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**HOUSE OF LORDS**  
**OFFICIAL REPORT**

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

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## House of Lords

Monday, 25 January 2016.

2.30 pm

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

### Overseas Domestic Workers Visa Question

2.36 pm

*Asked by Baroness Kennedy of Cradley*

To ask Her Majesty's Government what plans they have to implement the recommendations of the independent review of the overseas domestic workers visa published on 17 December 2015.

#### **The Minister of State, Home Office (Lord Bates)**

**(Con):** My Lords, the Government are considering Mr Ewins' recommendations very carefully. Our first concern is to ensure that we can both protect victims and bring perpetrators to justice. I have made it clear that we will return to this issue on Report of the Immigration Bill, with our considered views.

**Baroness Kennedy of Cradley (Lab):** I thank the noble Lord, Lord Bates, for his reply. To be honest, it is disappointing to hear that, despite the Government having clear recommendations for action from their own review, which they commissioned during consideration of the Modern Slavery Bill, a further process of data collection and discussion with officials is proposed now that this issue is being raised as part of the Immigration Bill. Is this extra consultation the final hoop that we need to jump through, and will it be completed in good time for a final decision to be made on Report of the Immigration Bill?

**Lord Bates:** The report was published on 17 December, so we have had it during consideration of the Immigration Bill, which is obviously a more sensible legislative vehicle to carry any changes. James Ewins has put forward 34 recommendations, which we are looking at very carefully, and we appreciate his work. When we debated this in the Immigration Bill Committee last week, I said that, before Report, we would have a meeting of all interested Peers—with James Ewins—and the Government would produce their response and any proposed amendments to the legislation.

**Lord Hylton (CB):** My Lords, the Minister has proposed a meeting on this subject and we are grateful for that. However, what is the point of having an independent, specialist review and then delaying implementing its conclusions and recommendations? Failure to act will surely prolong and continue exploitation and misery, whereas this could easily be remedied by modifying the immigration rules.

**Lord Bates:** That is one route. We are on the same track as the broad thrust of what James Ewins has put forward. He identifies some gaps in the data, and we recognise that that needs to be worked on. We need to consult, across Government, about the right approaches.

However, there are some areas where we have a problem that we would like to focus on further. Our view is that the national referral mechanism is the correct vehicle for dealing with someone who is found to have been abused under the overseas domestic workers visa scheme. That ensures that the individual gets the help they need and that the National Crime Agency finds out who the perpetrator is, so that appropriate action is taken. However, we are on the same page on the broad thrust.

**Baroness Barker (LD):** In light of this review, will the Minister tell us if, when an application is made, embassy or consular staff have the power to interview the person on whose behalf the application is made, outwith the presence of their employer, in the country of origin, before they reach the United Kingdom?

**Lord Bates:** We are trying a pilot on this in west African countries, which is not necessarily proving conclusive either way. Very importantly, we have instituted that a model contract should be in place governing the terms and conditions of employment, working hours, what holidays these workers would get and what rights they have when they are in the United Kingdom. That model contract must be in place before the visa is granted. It is also very important that people reporting abuse report it to the authorities here in the UK, so that if a person who has been guilty of abuse then applies for a further overseas domestic workers visa, that information will be known to the authorities.

**Lord Rosser (Lab):** As the Minister will know, the Conservative Minister in the Commons said before the election that the intention was that whoever was in government would implement the recommendations of the James Ewins review. Yet last Wednesday in this House, the Government said that while they took Mr Ewins' recommendations extremely seriously, the arguments are "finely balanced". Is the reality not that the Government are seriously considering the option of not implementing his recommendations and, if not, what did the Government mean in saying last Wednesday that the arguments are finely balanced?

