocryphal, that was built without playgrounds for some reason, as somebody believed strongly that that should be the case.

**Lord Hunt of Kings Heath:** My Lords, is the noble Earl aware that 28% of five to 15 year-olds are either overweight or obese? Is that not the point that he wishes to stress on this issue?

**The Earl of Listowel:** I thank the noble Lord for saying that. That is a very important point which, with his health background, he would raise. I am simply trying to give an example of a possible candidate and how he might be processed by the system. But from what I heard from the Minister just now I am very much reassured that most of these academy sponsors will be experienced and will have a track record, and we can have confidence in them because of that.

**Lord Nash:** If the noble Earl is contemplating making an academy sponsor application, I am sure we would be happy to guide him through the process, but as the noble Lord, Lord Hunt, says, if he is serious about restricting play space, we can save him the bother. I believe a visit is being organised shortly to King Solomon Academy, which is a remarkable school. From memory, I think the statistics are that about 60% of children get free school meals, 90%-plus get five A\*s in English and maths, and more than 75% get an EBacc. The noble Earl will have formulated his views on academies and we can discuss his pending sponsor application in more detail.

**Lord Storey:** I shall refer to two comments made by the Minister, if I may. The first was that underperformance should be tackled quickly. We all agree on that. When all the coasting schools are to become academies, we need to have sponsors lined up to take them over. We do not want to wait months for an academy sponsor to be found, in which case the delays that the Minister is concerned about will invariably happen.

On the question of parental consultation, I was taken with the Minister's comment that we want parents to be engaged. The best way of doing that is at the start by allaying their fears and sharing the vision with them. Maybe in Committee we can have some further discussions on how we might make that a reality. I beg leave to withdraw the amendment.

*Amendment 23 withdrawn.*

*Amendment 24 not moved.*

*Clause 9 agreed.*

*Amendment 25 not moved.*

***Clause 10: Duty to facilitate conversion***

*Amendment 26 not moved.*

*Clause 10 agreed.*

***Clause 11: Power to give directions to do with conversion***

*Amendment 27 not moved.*

*Clause 11 agreed.*

***Clause 12: Power to revoke Academy orders***

*Amendments 28 and 29 not moved.*

*Clause 12 agreed.*

***Amendment 30***

*Moved by Lord Storey*

**30:** After Clause 12, insert the following new Clause—

“Inspection of Academies

Before section 9 of the Academies Act 2010 insert—

“8A Inspection of Academies

Before a coasting school is converted into an Academy by virtue of this Act, and of section 61 or 62 of EIA 2006 (schools requiring significant improvement or schools requiring special measures), the Chief Inspector of Education, Children’s Services and Skills must inspect and report on the person with whom it is anticipated the Secretary of State will enter into an Academy arrangement.””

**Lord Storey:** My Lords, in our endeavours to ensure that we have the highest standards in our schools, we look at three processes. One, of course, is testing and examinations. When schools are not achieving the level anticipated it is a sign that we need to take action. The second method is inspections when we inspect schools in, I hope, a supportive way, and when there are concerns we are able to act on them. The third area is the quality of the leadership and the teachers in those schools. The amendments in my name—Amendments 30, 31 and 32—are linked to those three areas.

I will deal first with Amendment 31 on teachers. You would not go to your local medical centre to see your doctor and be given an unqualified opinion. You would not go to the dentist and be seen by an unqualified dentist. It is hugely important, not just for the status of teachers and how they are valued by society, that we make it absolutely clear that in whatever type of school—local comprehensive, free school or academy—every pupil has the right to be taught by a qualified teacher. The notion of bringing unqualified people in

to teach because they might be enthusiastic beggars belief. That is not to say that there will not be people who have a particular interest and enthusiasm but they will be part of an ongoing project and there would be a qualified teacher with them; nor is it to prevent those people who are aspiring to be teachers from teaching, again alongside a mentor who is a qualified teacher.

The previous Labour Government permitted non-teachers to teach by allowing classroom assistants to teach. I have real reservations about that, I have to say. We allowed NVQ level 3s to teach lessons but not to prepare, plan or mark, and NVQ level 4s to teach, plan and mark lessons. We almost passed the buck when we allowed that to happen. It was interesting when the noble Lord, Lord Watson, said at Second Reading that this present Government and the coalition Government had more unqualified teachers in schools. Actually, that was not correct. There were more unqualified teachers in schools under the previous Labour Government than currently.

I am not trying to score points here. We should not be trying to score points off each other, we should all—Government and Opposition—value the role of teachers, and we should say that every pupil should be taught by a qualified teacher and it is as simple as that. Linked to that should be the quality of the training of teachers, which is not covered by this amendment—

**Lord Watson of Invergowrie:** I am not going to gainsay what the noble Lord has said. I am sure he has done his homework. But will he accept that there are different categories of unqualified teachers? When Labour was in government, a lot of the teachers involved were from other countries so had gained their qualifications abroad and were in the process of bringing those up to standard here or did not have the appropriate qualifications at that time. Quite often, under the current academy status, we are seeing people move into jobs simply on the grounds of enthusiasm and the ability to communicate, and we need a bit more than that if we want to get people through GCSEs and higher exams.

**Lord Storey:** I agree with that. Of course, the other reason is, despite what the Minister constantly tells us, that there is a shortage of teachers and we are desperate to find people. Figures published last week suggested that one in six teachers comes from overseas. I do not have any problem with overseas teachers, provided that they are qualified. I come back to the issue that I want to see every pupil in every type of school having a qualified teacher. Linked to that would be the quality of the teacher training and of the professional development while that teacher is in post.

On inspection—and this goes back to the previous debate—it is interesting that some academy chains are now bigger than local authorities. My local authority had 50-odd schools. The Harris academy chain has more than 50 schools. We inspect local education authorities but we do not inspect academies. Amendment 30 suggests that if a school is coasting or failing or going to become an academy, do we not want to know the reasons why that is happening rather than just saying, “It has failed, let’s move on”? Do we not want



to understand what has happened in that school so that we can put it right? Do we not also want, when we move that school into an academy, to be absolutely sure that the academy that is chosen is up to inspections and up to the mark, and that we do not move the pupils from one difficult situation to another? I beg to move.

**Baroness Perry of Southwark (Con):** My Lords, I respect the noble Lord's motivation in tabling these amendments. My objection to them does not get into the specifics relating to qualified teachers or whatever, but it is simply that I think that it is wrong for primary legislation to lay down what Ofsted should and should not inspect. The noble Lord suggests a very short list of what should be inspected, and I am sure that Ofsted would have a much wider field of interest in any inspection that it conducted, but I think that he has a focused and almost myopic picture of what Ofsted can and cannot do.

Over the years in which it has worked, Ofsted has built up a comprehensive picture of what is going on in schools and in education. It will undoubtedly have inspected at least one of the schools of most of the chains which might be candidates to sponsor a coasting school. Similarly, I cannot believe that any school would have been classified as coasting over a three-year period without Ofsted having been alerted to that and having gone and had a look at it. So we should have more confidence in what good HMI can do and their knowledge both of the system and of individual schools which are in trouble, rather than trying to lay down specifics such as, "They must inspect to see how many qualified teachers they are going to have, or they must inspect for this, that and t'other". I therefore ask the noble Lord to think again about the amendments and to have a little more confidence in what HMI within Ofsted would be able to do.

**Lord Storey:** Does the noble Baroness not agree that the difficulty is that local authorities no longer have the resources to give that support which previously existed? Does she not think that we should ensure that academy chains have the resources to do the very things that she suggests rather than always leave it to Ofsted?

**Baroness Perry of Southwark:** I have declared my interest as chair of Wandsworth Academies and Free Schools Commission. We interview every prospective sponsor. We look at their track record; we listen to what their aims and objectives are; and we listen to their views of education. We can then offer advice from the local authority to the department. I know that the department's evaluation of every potential sponsor is very detailed. Of course, local authorities will no longer be asked to comment—so my little commission will disappear—but I know that the regional schools commissions will do an extremely thorough job before they hand over any school to a new sponsor. They will have looked carefully at every aspect of the sponsor: its aims, its objectives, its track record, its vision of education and its proposals for what it will do with a school and so on. We sometimes try a little

too hard in this House to nail everything down in legislation instead of having more confidence in what professional people will do.

**Lord Hunt of Kings Heath:** My Lords, like the noble Baroness, I see the noble Lord's three amendments as being essentially about the quality and standards of the academy chains being considered to take over individual schools. As a matter of principle, it does not seem unreasonable to require that information be available to those who make decisions and to parents and teachers about the record of that academy chain. I take the point that one does not want to write everything into primary legislation and to instruct Ofsted in everything that it should do. On the other hand, one of the themes through our debates is whether maintained schools are being treated on a level playing field with academies. The suspicion arises because the Government seem to convey the view "Academies are good; maintained schools are bad". That is why some of us want to see something in the legislation to ensure that academies are dealt with equally, and looking at the past performance of the chain seems to me to be particularly important.

4.30 pm

On the issue of teaching assistants, I am not sure that I agree with the noble Lord. Surely the record shows that the employment of many teaching assistants has been beneficial; they have relieved some of the pressures on classroom teachers, who—goodness knows—are under huge pressure. The noble Lord asked whether in the NHS we would have a doctor or nurse purporting to treat patients without the right qualifications, and of course the answer can only be no. However, the NHS has good and bad examples. For instance, I do not think that healthcare assistants, much though they contribute to the health service, are a good example, because there is no national standard or curriculum or qualification that they can reach. Frankly, the demise of the state enrolled nurse and the eventual rise of the healthcare assistant has been a disaster, because not only has the previous role of the state enrolled nurse—who might not have had the academic qualification but certainly had the caring skills—been undermined but we have failed to develop and train sufficiently the healthcare assistants. On the other hand, in A&E departments or operating departments where nurse assistants are often appointed to help as practitioners, there are many examples there of people who, though not fully qualified in the primary professional function, have been well trained and are very experienced. To my mind, the experience of classroom assistants is that, in the main, they have done a very good job indeed.

However, the substantive point is surely that all this information is entirely relevant when considering whether an academy chain is fit to take over a school. The noble Lord is absolutely right to say that looking at issues such as the ratio of qualified teachers to unqualified teachers, absences and the record of the chain overall in Ofsted inspections of individual schools is entirely relevant. It may well be that the noble Lord may want to reflect on today's debate between now and Report in terms of any amendment that he puts forward then.

**Lord Sutherland of Houndwood:** My Lords, on the question of the qualifications of teachers, we can build ourselves into nonsense positions of the kind that the noble Lord, Lord Hunt, has been spelling out. In general, I agree with the remarks of the noble Baroness, Lady Perry.

To give an example of the nonsense—from outside this jurisdiction, so that there can be no unpleasantness in our reactions—up in the north-east of Scotland, on the bit of coast where we watch dolphins quite a lot, there is a shortage of teachers. In that area, instead of insisting that the standard QTS or GTC and all the rest apply, people have suddenly realised that the RAF personnel and people coming into industry in that area bring with them spouses—male and female—who are very good teachers and probably, in our terms, qualified. However, they have to make special arrangements. A bit of common sense in how we do things is very important. In that area, a policy is now being pursued to attract such people into the schools, where they will, I have no doubt, enrich the variety in the system.

Another, related point is that, if I were looking to improve the quality of teaching—as we all want to do—I would rather ask about the policies on continuing professional development in those schools, local authorities and chains. That is exactly where, I think, we have been rather remiss. I would look, not in this Bill but elsewhere, to put that in place.

**Lord Nash:** My Lords, I will speak to the new clauses proposed by Amendments 30, 31 and 32. These clauses, proposed by the noble Lord, Lord Storey, and the noble Baronesses, Lady Bakewell, Lady Pinnock and Lady Sharp, all relate to reports which Ofsted would be required to provide before a failing or coasting school becomes a sponsored academy. In particular, they seek to require that Ofsted must inspect an academy trust, report on teacher qualifications and report pupil absence levels prior to the Secretary of State entering into an academy arrangement for a failing or coasting school.

First, on Amendment 30, I agree with the intention behind the noble Lord's amendment to ensure that regional schools commissioners should be fully informed about the performance and capacity of academy trusts in their area. However, this proposed new clause is an unnecessary addition to the Bill because regional schools commissioners already have access to this information, as I outlined in some detail in responding to the previous group of amendments. I hope that the Committee can see that, given the information already available to regional schools commissioners, this clause is unnecessary. I have described that there are already a number of ways in which this full picture of an academy trust is built up, rightly utilising the skills set of Ofsted inspectors on educational performance and the assessments of the Education Funding Agency against the robust financial and governance standards under which academy trusts are held to account.

The clause inserted by Amendment 31 would place a duty on Ofsted to report on the teacher qualifications required by a particular academy trust before a failing or coasting school joins that trust as a sponsored

academy. I understand that, in tabling this amendment, noble Lords are concerned about ensuring the highest quality of teaching in academies, and I agree that this is a vital ingredient—probably the most vital ingredient—for securing the excellent education that every child deserves.

Teacher quality is a complex mixture of different attributes, including personal characteristics such as commitment, resilience, perseverance, motivation and, of course, sound subject knowledge. These cannot be guaranteed through a particular qualification. We believe that children should be taught by good teachers who inspire them, regardless of the qualification they hold. The noble Lords, Lord Storey and Lord Watson, seem to have some notion of academies hiring unqualified teachers purely because they are enthusiastic. I doubt very much whether any professional head of a school would allow that to happen, and I am surprised that the noble Lord, Lord Storey, thinks that they would.

One of the most important “qualifications” that teachers need is deep subject knowledge. I am delighted that, over the last five years, the number of postgraduates entering teaching with a 2:1 or better has risen from 61% to 73%. We do not think that we should necessarily require a PhD in physics to go through nine months' teacher training, over 60% of which is likely to take place in a school. If they have deep subject knowledge and the right personal characteristics, they can make great teachers without any further qualifications, as I have seen myself on many occasions. Neither do we think that a drama teacher from RADA who has a spare afternoon a week to teach in a primary school should have to get QTS.

**Lord Addington:** What would the noble Lord say about the skills you need other than your primary consideration? If you have a PhD in physics, do you, for instance, know what to do with a child with special educational needs? That is the sort of thing that attracts the attention and the worry. It is not the fact that they are great at their primary function but that a lot of other stuff has to be dealt with to get to the primary function.

**Lord Nash:** I know that the noble Lord is always concerned about this point. Of course every school has to have a SENCO, and every school, particularly if it has high SEN numbers, will have plenty of teachers focused specifically on this area. However, if a person has high academic qualifications and the right other characteristics, as I have already said, we do not see why they would necessarily have to get a particular other qualification.

**Lord Storey:** If this physics teacher who has deep subject knowledge is taking a class which misbehaves, and he or she cannot control that class even though they have that deep-seated knowledge, does that not suggest that an understanding of behaviour management is important? Or, if there is a child protection issue among those young people which perhaps goes unnoticed by this teacher with deep subject knowledge, does that not suggest that they, too, need some qualification or training in this area?

**Lord Nash:** I entirely agree with the noble Lord that behaviour management is key, which is why I am surprised that it is not focused on in many qualifications for teaching. That is why we have appointed a behaviour tsar, Tom Bennett, to look at this and why we will ensure that behaviour management is focused on, because you cannot teach if you cannot control your class. I should point out that, according to the latest statistics, 9,900 teachers working in academies and more than 10,000 teachers working in maintained schools do not hold qualified teacher status.

We trust heads to make decisions about getting the best possible teachers to teach in their schools. The funding agreements of many academies give trusts the freedom to employ teachers without reference to standard qualified teacher status. This allows head teachers to exercise their autonomy to bring in appropriately qualified or otherwise eligible people from a range of different backgrounds to enrich the teaching offer available to pupils. Of course, head teachers are held to account for the quality of teaching in their schools through the Ofsted inspection regime, as my noble friend Lady Perry said, and the regular publication of school performance data. As such, I do not think that it is necessary to place a further requirement on Ofsted to report on the required qualifications for teachers.

Amendment 32, proposed by the noble Lord, Lord Storey, and the noble Baroness, Lady Sharp, seeks to require Ofsted to report on the level of pupil absence over three years in a failing or coasting school before it becomes an academy and on the levels of absence in other schools already part of the trust taking that school on. Noble Lords are right to highlight the importance of pupil absence. We, too, take attendance very seriously. There is clear evidence that absence from school is linked to lower levels of attainment. Pupils with no absence during key stage 2 are over four and a half times more likely to reach level 5 or above at the end of primary school than pupils who missed 15% to 20% of the sessions, and twice as likely to do so than pupils who have missed 5% to 10%. The outcomes at secondary level are similar: pupils with no absence across key stage 4 are nearly three times more likely to achieve five good GCSEs, including English and maths, and around 10 times more likely to achieve the English baccalaureate than pupils missing 15% to 20% of school across key stage 4; for pupils missing 5% to 10%, the figures are 1.4 times and 2.5 times.

That is why we are supporting schools and local authorities to keep absences to a minimum and to develop measures to support and promote good attendance. We do not want children missing their education. That is why we changed the law to tackle the culture of taking holidays during term time. In 2013-14, the latest academic year for which figures are available, overall absence across state-funded primary, secondary and special schools fell to 4.5% from 5.3% the previous academic year, with persistent absence falling from 4.6% to 3.6%. Data on the level of pupil absence are already collected and published annually for all schools as part of the performance tables. Requiring Ofsted to report separately on this would merely duplicate what is already available.

As the noble Lord said, even if these amendments were necessary, which I do not agree they are, Ofsted has a great deal to do and, at the moment, is going through a major restructuring as it brings inspections in house. In my view, these new clauses are all unnecessary and would simply introduce additional bureaucratic processes for Ofsted that would delay regional schools commissioners from making decisions and trusts from beginning to bring about the much-needed swift improvements in the schools concerned. I therefore urge noble Lords not to press their amendments.

**Lord Storey:** I first want to comment on teaching assistants. I do not want to give the impression that I do not value them. I think that, as the noble Lord, Lord Hunt, rightly pointed out, they do a fantastic job in supporting classroom teachers. My concern is how they are increasingly being used to cover for sicknesses, shortages and other absences—it has become almost *de rigeur* to take them on for that role.

Turning to the amendments, I agree with the Minister that it is vital that the person teaching the subject or the class has a deep knowledge and understanding of that subject or, in primary schools, an understanding of child development and behaviour management. However, far too often we see a subject specialist who has an incredibly detailed knowledge of his or her subject but no ability—no flair, imagination or creativity—to put that subject across. Of course, the pupils are then not able to be successful in that subject.

4.45 pm

The important thing here is what the Minister said at the beginning when we were talking about consultation and parents being engaged. Of course regional commissioners and Ofsted have this information, but if a school is being closed—I have not experienced that situation; I do not know if the Minister has—it is a very traumatic time for parents. It is decided in a meeting to close the school but for the parents—forget for a moment the teachers, governors and pupils—it is incredibly traumatic, and we want to ensure that that process works for them as well. That is why I was particularly taken by the Minister's comment in the previous debate about how parents should be engaged.

One of the ways in which parents can be engaged is to be reassured about the person leading the school and the qualifications of the teachers—a whole host of issues. That information might be available but let us make sure that it is available to parents and not say to them, "You can find this out by looking at the website". At that crucial moment in a school, let us make sure that the transition from one school to another—which is another important area—goes as smoothly as possible, with parents supporting it and being given the information. I do not care how that information is arrived at but parents must be given that information so that they can understand it and share the vision, and perhaps become evangelical themselves for the school and the new setting. I hope the Minister will take on board some of those thoughts for future discussion. I withdraw the amendment.

*Amendment 30 withdrawn.*

*Amendments 31 and 32 not moved.*

**Clause 13: Local authority adoption functions: joint arrangements**

**Amendment 32ZA**

Moved by **Lord Watson of Invergowrie**

**32ZA:** Clause 13, page 8, line 25, after “authorities” insert “and voluntary adoption agencies operating in the area jointly”

**Lord Watson of Invergowrie:** My Lords, in moving Amendment 32ZA, I will speak also to Amendment 33. This group focuses on the voluntary adoption agencies, about which quite a bit was heard at Second Reading, but considerable difficulties remain as far as the agencies are concerned. We owe a duty to them to air those views and to seek the Government’s help in prioritising them.

The DfE’s *Regionalising Adoption* document, published in June this year, was interesting. It devoted two pages to the role of voluntary adoption agencies, beginning with this statement:

“We are particularly keen to consider models that have an element of cross-sector collaboration, bringing together the best of the voluntary and statutory sectors”.

If the DfE had finished the consultation document there, I am sure that the voluntary adoption agencies would have been perfectly happy because that is basically what they seek. The document then proceeds to list three options for local authorities,

“to acknowledge and use the potential of the voluntary sector to provide services at a regional level and have the confidence to take forward these partnerships”.

The first is:

“Involving a voluntary adoption agency in a regional partnership as a specialist adoption support provider”.

The second is:

“A voluntary adoption agency leading a regional partnership, providing adoption management services to a group of local authorities, and working with and through local authority staff in social work positions”.

The third is:

“A voluntary adoption agency providing specialist services to a number of local authorities as part of a formal partnership arrangement”.

I have perhaps been remiss in not welcoming the fact that we are on Clause 13 and now dealing with adoption. I have been slightly thrown because of the way in which the amendments have been grouped, with Amendment 32ZA at the beginning rather than Amendment 33, which I was going to speak to first. This is an important issue. I do not believe it is an afterthought in the Bill, as has been suggested. It is a relatively small but very important part of the Bill and will affect a great deal of people.

The voluntary adoption agencies play a very important role within that. I got the impression from reading the sections I have quoted from *Regionalising Adoption* that the Government value the role of voluntary adoption agencies. My question stemming from that is: why not

formalise that role? Voluntary adoption agencies are seriously concerned at the possible dilution of their role and this would help to allay those fears.