**Lord Bates:** When Karen Bradley mentioned this issue before the last election, I think that she prefaced those remarks by saying that no one can actually bind future Governments. The point here is that the purpose of the inquiry is to inform the debate and discussion within government, but government must reserve the right to look at the findings of the report and reach their own judgment. I would have thought that would be quite in keeping with the standards set by the Inquiries Act. I have said that we agree with the broad thrust. However, if someone goes through the national referral mechanism and the Salvation Army, they get access to accommodation, legal aid and translation services; more importantly, we also get the right to find out who the perpetrator of the crime is, to ensure that they can be appropriately dealt with. I would have thought we could all agree with that.

**Lord Dholakia (LD):** My Lords, what remedies are available to domestic workers if the abuse is perpetrated by those who enjoy diplomatic immunity?

**Lord Bates:** We have been very clear on this. Where someone comes in on an overseas domestic workers visa—bearing in mind that some can come in through a tier 5 diplomatic visa—and abuse is reported to the authorities through the national referral mechanism, we have said that the Foreign Secretary will waive the right to diplomatic immunity so that there can be a prosecution in this country. We have been very clear on our intention to clamp down on abuse, particularly against women and girls.

**Baroness Farrington of Ribbleton (Lab):** My Lords, the Minister said that no Government can bind successor Governments. Surely that would apply to any legislation before your Lordships' House, because no one can bind a future Government. What is different about this case?

**Lord Bates:** I was just placing the quotation which the noble Lord, Lord Rosser, cited in the wider context of what Karen Bradley had said. The broad point is that we were the Government who were dealing with the issue at that time, introducing what became the Modern Slavery Act. There was huge input from your Lordships into that Act, and it is one of the pieces of legislation of which I am most proud, and so should your Lordships' be. In it, we went a long way to addressing the concerns about overseas domestic workers by changing the visa permissions to give them the right to stay; by giving them, under Section 53, additional protections if they are found to have been abused; and by giving them legal aid under Section 47. This is the final piece in addressing this issue, and we want to take our time to make sure that we get it right.

## Housing Benefit: Social Housing Units

### Question

2.44 pm

Asked by *Baroness McDonagh*

To ask Her Majesty's Government what assessment they have made of the additional expenditure on housing benefit paid to private sector landlords as a result of the reduction of social housing units.

**The Minister of State, Department for Work and Pensions (Lord Freud) (Con):** The latest data show that the number of social and affordable rented housing units in England has increased by 46,000 since 2010 and now stands at more than 4 million. Over the last two years, overall real spending on housing benefit fell for the first time in a decade. In 2014-15, housing benefit expenditure in the private rented sector was £9.1 billion, the lowest figure since 2010-11. This year, it is forecast to fall to £8.9 billion.

**Baroness McDonagh (Lab):** Unfortunately, I have to say to the Minister that my understanding of the figures is very different. Is it not correct that, in the last year of the Labour Government, 33,000 social housing units were built, renting out at 40% to 50% of market value? Last year, 9,500 units were built—a drop from 33,000 to 9,000. Is it not the case that most families are being pushed into expensive “affordable” housing or private renting? Will the Minister confirm

that, as of last year, the housing benefit bill had increased by £2 billion over the last five years? Does the Minister not agree with me that the Government's affordable housing strategy should be renamed unaffordable—unaffordable for the British taxpayer and unaffordable for families?

**Lord Freud:** I am afraid there were a lot of inaccurate figures there. Under the last Labour Government, the number of social and affordable rented houses fell by 420,000. Since 2010, it has gone up by 46,000. We have just seen the expenditure come down, because we have got people into work: people in work do not require support from housing benefit, and their numbers have come down. The numbers in the social rented sector are down 2% in the last year and the numbers in the private rented sector are down 5%. The figures that the noble Baroness was promoting are really quite wrong.

**Baroness Gardner of Parkes (Con):** Is the Minister aware that there are abuses in the system through which private landlords let properties to people who need them very badly? In the past, there was a ridiculous situation whereby, if you were prepared to let your property for £X, the council would tell you that you could get £2X for it, so immediately any sensible landlord charged £2X. Is he also aware that other people required their tenants who were getting housing benefit to pay extra to them as private landlords and to say nothing about it? Something has to be done to ensure that that does not continue.