Although the Minister had quite a bit to say about Clause 13 in his opening remarks at Second Reading, in summing up he had very little to say. In fairness, I should remind noble Lords that he revealed that he was extemporising on that occasion. That was perhaps somewhat ill advised because he devoted just five lines in *Hansard* to the question of voluntary adoption agencies, and what he did say betrayed a misunderstanding of the concerns expressed by the voluntary adoption agencies. When adoption agencies in Wales were reorganised into five regional groupings, smaller voluntary agencies were the casualties. What assurances can the Minister give that the same will not happen in England? That fear was expressed by several witnesses who gave evidence to the committee in another place. That view is also held by the Consortium of Voluntary Adoption Agencies and by its biggest member, Barnardo’s.

The key concern here is about accountability and ensuring that the new system results in meaningful improvements for vulnerable children, especially the hard-to-place ones—those in the categories of age four and over; children with a disability; sibling groups; and children from black, Asian and minority ethnic backgrounds. Voluntary adoption agencies have particular expertise in work with hard-to-place children and the danger is that local authorities may look to protect their own interests after the introduction of regional adoption agencies, leading to a squeeze on the smaller but still influential voluntary agencies. As I have said, that concern was raised by several witnesses who gave evidence to the committee in another place.

It was also said at Second Reading that voluntary adoption agencies play a key role and yet, despite government support over the past few years, they are struggling for survival. Many are reducing the size of their social work teams as the proportion of adoption work that was done by the agencies decreases. In some areas, local authorities—despite clear direction from government, which I acknowledge—exclude them from discussions. It is not clear how voluntary adoption agencies will play a part in the proposed new regional structures while retaining their individual independence, or how funding arrangements will support their activity.

Voluntary adoption agencies are concerned about transitional instability because some are losing their relationship with local authorities, which feel that they may not need the voluntary agencies when the local authorities become part of a regional adoption agency. As I have said, voluntary adoption agencies play a key role. However, it is not clear how they will play what they would regard as a meaningful part in the proposed new regional structures while retaining their individual independence. Equally, they are concerned as to how funding arrangements will support their activity.

Amendment 33 would require the Secretary of State to lay an annual report before Parliament containing information about how she has exercised the power given to her in Clause 13 and the safeguards she has put in place to protect the voluntary agencies, other models of care and the provision of post-adoption support. In referring to the power to direct local

authorities to come together in regional adoption agencies, the noble Lord, Lord Nash, said at Second Reading:

“I assure your Lordships that we expect to use this power rarely”.—[*Official Report*, 20/10/15; col. 586.]

That is as it should be. However, if that is the case, an annual report to Parliament would not involve many examples of their use and could hardly be regarded as onerous or particularly bureaucratic by the Government. I trust the Minister will not look for reasons to avoid meeting what I believe is a fairly modest requirement.

The Bill provides the Secretary of State with the power to intervene directly in adoption arrangements. That leads us to believe that in cases where she uses her powers of direction it will be because she has failed to achieve the hoped-for consensus and voluntary arrangements that are clearly the Government’s ambition. In such circumstances, is it not right that Parliament should be told what persuaded the Secretary of State of the need to exercise her powers? Meeting the requirements of Amendment 33 would make that information available to Members of both Houses of Parliament, allowing appropriate scrutiny to be undertaken.

There is clear need for the Secretary of State to report on the impact of voluntary adoption agencies, the whole area of children in care and the question of support for adopted children and their parents, especially concerning mental health issues. Why is it the case that children currently entering the care system are subject to a routine physical health check but, despite the often chaotic, sometimes traumatic lives that led to them being placed in care, they are not automatically given access to a mental health check? For those reasons, it is important that the Government are prepared to report on an annual basis to ensure that that information can be made available to Members of both Houses, and that progress relating to this part of the Bill can be tracked. We all wish it success but we also want to see that that is actually what is happening.

Returning to the question of voluntary adoption agencies, these organisations undertake only about 16% of adoption placements. There is therefore a real danger that they could get lost within the new system when the local authority with which they work becomes part of the regional adoption agency. It would be a great shame, and a real loss, to a sector that has recently seen the demise of the British Association for Adoption and Fostering if they fell by the wayside. I look to the Minister to reassure them that their vital and long-established role will be both recognised and protected. She can meet that hope by accepting our amendment and agreeing to report annually to Parliament. I beg to move.

**Lord Storey:** I will speak just to Amendment 34 in this group, which seeks to develop the work we did on the Children and Families Bill, where quite important progress was made on the whole issue of adoption. There was an important amendment from the noble Earl, Lord Listowel, about the increasing length of time that children stayed with foster parents.

Let us build on that: Amendment 34 seeks to support that progress by saying that children in the care of local authorities are perhaps the most vulnerable children.

Many of them have mental health problems. In fact, the figures—I will not repeat them now—are really alarming. Many local authorities and agencies which carry out the role for local authorities make tremendous progress with those looked-after children. But there are real concerns, and this amendment suggests that we should always have those concerns in the front of our minds through having an annual report on the support we are giving those young people, so that we can adjust our provision and policies where we need to. I hope the Government might consider supporting this amendment.

**Baroness Evans of Bowes Park:** My Lords, Amendments 33, 34 and 32ZA raise important issues about ensuring that any use of the power given to the Secretary of State in Clause 13 is transparent and considers the impact on voluntary adoption agencies, other parts of children’s social care and the provision of post-adoption support. The amendments require an annual report to be laid before Parliament and enable the Secretary of State to direct local authorities and voluntary adoption agencies to jointly determine who should deliver adoption functions.

I thank noble Lords for raising these issues and I agree that we need to be clear about how this power is used, and what its impact is, so I appreciate the intent behind the amendments. First, I assure both noble Lords that any use of the power will be transparent and fair. Decisions will be informed by input from the affected agencies and other agencies operating in the local area, including voluntary agencies. However, I believe that laying an annual report before Parliament on the use and impact of the power would be disproportionate, and that directing local authorities and voluntary agencies to make decisions jointly will not work in practice. I will go on to explain why.

First, I assure the Committee that we have carefully considered the impact that moving to regional adoption agencies will have on other parts of the care system, and on the provision of post-adoption support. We have been clear that regional adoption agencies need to consider how adoption support functions will be carried out and how links with other parts of children’s social care will be maintained. This includes ensuring that adopted families have access to appropriate mental health support to meet their children’s needs. We will come to that in more detail in the next set of amendments. We see regional adoption agencies as an opportunity to deliver improvements in these areas. We are also encouraging innovation. This may well include broadening the regional approach to include wider permanence services, where this has potential to drive improvement.

5 pm

Turning to voluntary adoption agencies, I reassure the noble Lords, Lord Watson and Lord Storey, that we are clear that these organisations have an important and central role to play in new regional agencies. That is why we have ensured that all the projects we are funding include voluntary adoption agencies. I am delighted that two-thirds of all voluntary adoption agencies are already involved.

[BARONESS EVANS OF BOWES PARK]

We are committed to ensuring that the move to regional adoption agencies does not adversely impact on voluntary agencies and that they see it as a positive opportunity. Understandably, a number have raised legitimate concerns about their role in regional adoption agencies. But I am pleased to say that it is clear from the expressions of interest we have received and the projects we are funding that VAAs are being involved in a number of ways and have clearly been party to some fruitful discussions about how they can expand their involvement.

We absolutely believe that smaller, very specialist VAAs continue to have an important role to play. The service they provide in recruiting adopters, particularly for some of our most vulnerable and complex children, will still be very much needed in the new regional agencies. We will keep this area closely under review and will monitor it because we are determined to ensure that the excellence and expertise offered by voluntary adoption agencies is at the heart of this new agenda.

**Lord Hunt of Kings Heath:** Clearly, the noble Baroness has given considerable reassurance to the Committee, but how does this all fit with procurement policy? The reason I ask that is because we know that the Cabinet Office has been leading very hard-driven, centralised procurement and there have been complaints that, despite the Cabinet Office also having a policy to encourage SMEs, those have been squeezed out by the prime contractors. I think that the Cabinet Office is reviewing that at the moment.

It struck me from what the noble Baroness was saying that although Ministers clearly recognise the role of the smaller voluntary agencies, particularly the specialist ones, one of the problems is that once you create regional entities, inevitably they adopt a bureaucratic process. I worry that the smaller agencies may find this very overbearing. I do not think this is a matter for statute but rather one of reassurance that the regional agencies understand that they cannot develop processes that make it almost impossible for these very small agencies, often with very limited infrastructure, to get agreement to be part of the new agencies in the future.

**Baroness Evans of Bowes Park:** We think that the VAAs should be involved in early conversations about regional adoption agency design. We will issue procurement guidance for projects shortly, so it is in our minds.

Finally, the noble Lords raise important points about the proportionate use of this power. It is important to emphasise that we are committed to supporting local authorities and voluntary adoption agencies to move to regional adoption agencies voluntarily in the first instance. These powers are only backstop powers to be used for the reluctant few.

As I have already said, we are delighted that the sector has already seized the opportunity to be involved. We have announced 14 regional adoption agency projects that we are working with this year, which, as I said, will involve more than two-thirds of all voluntary adoption agencies and local authorities. In the rare

cases where the power is needed, decisions will be made following extensive discussions with all those involved or affected, including voluntary agencies. Prior to making a final decision, we will write to any relevant local authority formally requesting its views on the matter. I therefore reassure noble Lords that all those involved will have the chance to comment on the proposal before a final decision is taken.

I take this opportunity to mention the role of the national Adoption Leadership Board, which meets quarterly and has a remit to drive significant improvements in the performance of the adoption system in England, and which will also have an important role to play in shaping decisions and overseeing service development. This board has already been paramount in driving forward our reform programme, and that role will continue. The board is made up of the most senior officials from key organisations in the system, including representatives both from local authorities and voluntary organisations. The Consortium of Voluntary Adoption Agencies, which represents all voluntary adoption agencies, is a key member. Board members have been appointed to represent their sector and to take responsibility for galvanising performance improvements within their respective areas. Involving the board in any decisions about regionalisation will therefore be vital. This is another indication of how we are trying to bring all parties together.

This is a practical and proportionate approach to ensuring that the powers are used appropriately and that all interested parties are involved in decision-making. In view of this, I hope that noble Lords will feel reassured enough not to press their amendments.

**Lord Watson of Invergowrie:** I thank the Minister for that reply, which was to a large extent warm and, I am sure, encouraging to voluntary adoption agencies. She talked of them being involved in 14 of the regional adoption agencies that are in the process of being established—that is all very well and good—but that is the start. We look some way down the road and it may not happen. What if some local authorities or some regional adoption agencies decided not to involve voluntary adoption agencies? It is quite unlikely that none would be involved, but the agencies themselves remain concerned—it is not those of us on this side of the Committee who need to be reassured, it is the voluntary adoption agencies. For whatever reason—well, the reasons I have outlined, to be frank—they are not yet confident that that is how it is going to be into the future, and it is the future that concerns them rather than the present.

The Minister did not say specifically what was wrong with Amendment 32ZA. I do not see why it cannot be added to the Bill. It would simply add nine more words and ensure that voluntary adoption agencies were fully involved. If that is the Government's intention—and I have no reason to doubt that it is—why not just write it into the Bill on that basis? It is disappointing that the Minister is not willing to do that, because I cannot see that it would have any real effect on any other part of the adoption system.

On the annual report, the Minister talked about transparency and about the agencies being fully informed, but transparency is also important as far as Parliament

is concerned. You may say that Members of this House or another place can read the reports that are made available—no doubt, they will be put in the Library—but Parliament has a right to expect that such information be made available to it. If there was a need for a debate on these issues—it would not be every year, by any means—that could take place. If I noted the Minister correctly, she said that this would not work in practice. I may have missed it, but I did not hear from her why that would be the case. Yes, it would perhaps be a little bureaucratic, but only a little bit. I think that it would have a much wider benefit, not just for parliamentarians but for the agencies involved. The Minister's response is therefore disappointing. Perhaps the Government could further clarify why they seem resistant, particularly in respect of including voluntary adoption agencies in the Bill. I know that that is what they want for reassurance and it is what we want with this amendment. But given what the Minister has had to say, I beg leave to withdraw the amendment.

*Amendment 32ZA withdrawn.*

#### *Amendment 32A*

*Moved by The Earl of Listowel*

**32A:** Clause 13, page 8, line 35, at end insert—

“(f) the provision of child and adolescent mental health services for children in the adoption system;

(g) the assessment of the mental health needs of children in the adoption system”

**The Earl of Listowel:** My Lords, I shall speak also to my Amendment 34A. I know that the noble Baroness, Lady Benjamin, regrets not being present and would have liked to support these amendments—she spoke eloquently on these issues at Second Reading. Perhaps I may also say how good it is to see the noble Lord, Lord Hunt of Kings Heath, in his place. When he was Education Minister many years ago taking through Parliament the Children (Leaving Care) Act, he listened to the concerns of noble Lords and extended protections for children.

**Lord Hunt of Kings Heath:** I should just correct the noble Earl: for some reason, they would never let me near the Department for Education. I took the Children (Leaving Care) Act through as a Health Minister. Of course, I well recall our debates, because the noble Earl eloquently and consistently raised the issue of the poor outcomes of children in care, and we were concerned about the transition from care into adulthood and about making sure that there was still a duty on local authorities to support. We made some progress but, alas, the figures speak for themselves as regards the outcome for children in care. That is why this issue of mental health is so important.

**The Earl of Listowel:** I could not agree more. If we are reflecting for a moment on the past, Governments have invested a huge amount of money and resource into young people in care, and perhaps that money might have been better spent if more thought had

been given to ensuring that mental health was fully integrated with all the educational support that is given to young people in care.

Amendment 32A extends the ability of the Secretary of State to allocate functions and includes the provision of child and adolescent mental health services for children in the adoption system as well as an assessment of their mental health needs. I suppose that the Secretary of State might say of a charity such as the Brent Centre for Young People, “They do a very good job—maybe they should do it more widely, and maybe a certain local authority needs them to give it help in this particular area”.

Amendment 34A ensures that the quantity and quality of mental health support provided for in the adoption system will be maintained or improved by these steps to ensure that there is a movement forward, not backward, in any changes made. The headline I put to your Lordships is that, while this is quite narrowly focused on children in the adoption system, I hope that the Minister might allow me to make a plea for improved mental health support for young people coming into care. In particular and most important, currently, children who come into care have a health assessment by a GP, which is welcome. I will expand on this later, but they really need a mental health specialist or perhaps a clinical psychologist to give them an assessment that is focused on their mental health. Following on from that assessment, they need the services that follow to help them meet the need to recover from the trauma that many of them will have. Therefore, that is the headline I put to your Lordships: an appropriate clinical professional at the very beginning, the services to follow up, then ongoing monitoring to ensure that those services are being provided, as well as of the mental health of the young people. That would make a huge difference.

I am most grateful for the many measures that the Government have taken to improve the adoption system, in particular with the assistance of my noble and learned friend Lady Butler-Sloss with regard to the adoption support fund. I look forward to hearing from the Minister how that will apply to this particular area, and on accelerating the adoption process so that children get to a loving family more swiftly than in the past.

There are challenges. As the noble Lord, Lord Storey, said, 60% of children who come into care have experience of neglect or abuse, and 45% have a mental disorder in care as against 10% of the general population. Therefore it is not surprising that they will have often experienced trauma in their lives before arriving into care. Being taken into care—being taken from one's family—is a traumatic process in itself; then there may be further trauma as regards shift of placements in care. Therefore, there is a huge mental health element to the work that needs to be done here as well as the educational attainment, which is being better grasped for.

It is very welcome that the Children's Minister, Edward Timpson MP, is well aware of these issues. His father has written on the issues of attachment in the past and, of course, Mr Timpson has siblings who are adopted. He is very sympathetic and has been meeting

[THE EARL OF LISTOWEL]  
with the NSPCC and young people who have left care recently to discuss these particular issues. I commend him for paying such attention to this area.

5.15 pm

I do not wish to take up too much of the Committee's time, but I shall give a little example. I worked 10 years ago with a 10 year-old who was just coming up for adoption. The placement was arranged by Anne Longfield, the current Children's Commissioner, for which I am grateful. We had been working with this young boy of 10 for two weeks, and nobody had told us that he was about to come up for adoption. One might have guessed as he was behaving like a three year-old most of the time. He was aggressive and disruptive, and spent much of the breaks just lolling around in a tyre. He was behaving in a very infantile way, but he just needed extra support. We learnt that he was about to be adopted because as we were driving from Chessington World of Adventures in a minivan, he said, "I can't wait to meet my new family. We're going off to Butlins together and I'll meet my new sister". One really hopes that that worked out well for him. A child like that needs excellent support from the get-go, so any issues are sorted out early and he has the best chance of a secure and safe placement.

Another quick example is one produced in the film of Steve Jobs's life. It is based on a biography but it is a fictional, artist's interpretation of what happened. One sees that Steve Jobs is very unkind to his five year-old daughter at the beginning of the film. He rejects her and says, "I'm not your father", in her presence, even though she clearly wishes him to be so and imagines that he is. At the end of the film, he comes to recognise that she is his daughter, but what also comes out is that he himself, as an adopted child, for a long time felt that he was not wanted and had been rejected. It seems that that pattern, which was unresolved, played through again in his fatherhood. It highlights the risks that if we do not deal with the issues early on, they will go on to plague that person's life and the next generation. So, we need to act early and get the best and correct professional input from a clinical psychologist, or someone of that ilk with the appropriate training.

There are a couple of challenges, on which the noble Baroness can enlighten me. One is the prospective adoptees. What work is being done to ensure that prospective adoptees, who may perhaps have had several attempts at in vitro fertilisation and may be feeling quite frustrated at being unable to have a biological child of their own, have had the support to come to terms with that before taking on a child for adoption? I imagine that that may be dealt with in the adoption process.

The other issue is that many of the children coming up for adoption in the future will be older children. Because the Government have been so successful at getting more children through the system, we are now likely to be left with older children coming forward. That would be a challenge and I wonder how the Government will face it. That highlights again the importance of correct mental health interventions early on so that those older children get the help they need. I am not sure that I have got that right, but

perhaps the Minister would write to me about that. The correct thing for me to say at this point is: I beg to move.

**Baroness Massey of Darwen:** My Lords, I thank the noble Earl, Lord Listowel, for his very detailed speech today. I think that we have become much more knowledgeable and sympathetic about adoption issues. We have had the excellent report from the Select Committee on Adoption Legislation. We have had the report chaired by the noble Lord, Lord Sutherland, on childcare. To echo what the noble Earl said, this Government have expressed a great deal of concern and work has been done, particularly by Edward Timpson MP, who takes a real interest in this. The last Government also did a great deal of work on adoption. We therefore know what good practice should look like; we also know that the background of some adopted children has been horrendous, quite often from a very early age. We know that children in care are more likely to fail or do badly academically, are more likely to get involved with drugs and alcohol, more likely to become pregnant as teenagers and more likely to fall into a life of crime. This is immensely costly, not only to the welfare of those children, but financially to society. It costs a great deal to pull somebody up from being in the criminal justice system if they got there for one reason or another. I therefore welcome these amendments.

It would be good if the Government could, for example, examine some of the work done by the Thomas Coram Foundation, which I visited recently. It has a programme of working with prospective parents and children, taking on mental health issues on both sides to look at what might best make for a successful adoption. It follows that up with support for mental health and all kinds of other issues for parents and the children themselves.

**Lord Storey:** I am so pleased that the noble Earl, Lord Listowel, managed to get this amendment down. I tried, and could only get the wording to say "report"; he actually got a lot more, and I am very grateful for that. He obviously has charm and persistence that we need to learn from. I very much want to support the amendment.

There are moments in our lives that obviously have a profound effect on us and our personal circumstances. Some of those can be life-changing. I can remember one such occasion when, after being a bit blasé, thinking, "Do I really have to go?", I went to meet a group of looked-after children in Liverpool. This was about five or six years ago. Liverpool Education Authority was the guardian of these looked-after children, and it had formed a committee that invited me to tea. It was one of the most life-changing moments for me because these young people talked about their problems: how they had been pushed from pillar to post, and how nobody had understood their concerns or needs. It made me realise that looked-after children had so many problems and concerns on their shoulders that you would not expect people of that age to have. We have the duty and responsibility to make sure that we do everything possible to help and support them.



I am glad to say that the whole issue of mental health is now moving much further up the political agenda: that is a good thing. The previous coalition Government, for the first time, made resources available for mental health. The present Government are carrying on with that commitment. I noticed that the Labour Opposition have appointed a shadow Minister for mental health, Luciana Berger, which shows how important mental health is. That is to be praised. Certainly in schools, it goes back—dare I be so bold as to say—to this teacher with incisive knowledge of physics, where the issue with the student in front of him might be a mental health issue. Unless that teacher has that knowledge or understanding, or somebody else in the school is able to pick up on this, it is to nought. Just as my noble friend Lord Addington went on and on and on about dyslexia—and probably all of us were waving the white flag and saying, “We give in”—we need the same focus on issues of mental health. We should keep at it like a dog with a bone. We talked about bullying in schools and the issue shot up the agenda. Many of the bullies have mental health problems. If we were able to identify them and deal with them at an early stage, they would not be bullies and some of the problems and the suffering that they and the people they bully face would not happen.

We also need to learn from others. I read about an interesting mental health project in the United States of America for young children. That is why I was nervous when the noble Earl, Lord Listowel, was talking in a previous discussion about play—the noble Lord, Lord Hunt, rightly jumped up and asked about obese children—but this project looks at how you deal with mental health through role-playing. The results have been quite stunning. So we should be learning all the time from different projects as well.