**Lord Freud:** We inherited a system under the local housing allowance which was based at 50% of the average rate. Clearly, that was too high and encouraged some landlords to move up to that central rate, even though their houses were not worth that amount. We have now put a series of controls on how the LHA works.

**Baroness Warwick of Undercliffe (Lab):** My Lords, can the Minister comment on the changes in housing benefit in respect of supported housing for the most vulnerable people? Can he confirm that the Government's plan to limit housing benefit in the social housing sector to the local housing allowance will only apply to tenants of working age in general needs housing and not to the homes of the most vulnerable?

**Lord Freud:** We are having a very substantial study done on the supported housing sector. That will come out later this year and we are looking at what our policies should be to support that sector.

**Baroness Bakewell of Hardington Mandeville (LD):** My Lords, as private sector rents are normally higher than social rents, this could lead to an increase in housing benefit paid to private sector landlords, if the volume of private sector rental properties available is outstripped by demand from those renting there instead of in the social sector or from those who cannot afford to buy a property. Does the Minister agree?

**Lord Freud:** No, you have to look at the round trip. A single person in a three-bedroom place, say, may move out to the private rented sector. That might be more expensive, but then you can take a family, who

are very expensive in the private rented sector, and put them in the cheaper, social rented sector. That round-trip effect in somewhere like Enfield is worth £2,500 a year to the state; the typical figure for a place such as Lincoln would be more than £600 to the state.

**Lord Skelmersdale (Con):** My Lords, is there not a direct relationship between the amount of capital that local authorities are allowed to spend and the number of council houses built by those authorities?

**Lord Freud:** My Lords, we are looking to double the housing budget to more than £20 billion over the next five years. We are committed to 400,000 new affordable housing starts worth £8 billion—£1.6 billion of that is going to the rented sector. This is from a Government that are really trying to get housing back after the last Labour Government in 2010 left housing starts at the lowest level ever since the 1920s.

**Baroness Sherlock (Lab):** My Lords, let us put a couple of facts on the table. The Government said they are going to spend £20 billion on housebuilding this Parliament, of which only £1.6 billion will go on affordable housing. Under the welfare reform Bill that the Minister is dealing with at the moment, the OBR has said that 14,000 fewer social housing units will be built as a direct result of the plan to force housing associations to cut rents. How does that help bring the housing benefit bill down?

**Lord Freud:** I just repeat what I said: we are spending £20 billion to have 400,000 new starts. That is more than this country has seen. Where there might be a policy that may have a pressure, we will look at that but, overall, we are determined to get the houses built in this country.

## Flooding: Relief Effort *Question*

2.51 pm

*Asked by Lord Lennie*

To ask Her Majesty's Government what assessment they have made of the capacity of local authorities to manage the relief effort in areas affected by flooding in December 2015 following the 29 per cent cut to the budget of the Department for Communities and Local Government announced in the Autumn Spending Review.

**The Parliamentary Under-Secretary of State, Department for Communities and Local Government (Baroness Williams of Trafford) (Con):** My Lords, we are working closely with authorities to help get those affected back into their homes and businesses back on their feet. We have already pledged almost £200 million help those affected by the floods and to support the recovery and repair of communities. In addition, Rory Stewart MP and Robert Goodwill MP will act as flooding envoys, giving authorities a dedicated champion co-ordinating the flood recovery operation across local agencies.

**Lord Lennie (Lab):** I thank the Minister for that Answer. Proper effective flood defences should mitigate much of the need for flood relief to be provided. The

Prime Minister, in response to a question last week in the other place, confirmed that the Government do indeed have a long-term strategic flood plan and it consists of more than simply giving a name to the storms as they come across the Atlantic. I therefore ask the Minister when this plan was drawn up, what it consists of and whether, in the Government's assessment, it would be more effective in the short-term in protecting Britain, particularly in the north, from the fast-approaching Storm Jonas, than it was in protecting us against Desmond, Eva or Frank.

**Baroness Williams of Trafford** My Lords, the Prime Minister also said that we are going to have a complete review of how we mitigate flooding because the floods, both Desmond and Eva—and hopefully not Jonas—have seen unprecedented patterns in terms of both the strength of the rainfall and the destruction done. Therefore, there is going to be a complete review of how we actually manage flooding as well as the flow of water that we talked about in this House last week.

**Lord Cormack (Con):** My Lords, what exactly does a flooding envoy do? Does he work with the usual channels?

**Baroness Williams of Trafford:** Boom, boom, my Lords. He acts as a co-ordinator of what is being done and if anything in addition needs to be done in supporting those areas in managing the relief operation.

**Lord Shipley (LD):** My Lords, there is a suggestion that the Government are now considering applying to the EU Solidarity Fund after all. Would the Minister agree that it would make sense to do so, since there would be a net financial gain to the United Kingdom?

**Baroness Williams of Trafford:** My Lords, we are considering all forms of support, not at all ruling out using the EU Solidarity Fund, but in considering whether to use that fund, it is important to note how long it would take for the funding to be received and what ultimate cost/benefit it would bring, given that it would not actually bring additional funding.

**Lord Clark of Windermere (Lab):** My Lords, it is reported today that, after encouragement from the Government, the local authorities in Somerset are increasing their council tax to pay for flood defences. It is suggested in the north that the same encouragement will be made to Cumbria County Council. Will the Minister give us a categorical assurance today that Cumbria County Council will not be expected to pay for the almost £0.5 billion in flood repairs?

**Baroness Williams of Trafford:** My Lords, it is entirely up to local authorities, when considering whether or not to increase their council tax, what their priorities are and what the money would go towards, but we have protected flood funding and are considering whether to ring-fence it. The case of Cumbria was brought up last week in your Lordships' House. If there are additional infrastructure repairs that Cumbria feels that the Government have not considered, I invite the council

[BARONESS WILLIAMS OF TRAFFORD]

to come to me with them and we can either deal with them ourselves or ask the Department for Transport to consider them.

**Baroness McIntosh of Pickering (Con):** My Lords, will my noble friend explain what the timetable for the flood plan and review is? Can she confirm to the House that, short of ring-fencing the flood relief funds allocated to local authorities, they are competing with claims for the vulnerable—the very old and the very young?

**Baroness Williams of Trafford:** My Lords, ring-fencing is being considered in the light of recent events, but we are going out to consultation on it. On speed of repair, we are doing things as quickly as possible.

**Lord Wigley (PC):** My Lords, will the noble Baroness confirm that the allocation of any central funds by the Government will be on the basis of need, not on any arithmetic formula? That being so, can she further confirm that the resources made available to the devolved legislatures will also be on the basis of need and not on something such as the Barnett formula?

**Baroness Williams of Trafford:** My Lords, they will be on the basis of need, but areas that have experienced higher than usual disruption because of flooding will also need to be considered.

**Baroness Jones of Moulsecoomb (GP):** My Lords, the noble Baroness mentions unprecedented floods, but in Cumbria this is the third once-in-a-lifetime flood event in the past 10 years. Is it perhaps time that the Government improved their attitude towards climate change and introduced some policies that would help people to prevent such floods in future, which can be done?

**Baroness Williams of Trafford:** I think that the noble Baroness has a valid point, in the sense that we are seeing a lot of unprecedented flooding. Has it been a blip in the past, or is it becoming a more frequent trend for the future? That is informing the Government's thinking in the review and on how we manage flows of water.

**Lord Beecham (Lab):** My Lords, the coalition Government initially cut the flood defence programme that they inherited from the Labour Government. The Government are presumably now contemplating an increase. What scale of increase are the Government looking at, and over what period will sustained investment take place?