Looked-after children need us to go the extra mile more than anyone else. I hope that we can all get behind and support this amendment.

**Lord Watson of Invergowrie:** My Lords, I commend the noble Earl, Lord Listowel, for tabling Amendments 32A and 34A, for the eloquent manner in which he introduced them and for the eloquent examples he gave of some of the existing stresses relating to adoption.

However, I have a question for him. Given the wording of Amendment 32A, which calls on a local authority or an adoption agency designated by a local authority to act, it might be better to tie the National Health Service into this provision because I wonder whether local authorities have the authority or the power to undertake what he is seeking they should do. I would like to see it done but I am not clear in my mind whether this is the best way to do it.

The issue of support once a child is placed in adoption can be crucial as to whether or not that adoption becomes permanent. Often specialist support is needed to care for a child appropriately. This is because, having experienced abuse or neglect, 45% of children in care have a mental health disorder compared with only 10% of the general child population. However, the mental health needs of children in care often go unidentified and there is a subsequent lack of mental health support. The Government urgently need to provide specific measures and greater resources around

mental health assessment and support for the tens of thousands of children entering care, whose welfare must remain a priority concern.

The Department for Education’s document *Regionalising Adoption*, which I referred to in the debate on the previous group of amendments, stated:

“We still have too few adopters willing and able to adopt harder to place children”.

Harder-to-place children are a particular concern and yet the document does not suggest any solutions for this serious gap in provision. I hope the Minister will be able to say what the Government propose to do in terms of increasing the number of harder-to-place children who find a permanent home. She may well say, “It is out for consultation; let us see”, but this is an urgent matter. The argument advanced by Ministers in terms of the academisation of schools with no day to be lost perhaps applies even more urgently in the case of harder-to-place children.

I am aware that it is only a consultation document but, worryingly, it does not make a single mention of children with mental health problems. In something like—I cannot remember offhand—20 pages there is no mention of that. I wonder whether the Government appreciate the need and fully understand the issue and how it impacts on so many children in care. That is often a significant factor in their being in care in the first place.

The document goes on to say:

“Currently, adoption support services are provided by a mix of local authority provision, the NHS and independent providers”.

But—it was perhaps inevitable that there would be a “but”—

“There are regional gaps, gaps in the types of services on offer, and little evidence of spare capacity”.

We had some gaps a minute ago and here are some more, which are highlighted in the Government’s own document. It is fine to flag them up but we need some suggestion from the Government—the Minister might tell me it is a bit early just now—as to how those gaps are going to be filled because they are pretty glaring and very serious.

5.30 pm

The document’s next section talks about what we want to see and post-adoption resources. That is a point I raised earlier. These are absolutely crucial but the document simply expresses a hope that,

“there would be opportunities to share and develop wider support services, including in partnership with health and independent providers”.

That is just a hope. I am very concerned that there is nothing firmer than that and that the Government even suggest that they are seeking to gain from the consultation something a bit firmer than that. Again, I have to ask whether the department or Ministers actually get the extent of the needs that exist in that area of provision.

Perhaps they should talk to the NSPCC because in its recent research, that organisation highlighted that one-fifth of children referred to local specialist NHS mental health services are rejected for treatment and said that a “time bomb” of serious conditions is being

[LORD WATSON OF INVERGOWRIE]

created by children not getting appropriate early help. Specifically, in six mental health trusts that provided information, it found that one in six children who had problems associated with abuse or neglect were rejected by child and adolescent mental health services.

The NSPCC report, *Achieving Emotional Wellbeing for Looked After Children*, which I referred to previously, found that spending within numerous local authorities on mental health support for children in care was profoundly disturbing. There was a spending lottery between local authorities in terms of both overall spending and decisions about what to spend on. Some local authorities spent nothing on child and adolescent mental health services specifically for children in care, and one local authority spent nothing at all on those health services, which is shocking.

The mental health of looked-after children was raised in the House of Commons recently and the Government responded with reference to the upcoming guidance promoting the health and well-being of children in care. While welcoming that guidance, the NSPCC takes the view that it falls a long way short of being able to meet the needs of looked-after children. There is currently no entitlement for looked-after children to receive support for their mental health needs once those are identified. That is a major worry.

Of course, resources are an issue. Does the Minister realise that that is an important part of the problem? Does she recognise the implications of stresses—financial and otherwise—on local authorities, which are likely only to get worse as further cuts bite into services? I very much hope that she and the noble Lord, Lord Nash, will be fighting the department's corner in the spending review to ensure that these children and their families get the support they need.

It is essential that support should be provided as early as possible so that children receive the requisite services that improve their emotional well-being and mental health. If the Government reject the amendment, saying that it is not needed, I will have to ask the Minister why she believes that she knows better than the NSPCC or Barnardo's, which is also very concerned about this issue. The Government do not have a monopoly on wisdom and they should listen to the experts in the field.

At Second Reading the noble Lord, Lord Nash, referred to concerns raised by noble Lords about mental health issues. But he then referred to the report entitled *Future in Mind*. I have been doing a bit of reading so I have read that one as well, although I will be honest: I have not read it all; it is 80 pages long. That report does not say anything specific about children in or leaving care. It was published three years ago, in 2012. Chapter six is entitled "Care for the most vulnerable". It worried me greatly that in five pages there was just one mention of the word "adoption". Clearly, the adoption of children emerging from care is not being given enough emphasis. I know that a lot of money—more than £1 billion, I think—has been attached to it; I know there is money there for spending, but three years down the line the NSPCC and Barnardo's are still concerned. They would not be writing to noble Lords—and I am sure Ministers receive those

communications as well—if they felt that things were even moving in the right direction. Those organisations, I regret to say, do not.

As I mentioned in our debate on the previous group—I do not apologise for repeating it—currently, children entering the care system are subject to a routine physical health check but are not automatically given access to a mental health check. I just do not understand how that can be rationalised, far less justified. There is a major gap in post-adoption support for children in care and those emerging from it—and for the families entrusted with their well-being. I invite the Minister to explain what steps she intends to take to ensure that that gap does not remain for much longer.

**The Earl of Listowel:** My Lords, I hope it may be helpful to the Minister if I fill in a large omission that I made in my opening statement; I apologise to the Committee for not having alluded to this. One important issue is the cuts to local authorities over the last several years. One understands why those cuts have had to be made, but it is a particular dimension of child and adolescent mental health services that half the funding comes from health and half from local authorities—the noble Lord, Lord Hunt, might correct me if I am wrong. However, for some reason the cuts to local authorities have particularly impacted services under CAMHS, so there is very little CAMHS around. Therefore to target the CAMHS resource at the most needy children might be an improvement with regard to using a scarce commodity in the most effective way. However, in any case, because of the scarcity of resource and because of our particular responsibility for these children in the care of the state, we should take more steps to ensure that they get the appropriate specialist mental health service that they need.

**Baroness Benjamin (LD):** I will quickly say why I support Amendments 32A and 34. I am very sorry for not having been here earlier, but I am on the Select Committee on Communications; we are looking at the BBC charter renewal and were just questioning John Whittingdale, the Secretary of State.

I am here because we must ensure support for all options for looked-after children that are considered, whether they remain in care, leave care independently or live with a special guardian. I support Amendments 32A and 34A because they will create provision in this Bill to improve the timeliness and quality of mental health assessment and support for all looked-after children. Looked-after children have significant needs, and improvements are needed to ensure that their emotional well-being is better promoted.

We have an increased focus on children and young people's mental health, but we must not forget children in care, who are sometimes the most vulnerable children. One young person told the NSPCC recently that the trauma associated with the abuse that she experienced was not picked up on her early entry into care. She felt that she did not receive help until she reached crisis point. She said:

"We shouldn't have to do crazy things before people notice we need support and do something".

That is why I put my name to the amendment. I see that it is not on the list, but I did put my name to it because I feel very strongly that it should be given as much consideration as possible. It creates such provision in the Bill that will make sure that children's mental health is assessed automatically and supported much earlier in the adoption system.

Another young adult, Liza—not her real name—told the NSPCC that before turning 16 she had around 15 placements and between 20 and 25 placement moves. This caused her so much stress and trauma because she had to travel around from place to place, which was extremely tiring, both physically and mentally. Reflecting on this experience, Liza made it clear to the NSPCC that she would have benefited from easier access to therapeutic services which would not have required her to travel long distances. Liza's experience is not untypical of that of many children in care who struggle to find the right therapeutic support. Amendment 34A, which I support, would require the Secretary of State to oversee an increase in the quality and quantity of therapeutic support services and would create provision in the Bill to stop more children having the terrible experience that Liza outlined.

Almost two-thirds of looked-after children have experienced some sort of abuse or severe neglect, and 45% of children in care have a mental health disorder compared with just 10% of the general child population. We know that looked-after children are four to five times more likely to attempt suicide, less likely to attain good results at school and more likely to end up homeless. However, the mental health needs of children in care often go unassessed and unidentified and there is a substantial lack of mental health support for these children.

Current guidance from the Department of Health and the Department for Education on mental health assessments for looked-after children does not go far enough. The BBC—I have the BBC on my mind; I am sorry. The NSPCC believes that the important aspect of quality support in Amendment 34A relies on quality assessment as outlined in Amendment 32A, so the two go together. Looked-after children's initial health assessments rarely include the involvement of mental health professionals, thereby reducing the chances of identifying their mental health needs. Furthermore, there should be direct contact with the child and their carer to fully explore the child's emotional and mental health needs. We have to make sure that children know that they are being considered, no matter where they are from.

I welcome the Education and Adoption Bill but urge the Government to include specific measures around mental health in particular: all children entering care should receive an automatic mental health assessment in addition to the physical assessment that they currently receive; children in care should then immediately receive the subsequent necessary support to help them deal with issues of mental health identified in the assessment; and there should be regular monitoring of children's mental health while in care to inform the support the child receives and ensure that it contributes to their improved well-being.

The NSPCC recently released figures which show that more than a fifth of all children referred to local specialist NHS mental health services, including children

with problems stemming from abuse, are rejected for treatment. This cannot go on. Children who have been abused or neglected could face serious long-term mental health problems because of the lack of support. The NSPCC recently stated that this is a serious “time bomb” because it is getting worse, not better. So I hope that the Government will take on board the things that I have said and support this amendment. This is something that we need to address in the best way possible. I hope that the Government will consider the amendments in the constructive spirit in which they are intended as the Bill moves through Parliament.

**Baroness Evans of Bowes Park:** My Lords, Amendments 32A and 34A, spoken to by the noble Earl, Lord Listowel, and the noble Baroness, Lady Benjamin, raise important points about the mental health needs of children adopted from care.

I absolutely agree that the mental health of adopted children is a key issue, as all noble Lords who have spoken in this debate have said, and one that we expect to be central to the development of regional adoption agencies.

The Government have committed £1.25 billion to improve mental health services for children and young people over the next five years through the implementation of *Future in Mind*, the report resulting from the Government's review of child and adolescent mental health services. The report included a section on vulnerable children and makes specific recommendations about looked-after and adopted children. This includes improving access to services, working better with parents and carers and support for children who have suffered trauma in their early life.

We are working very closely with the Department of Health and NHS England on the implementation of *Future in Mind*. Locally, clinical commissioning groups have been—

5.45 pm

**Lord Watson of Invergowrie:** On that *Future In Mind* document, the Minister said that the chapter on vulnerable children makes specific reference to proposals for looked-after children. I do not expect her to respond now, but could she write to me pointing it out? As I said, I could find the word “adoption” used only once in that chapter.

**Baroness Evans of Bowes Park:** Clinical commissioning groups have been working with their local authority partners to develop local transformation plans to improve their local offer based on the recommendations. These plans, alongside additional government funding, will cover the full spectrum of mental health issues, including, crucially, addressing the needs of the most vulnerable children.

Improving assessment of and support for looked-after children will be a key priority in our programme of work. We welcome the recent report on this issue from the NSPCC, as mentioned by a number of noble Lords, and agree that getting assessment right when children enter care is critical. All looked-after children already have an annual health assessment, which must

[BARONESS EVANS OF BOWES PARK]

include an assessment of their emotional and mental as well as their physical health. That assessment, which informs the development of their health plan, should take account of the information provided from the strengths and difficulties questionnaire which is completed by their carer. The guidance also sets out clear expectations that all looked-after children should have targeted and dedicated support through child and adolescent mental health services and other services according to their need, arranged by CCGs, local authorities and NHS England. However, I accept the point made by the noble Earl that, for some young people with a range of problems, a follow-on referral to specialist health services is required.

The Department for Education hosted a round table last month, bringing together children's social care and mental health stakeholders, to discuss how to improve mental health services for adopted children. As a result, we are considering how centres of excellence, possibly linked to regional adoption agencies, might enable the mental health needs of looked-after and adopted children to be better met.

At the moment, the specialist support that many adopted children need in order to address the effects of abuse and neglect in their early years is simply not available in their area, as the number of adopted children at local authority level is too low to ensure that the right provision is there. Assessment and commissioning of specialist support on a regional scale will allow providers to expand their services, provide better value for money for the taxpayer and help ensure that all adoptive families receive a consistently high quality of assessment and provision.

In addition, we are providing £4.5 million of funding this financial year to accelerate the development and implementation of regional adoption agencies. Adoption support, including mental health, is a key element of that. We are clear that regional adoption agencies must have a focus on improving the assessment of adopted children's mental health needs and the provision of appropriate mental health support services.

Regional adoption agencies will be able to make use of the government-funded Adoption Support Fund, as the noble Earl mentioned. More than 2,000 families have already benefited from £7.5 million of therapeutic services provided by the fund for adopted children and their families. We know that getting a high-quality assessment of need is critical, and local authorities are increasingly using the fund to pay for specialist assessments and, where appropriate, specialist therapeutic support.

The noble Lord, Lord Watson, asked about harder-to-place children. We are providing £30 million to help pay the interagency fee to both local authorities and voluntary adoption agencies so that harder-to-place children might be adopted more quickly. More than 200 children have already been placed through this new scheme. On recruiting adopters for harder-to-place children, we believe that recruitment from a wider geographical base than simply a local authority, which takes into account the needs of children across a number of local authorities in a regional recruitment strategy and uses specialist techniques for recruiting adopters of harder-to-place children, will have an important effect.

The noble Lord, Lord Storey, said that schools needed expertise in supporting looked-after children and children with mental health issues. We made changes in the Children and Families Act to introduce a virtual school head for looked-after children. This measure was designed specifically to ensure that looked-after children receive the support that they need at school.

I hope that noble Lords will see from this range of initiatives the importance that this Government and the previous Government have attached to ensuring that our most vulnerable children receive the support that they need, and that we are already committed to meeting the objectives of these amendments. I hope that the noble Earl will feel reassured enough not to press them.

**The Earl of Listowel:** My Lords, I am grateful to all noble Lords who have spoken in the debate on these amendments today and for the supportive comments made by many of your Lordships. I am also grateful for the care with which the Minister has responded: to some extent, I am somewhat reassured. I was interested to hear what she said about centres of excellence and that seems most welcome. In Wales, for instance, a fostering charity that provides services has to find its own mental health professionals, because there simply is not enough of a CAMHS in that particular area of Wales to provide for it. I can imagine, as the noble Baroness says, that there will be areas where there is a deficit of expertise, and therefore the principle of drawing in from the best elsewhere—as provided in the academies programme—is a good principle to utilise.

The noble Baroness referred to the strengths and difficulties questionnaire and to the fact that the initial and ongoing health assessments look at the emotional and other needs of young people in care. That is welcome. However, given the experience of these children before entering care and that they are pulled away from their families into the care system and have that trauma too, I feel that that is not sufficient. They need at the very beginning to see a specialist and to have a specialist assessment. I do not want to push that too hard but, as we speak, I remember a young woman who had been through the care system and whose brother was in the care system with mental health difficulties. She must have been 22 or so and she said to me that what she would have liked to have had when she first went into care was a therapist to speak to and somebody to stick with her through the care system—they had one mental health professional to stick with her through the system—and she wished the same for her brother, who was having difficulties.

I am going to make a slight detour and I hope that your Lordships will forgive me. These are difficult issues. In the past, the Department for Education used to employ civil servants who had a long tenure and a lot of experience in one particular area. For instance, the recently deceased Rupert Hughes was one of the chief civil servants behind the Children Act 1989, under Baroness Thatcher's Government. I used to serve with him as a trustee for several years. One did not realise his important background from meeting with him but from hearing about it from others and seeing how important his memorial service was to so

many people who knew of him. He was a hugely important figure. In dealing with these systemic responses to the difficult questions that we are discussing today, I wonder whether the Minister might consider what more might be done to ensure that there is a continuity of experience within the Civil Service to deal with these difficult problems over time. I do not think that it was this Government—the Conservative Government—who got rid of these longer tenure civil servants but in the past they frequently had more people like Rupert Hughes.

I am sorry for the digression. There is much to be welcomed in what the noble Baroness has said and in the investment that has clearly been made by the Government. I thank her for her helpful reply and other noble Lords for their comments. I beg leave to withdraw the amendment.

*Amendment 32A withdrawn.*

*Amendment 33 not moved.*

#### *Amendment 33A*

*Moved by Lord Watson of Invergowrie*

**33A:** Clause 13, page 8, line 35, at end insert—

“(3A) In giving directions under subsection (1) regarding the provision of adoption support services, the Secretary of State must take steps to ensure that decisions as to whether a particular child should be placed for adoption with a particular prospective adopter are made in such a way as to be blind to whether the adopter was approved by the relevant local authority, an external local authority, a regional adoption agency, or a voluntary adoption agency.”

**Lord Watson of Invergowrie:** My Lords, I will also speak to the Clause 13 stand part. Amendment 33A would require the Secretary of State to take steps to ensure that the process for making decisions about matching children with prospective adopters is conducted so that the decision-maker is blind as to which body—be that the local authority, the regional adoption agency, or a voluntary adoption agency—approved the prospective adopter. This would ensure that personal bias and other irrelevant factors are absent from decision-making and that instead, decisions are focused solely on considering the best match for the child. This would reduce unnecessary delays in the matching process by ensuring that a wider pool of prospective adopters are given full consideration from the earliest possible point, preventing the sequential decision-making that currently happens.

The Department for Education’s *Regionalising Adoption* consultation document—I am not sure whether it will be pleased that I am mentioning it for the third group in a row—contained some telling statistics, not least from Professor Elaine Farmer’s research. This found that some local authorities tended to seek to place their children with adopters approved “in-house” before considering adopters approved by other local authorities and then voluntary adoption agencies. This results in what is termed, as I mentioned earlier, sequential decision-making, which means that some children wait longer than they should to be adopted and the average is eight months between placement order and match.

Professor Farmer’s investigation revealed that in 30% of cases delay was associated with an unwillingness to seek an adoptive family outwith a local authority’s own group of approved adopters. Clearly, that kind of behaviour is unacceptable.

The aim of Amendment 33A is to ensure that regional adoption agencies are not allowed to discriminate in terms of financial considerations when deciding where to place an adoptive child. There should be an assumption of them being blind to provenance, otherwise the interests of the child are not being put first. Unfortunately, an assumption—even where given by a regional adoption agency to the Department for Education—will not be enough. It needs to be guaranteed by being on the face of the Bill.

Currently there is an interagency fee of £27,000 per child placed with adoptive parents and it is welcome that the Department for Education has given £30 million in one-off funding. I heard what the noble Baroness just said in reply to the previous group. I had understood that that was simply in general terms to enable local authorities for whom the interagency fee, or at least the extent of those fees, was preventing them matching children, and that the £30 million was to break the logjam. If it is specifically, as the Minister said, for harder to place children, that is interesting, but perhaps she can clarify that in her reply.

What happens in the future after that £30 million has been spent? If local authorities need to save costs—we know that they will—they may well cut the voluntary adoption agencies out of the process, as I suggested earlier, and place a child with another authority to which, by agreement, they do not need to pay each other the interagency fee? That situation must not be allowed to develop. The fact that the voluntary adoption agencies are already fearing that it might do so ought to provide the Minister with the confidence to accept this amendment.

Turning to the clause in general, I have to say that it is worthy of support, as far as it goes. The trouble is that it does not go far enough. Will the Minister say why this clause focuses only on adoption? Why did the Government not think more creatively, more substantially and bring forward something called, perhaps, an emerging from care Bill rather than just a clause, with all types of settlement included? The adoption reforms in the Bill relate only to the 5% of children in care who are placed for adoption. It is wrong for adoption to be singled out for preferential treatment in relation to other forms of permanence.

Of course, where adoption is in the child’s best interests, an adoption order must be made, and the placement commenced in a timely fashion. That said, for other children, adoption is not necessarily in their best interests. Foster care, kinship care or special guardianship may be more appropriate for a range of reasons, so care should be taken in advocating increasing the number of children to be adopted. What is clear is that the number of children being placed for adoption is falling, whereas the number of children going into care is rising. It stands to reason, therefore, that there is a hold-up in the system. Certainly—I think we all agree—the process needs to be made more efficient.

[LORD WATSON OF INVERGOWRIE]

It is also not helpful, to put it mildly, when the Prime Minister uses language such as appeared in his press release of 2 November, when he said:

“It is a tragedy that there are still too many children waiting to be placed with a loving family—we have made real progress but it remains a problem”.

That comment is both inaccurate and misleading. Many children in excellent foster homes are not waiting to be placed with a loving family; they are with a loving family who are meeting their needs, caring for them, helping them recover from trauma and offering stability and continuity. The same is true for children placed with relatives. The Government’s suggestion that adoption is the primary focus and that other options are somehow lesser is at best unhelpful and at worst insulting to those who give so much for children in other forms of care.

6 pm

Because adoption accounts for just 5% of children in care, it is inappropriate to measure local authorities’ success in terms of adoption numbers. They surely need to be measured in terms of outcomes for all children and young people entering care, and how they are doing in achieving permanence in all its forms. Adoption is just one option. A special guardianship order with committed grandparents or uncles and aunts is another. The current focus on adoption ignores the 95% of children in the care system for whom adoption is either inappropriate or unavailable. The Prime Minister’s rhetoric is implicitly critical of foster care and kinship care in its efforts to promote adoption. I do not think that is helpful. The Government should examine the permanency order available in Scotland. It legally recognises that long-term foster care is an excellent permanency option for many children in care, and one that should be valued, protected and supported. Perhaps it might usefully be brought into operation—or at least examined—in England.

Achieving the best outcomes for vulnerable children is not a competition between adopters, foster carers, extended family members and residential care; it is an endeavour in which each play their part. Unfortunately, the Bill does not recognise that fact. There are other reasons why the Bill should have been much more adventurous in its scope. If Ministers are wondering why we have not submitted amendments to make it more adventurous, we did but they were blocked by the clerks, who told us that such amendments were outwith the scope of the Bill.

I note that the Prime Minister, in the press release to which I referred earlier, also stated:

“The government is actively considering changes to adoption law, to make sure decisions are being made in the child’s best interests. Ministers will look at proposals so that where adoption is the right thing for children, social workers and courts pursue this”.

So we learn that the Government have plans to legislate further on adoption yet still have nothing to say on other forms of pathways to permanence, such as long-term fostering or kinship care, although in that same press release the Prime Minister did suggest that special guardianship orders would be the subject of new regulations. I do not know what that involves; perhaps

the Minister can enlighten us. But again, why the singling out of adoption? Why should this be the focus of resourcing and legislation—and, it seems, further legislation? Surely it would be more sensible to look at things in the round and consider how to ensure that the system delivers the right support for all children in care. It would be helpful if the Minister could explain the rationale, as well as give us an idea of what further legislation is in the pipeline.

In a wider sense, it is hard to escape the conclusion that what the Government are really intent on achieving here—and I do not doubt the sincerity of their determination to improve adoption rates and timescales—is a further reduction in the powers of local authorities by limiting their ability to provide services. There certainly appears to be a move by the DfE towards adoption functions becoming independent of local authority control to some extent, and there are parallels with the academisation of schools. Under the regional adoption agency structure proposed, local authorities will be merely board members, with regional adoption agencies accountable to the DfE. If that gives noble Lords a sense of *déjà vu*, it would not be surprising because it forms a remarkable parallel with regional schools commissioners. The key concern here is about accountability and ensuring that the new system results in meaningful improvements for vulnerable children, especially the harder-to-place ones, as we have already discussed.

I will make one final point. At first sight, the benefits of regional adoption agencies may appear to be advantageous. But the Government need to be aware of unintended consequences. I mentioned voluntary adoption agencies earlier. But another aspect which it seems the Government have not considered is the implication of the physical separation of children’s social workers in local authorities from the same authorities’ adoption social workers, who will be located at a regional adoption agency “hub”. This will almost certainly mean that the benefits of a close peer group working relationship leading to the maximum efficiency in determining a plan of adoption—where that is appropriate—and the subsequent matching and placing of children in adoptive families may be lost, and the net effect of the proposals may reduce the efficiency of the adoption process rather than increase it. I hope that is not the case but it is at least a possibility.

I finish where I started. By focusing solely on adoption, this clause does not go far enough. I hope the Minister will tell us why that is the case and what the Government intend to do—although she may regard it as outwith the scope of the clause—for the overwhelming majority of children in care who are not covered by it. I beg to move.

**The Earl of Listowel:** My Lords, I am grateful to the noble Lord for allowing us this opportunity to have a clause stand part debate.

Of course, it would be much better if children were not taken into care in the first place. We need to think about what we might do to support families better so that these circumstances do not arise—for instance, what we can do to ensure that more fathers stick with their families.

Many boys grow up without a father in the family. Obviously, there are circumstances where parents have to separate, but I am sure that we could do more to enable parents to stick together and to help young men who grow up without a father in the family experience what it is like to have a father through providing mentors and positive male role models. This is a huge challenge for us. Currently, 22% of our children grow up without a father in the home. However, that figure will rise to more than 30% in the next 10 or 15 years, according to the OECD, so we will overtake the United States. Many boys will grow up without a father in the family. How will they know how to be a father if they have not had one themselves? As a society, we need to think what role models and mentors we can provide for these young men.

It is also important to think about the impact of the huge cuts on local authority funding over the last five years or so. I declare an interest as a vice-chair of the Local Government Association, which has expressed concern that we have reached the point where any further cuts will inevitably cut into services for adults and children. I sponsored a meeting recently with a charity that provides excellent support to families—for instance, providing an Arabic-speaking woman to support Arabic-speaking mothers in London who would otherwise be very isolated. That body was on its last legs and said, “You cut us any further and this service will disappear”. It costs a lot to regenerate that service, so it will be lost to those families.

Cuts have also been made to children’s centres. One understands the pressures the Government have been under, their achievement on the economy and on many other levels, and the huge importance of the increase in employment in terms of benefits to families. However, we have to keep in mind the removal of family support services as a result of the cuts to local authorities.

I think that a fairly recent ruling has led more courts to choose to go down the special guardianship line rather than the adoption line. Perhaps the Minister will write to me on the direction of travel in that area. That may be the reason why new regulations on special guardianship are being introduced. I know there are concerns that special guardianship may on occasion be granted too easily.

I agree with what the noble Lord said about the pathways to permanence being many, and adoption being just one of them. I pay tribute to the noble Lord, Lord Nash, and his ministerial colleagues for introducing the “staying put” amendment on the last education Bill, thereby allowing all young people leaving care stability in circumstances where they wish to remain with their foster carer, and their foster carer wishes them to remain, to the age of 21.

Another issue relates to adolescence. Many children are adopted at a young age and from when they enter primary school until the age of about 10 or 11 they may be quite manageable and easy to deal with. The emotional tantrums and outbursts of the under-fives tend to dissipate. However, when they become teenagers and enter adolescence, all that stuff can re-emerge, so services need to cater for that. I would be interested to hear from the Minister about outcomes for adopted children.

I was speaking to a researcher recently and she said that the issues around teenage pregnancy for adopted children are not that far removed from the issues experienced by young people leaving care. That suggests that some issues are important still even with the benefits of a more permanent experience through the adoption process. It occurred to me that one might think of allowing young people who are aware that they have been adopted to have entry to the care-leaving system. This would give some kind of support for young people growing up in adopted homes through the care-leaving system. I am not sure that that would work but it did occur to me. I will be interested to hear from the Minister what information he has on the outcomes for adopted children, particularly during adolescence and up to the age of 21 or 22.

As I say, I am grateful to the noble Lord for this opportunity to have a more wide-ranging debate on the adoption procedures. I look forward to the Minister’s reply.

**Lord Nash:** My Lords, Amendment 33A seeks to ensure that adoption agencies match children with the right parents for them, regardless of which agency recruited and approved those parents. The noble Lords, Lord Watson and Lord Hunt, also oppose the inclusion of this adoption clause within the Bill.

Clause 13 introduces powers to direct one or more local authorities in England to have certain adoption functions carried out on their behalf by another adoption agency in order to create regional adoption agencies. Regionalising adoption is necessary if we are to remove delay from the adoption system and ensure all adopted families have access to the support services they need wherever they may live.

We have already made significant improvements to the adoption system, with record numbers of children finding permanent loving homes, but there is still more to do. The system remains highly fragmented, with around 180 different adoption agencies currently recruiting and matching adopters. We do not think such a localised system can deliver the best service to some of our most vulnerable children. This is starkly illustrated by the almost 2,500 children who are still waiting for their forever families despite there being enough approved adopters across the country. Forty-five per cent of these children have been waiting longer than 18 months.

That is why we are proposing the measure in this Bill to increase the scale at which adoption services are delivered. Actively encouraging local authorities to join forces and work together will give regional agencies a greater pool of adopters, enabling them to match children more swiftly and successfully with their new families. It will also ensure vital support services are more widely available as these will be planned and commissioned at a more effective scale.

The noble Lords raised important issues about how decisions on matches between children and prospective adopters are made. The amendment seeks to remove the practice of sequential decision-making, where agencies seek first to place children with adopters they have recruited and approved before looking more widely. I appreciate the intention behind the amendment and can reassure the Committee that one of the primary

[LORD NASH]

motivations in introducing regional adoption agencies is to prevent this sequential practice and to encourage agencies, both local authorities and voluntary adoption agencies, to work much more closely together, always putting the interests of the children first.

The Government will also continue to invest in national infrastructure to enable matches to be made between children and adopters from different regions. We will also continue to use data to bear down hard on any delay so that regional adoption agencies are incentivised to find the right family for a child as quickly as possible, regardless of which agency recruited and approved the family in question. The proposals in the amendment would be difficult to make work in practice and could have unintended consequences.

Effective agencies will plan their pipeline of adopters so that they match well with the children coming through the system. This means links can be made early in the process to avoid any delay. This good practice would be difficult to maintain if the agency was discouraged from shaping its own recruitment to match the needs of the children it knows are coming through the system. If we break the link between the children waiting and the adults being recruited, the opportunity for strategic targeting of recruitment will be weakened.

Furthermore, if agencies have to consider all adopters available nationally in every single case, it is likely to increase delays as they try to filter and sort a large number of potential adopters. It could also impact negatively on adopters who are considered and rejected for a large number of potential matches.

**Lord Watson of Invergowrie:** I was not arguing that all national agencies should be considered in each case—it is more local to whatever the region happens to be—but the amendment would make sure that nobody was excluded. That may be the intention—I heard what the Minister said and, no doubt, reading that in *Hansard* tomorrow, a number of agencies will be encouraged—but what about the future? That cannot be guaranteed. The purpose behind putting it into the Bill is to make sure that all local options are considered—not nationally. It need not slow the process down if that is kept within the region in which the agencies operate.

6.15 pm

**Lord Nash:** I do not think that I can add anything at the moment, but I will think about what the noble Lord said.

The noble Lord asked about the £30 million figure. This is for children in one of the following groups: children who have been waiting for 18 months or more at the time of placement; children who are aged five or over at the time of placement; children who are in a sibling group of two or more and placed as siblings at the time of placement; children who are from a BME background; or children who are disabled.

The noble Lord asked why the clause covers only adoption. If local authorities are interested in bringing together other permanent services voluntarily, they

have the freedom to do so. Furthermore, they can apply to our regional adoption agencies support programme for support to create a “permanence hub” that goes wider than just adoption. More than half of the bids for which we announced funding recently are interested in going wider than adoption. However, given the specific nature of the adoption system, this legislation is in relation to adoption only. Adoption is the system where consolidation and scaling-up of services is a pressing concern.

The noble Lord was not around when we passed the Children and Families Act, a substantial piece of legislation with 177 amendments which comprehensively covered wide aspects of SEN and children in care. Had he been, I think that he would have realised that we have substantially reformed the system for children in care and SEN. His comments about the Prime Minister’s recent concerns about adoptions are ill-informed and unfortunate. The Bill does not go any wider because we have covered fostering in the Children and Families Act and taken considerable steps to improve the situation for children in care homes. The children’s homes regulatory framework underwent significant consultation and review in 2014 to enable the development of new quality standards that must be achieved for looked-after children living in children’s homes.

The Prime Minister announced on 28 October that Sir Martin Narey will lead a review into residential care for looked-after children. Sir Martin will report his findings and recommendations in spring next year. The overall purpose of the review is to set out the role of residential care within the wider care system and to make recommendations about how outcomes for children who are currently placed in residential care can be improved. Given the proportion of looked-after children who have poor mental health, it is likely that the review will explore mental health and well-being of looked-after children in residential settings.

This year, we are providing up to £4.5 million of start-up funding to support the development of regional adoption agencies. As my noble friend Lady Evans mentioned, we have already announced the first 14 projects, which involve more than 100 local authorities and more than 20 voluntary adoption agencies. However, for that small number of local authorities which prove unwilling to rise to the challenge and to get involved voluntarily, we need the power in the Bill as a backstop measure. Without it, children in those local authorities would miss out. They would continue to face unnecessary delay, which we know causes lasting harm, and miss out on the vital support that they need. I therefore recommend that this clause stand part of the Bill and I hope that noble Lords will feel reassured enough not to press their amendments.

**The Earl of Listowel:** My Lords, I was particularly interested to hear what the Minister said about Martin Narey and his work around children’s homes, which is very welcome. I endorse what he said about the quality standards for children’s homes, which are a step forward. If there is one thing that I might ask him to bring up with his colleague, Edward Timpson MP, it would be with regard to residential childcare. It is a matter of great regret that mental health



and social care in children's homes have not been embedded together from the word go. I was talking to a psychiatrist about the history of residential care in this country. We have some excellent residential care, but I am afraid that in general the quality is pretty variable in my experience.

The continentals were interested in our approach. The noble Lord, Lord Warner, published his report on staff in children's homes, *Choosing with Care*, which I think came out in 1993. In the witness evidence to that inquiry the psychiatrist said that on the continent staff in children's homes have an ongoing relationship with mental health professionals. I discovered later that they learned that from us. If we only had that ongoing partnership in all our children's homes, we would see better outcomes and better protection for children in those homes. I am asking for a model where a clinical psychologist, who is appropriately trained, a child psychotherapist or some other mental health professional goes into children's homes regularly—maybe once a fortnight—and speaks with the manager and staff, providing an opportunity for them to talk about their relationships with young people and how they are managing them.

In my experience that has such an effective input. This kind of work is emotionally exhausting. People talk about the turnover of staff and how they just burn out after a few years. However, if there was that kind of support, staff would be far more likely to stay. There would be a continuity of relationship, which is so important, and experience would be built over time. Staff members would have years of experience of children with complex needs and they would know the right things to do. We should make sure that all children's homes have that close support from CAMHS which would make all the difference in this area. I am glad to hear from the Minister of Martin Narey's review.

**Lord Watson of Invergowrie:** I thank both the noble Earl, Lord Listowel, and the Minister for their replies to the debate. I very much share the comments of the noble Earl relating to the importance of role models, particularly for boys. Having a father figure or male in the household is important for many reasons.

I note that the noble Earl picked up the point I made about resources for local authorities. The Minister did not, but in fairness to him that is not his remit. It is important if we are looking at the broader context. The £30 million that has been made available will be welcome and well used. There will still be people in the hard-to-place groups that the Minister highlighted, as well as those who have been waiting for some time in the logjam. They will need specific assistance. At a time when local authority budgets are shrinking, it would be helpful if the Minister had something to say about the clause being robust enough to withstand the stresses and strains that will inevitably come in the years immediately ahead of us.

I note what the Minister said about the Narey review. I await that with interest as it will cover important issues. I hope that it will provide some positive ways forward. In terms of the overall structure, we can

exchange a bit of political knockabout across this Committee Room but the professionals who are doing the job daily—I mentioned the NSPCC, Barnardo's and the voluntary adoption agencies—would not have been speaking to members of the opposition parties had they not been sufficiently concerned that the proposals as they stand, and how they are likely to play out, would create further difficulties in the future. As I said earlier, it is not me or my colleagues that the Minister has to reassure but those at the sharp end. It appears, so far at least, that they are not reassured.

I was disappointed that the Minister made a rather dismissive remark about my comment on the Prime Minister. I note that in his earlier remarks, the Minister himself talked about loving families. He must realise that the point I was making was that the Prime Minister's statement seemed to suggest that other forms of care were of a lesser value, or were not providing enough loving homes, whereas adoption did. That was the point I was trying to make. Adoption seems to be a buzzword within the department and the Prime Minister has used it in this context. I think that is unhelpful and, again, the professionals in the field think it is unhelpful. There are many loving homes that are not the subject of adoption orders. That was the point I was trying to make. It just so happened that the Prime Minister had made the remark. I want to see children secure in whatever form of care is best for them. If it is adoption, fine; if it is any of the other forms of care, so be it. I want to see the resources available to make sure that permanence is the watchword for those children.

It has been a lively and, I think, helpful debate. A lot of the points have been highlighted and we will return to them in other forums. For the moment, I beg leave to withdraw the amendment.

*Amendment 33A withdrawn.*

*Amendments 34 to 34A not moved.*

*Clause 13 agreed.*

*Clauses 14 to 16 agreed.*

### **Clause 17: Commencement**

#### *Amendment 35*

*Moved by Lord Storey*

**35:** Clause 17, page 9, line 33, at end insert—

“( ) A statutory instrument under subsection (2) may not be made until the Secretary of State has laid before Parliament a report on the funding of the costs of conversions under this Act.”

**Lord Storey:** My Lords, I will be brief. I know how important transparency and accountability are to the Minister. This amendment is to do with the cost of conversion to academies. If, as the Prime Minister says, by the end of this Parliament all schools will become academies, it will put an enormous burden on resources to make that happen. Will those resources be available from within the existing budget or will extra resources be needed? Can we be assured that any

[LORD STOREY]

school that becomes an academy will get the same financial advantages as academies currently do or will there be a reduction in that provision? I beg to move.

**Lord Hunt of Kings Heath:** My Lords, there were some pertinent questions in the noble Lord's short introduction to his amendment. One might think that the Explanatory Notes to the Bill would provide some helpful information in that respect but I pay tribute to the drafting of officials in the Minister's department because they elegantly provide no information whatever.

The Explanatory Notes acknowledge, as the Minister has done, that this policy is bound to lead to increased expenditure by the Minister's department. They say:

"The cost of any additional intervention will be considered as part of the normal Budget and Spending Review process".

We will know the outcome of that next week. I do not know when we are coming back on Report but I assume that by then the department will have worked out the consequences for its own spending programme over the next three years, and that we might get some reassurance that we will be given some more information on Report. In the expectation that the noble Lord receives no comfort this afternoon, perhaps he will bring this back on Report to probe a little more on it.

**Lord Nash:** My Lords, Amendment 35, tabled by the noble Lord, Lord Storey, and the noble Baroness, Lady Pinnock, seeks to require that the Bill cannot be commenced until a report on funding the costs of the academy conversions resulting from this legislation has been laid before Parliament.

In the light of the ongoing spending review it would be inappropriate for me to speculate on the future costs of academy conversions. As I am sure noble Lords will appreciate, the spending review will determine the Department for Education's total settlement and it will be that which determines the final cost. I will be delighted to comment more on the DfE's total settlement on Report, as the noble Lord, Lord Hunt, suggested.

Of course, while I cannot provide specific details of the future funding regime, the existing grant rates for schools converting to academy status are already publicly available and published on GOV.UK.

As the published guidance sets out, there are various types of grants available to schools becoming sponsored academies. There is a grant awarded to all schools prior to opening as an academy to cover costs such as staff recruitment, project management and legal costs. There are three flat-rate amounts for this, depending on the level of transformation the school requires. In the most serious cases of concern, sponsored academies may also receive a small capital grant to improve the school environment and indicate a fresh start for the school. Overall, in the academic year 2014-15, the department paid nearly £20 million to academy trusts in pre-opening grants. We are committed to ensuring that funding for academy conversions results in maximum value for money. Since the days before 2010, we have very substantially reduced the costs involved. Funding amounts are regularly reviewed to ensure that the grant levels are appropriate.

The purpose of the Bill is to ensure that, where a school has failed, there will be swift and decisive action to bring about improvements. We anticipate that this equates to up to 1,000 inadequate schools converting to academy status over the course of this Parliament. The exact number will vary depending on Ofsted judgments, but it is important to emphasise that this number represents a continuation of the trend we have seen over the past five years. When the previous Government came to power in 2010, there were 203 sponsored academies and now there are more than 1,500. Including converter academies, there are now more than 5,000 open academies overall.

I turn to the assertion made by the noble Lord, Lord Storey, that the Prime Minister's vision was that every school would become an academy during this Parliament. In fact, he did not say that he expected that to happen: he said that his vision was for every school to become an academy, but he did not put a timescale on it. As far as coasting schools are concerned, as we have already discussed, that is not a default option.

Alongside failing schools, the Bill also proposes that schools that have been notified that they meet a new coasting definition should become eligible for intervention. When we discussed coasting schools earlier in Committee, I went to some lengths to stress that regional schools commissioners will exercise discretion to decide whether and how to act in coasting schools, and that not all coasting schools will become academies. As noble Lords will be aware, we are currently consulting on our proposed coasting definition and no school will be identified as coasting until after the final 2016 performance data have been published. It is therefore impossible to predict, before the definition has been finalised and the tests have been set, exactly how many schools we expect to be labelled as coasting. We expect, however, to identify hundreds of schools which can be challenged and supported to improve.

In light of the assurances that I have given about the existing costs of conversion and the number of schools we anticipate will become sponsored academies, I hope that the House will agree that a report on the future costs of conversion is not necessary and I urge the noble Lord to withdraw his amendment.

**Lord Storey:** Heaven protect us from speculation. I think that people read very clearly into those comments from the Minister. There was a fear that coasting was the mechanism for ensuring that all schools did become academies by the end of this Parliament. People will look at that very clearly. If there are hundreds of schools that are coasting, and we need to find academy sponsors for them, there will be a cost—

**Lord Nash:** For some. I do not know if the noble Lord was here last week, but we discussed in some detail the circumstances in which a school might be sponsored if it was coasting, but also there were many circumstances where it may be able to cease coasting on its own or with some limited support.

**Lord Storey:** My apologies for not having yet been able to read the *Hansard* of those Committee proceedings. Of course, there will also be costs, presumably, for

those academies that are identified as coasting. I take his point about the spending review and obviously we will come back to this issue as well. I beg leave to withdraw the amendment.

*Amendment 35 withdrawn.*

*Clause 17 agreed.*

*Clause 18 agreed.*

*Bill reported without amendment.*

*Committee adjourned at 6.34 pm.*





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