**Baroness Williams of Trafford:** My Lords, it might be helpful if I outlined that under the Labour Government from 2005 to 2010, £1.5 billion was put into flood defence schemes. Under the coalition Government, £1.7 billion was put into flood defence schemes. Over this Parliament, £2.3 billion will be put into flood defence schemes.

**Lord Campbell-Savours (Lab):** In this discussion about flooded homes, scant regard is being paid to the position of small businesses, particularly on flood plains, very often uninsured and very often faced with the prospect of closing down. Will the Ministers now go to Flood Re and talk to these people about enhancing its scheme to help small businesses to be protected in future flooding incidents?

**Baroness Williams of Trafford:** My Lords, the noble Lord is absolutely right in saying that Flood Re does not cover businesses. One reason may be that there might be a state aid issue in providing insurance for businesses. We understand that it is not so much a problem for small businesses as it is for households. Nevertheless, we are working together with the industry to make sure and keep an eye on businesses that might struggle to get flood insurance.

## Forests: Coal-bed Methane Extraction

### Question

3 pm

Asked by *Baroness Royall of Blaisdon*

To ask Her Majesty's Government what assessment they have made of the social and environmental impacts of the potential extraction of coal-bed methane on forests such as the Forest of Dean.

**The Parliamentary Under-Secretary of State, Department of Energy and Climate Change and Wales Office (Lord Bourne of Aberystwyth) (Con):** My Lords, as part of the 14th onshore oil and gas licensing round, Southwestern Energy Ltd was formally offered two petroleum exploration and development licences within an area encompassing the Forest of Dean, each earmarked for coal-bed methane development. A strategic environmental assessment was undertaken for all areas offered for licensing applications in that round.

**Baroness Royall of Blaisdon (Lab):** My Lords, the hydrogeology of the forest is complex. The former mine workings are flooded, and there are still freeminers working underground. Labour introduced environmental safeguards for the Infrastructure Bill, but those have been downgraded, disregarded or weakened. The assessment to which the Minister referred is regarded by many to be flawed and inaccurate. Have there been independent risk assessments into coal methane extraction that consider all health and environmental impacts that have been observed elsewhere and have been considered specifically in relation to the Forest of Dean? If so, have they been made public? I would be grateful if I could have a meeting with the Minister and his officials, together with some colleagues from the Forest of Dean, to discuss this further.

**Lord Bourne of Aberystwyth:** My Lords, as I have previously mentioned to the noble Baroness, I am very happy to have that meeting along with officials. The system is extremely robust; this is but the first stage in the process. Consents will be needed before anything can go forward—for planning, from the Environment Agency, along with scrutiny by the Health and Safety Executive, an access agreement with the Coal Authority and consent to drill from the Oil and Gas Authority.

**Lord Hayward (Con):** Can my noble friend confirm that any application for coal-bed methane extraction will be subject to a full and rigorous process, which will include receiving all independent reports, following the same process as applications for other forms of methane extraction?

**Lord Bourne of Aberystwyth:** My Lords, I can certainly confirm that that is the process. Only one commercially running coal-bed methane extraction operation is going on at the moment, and there have been no issues since 2007, when it started, with regard to health and safety or contamination.

**Baroness Featherstone (LD):** My Lords, what evidence-based case is there for applying far less stringent environmental controls and protections to coal-bed methane than to hydraulic fracturing?

**Lord Bourne of Aberystwyth:** My Lords, the process for coal-bed methane is essentially parallel with that for fracking. There are no separate considerations here—or in so far as they are separate, it is only because of the slightly different technology. Both have extremely robust systems. In addition, if fracking was involved where we have coal-bed methane, a separate system of protections and consents would be needed.

**Baroness Young of Old Scone (Lab):** My Lords, the Government rode rather roughshod over the environmental conditions that your Lordships' House believed should be applied to fracking and responded by saying, "Oh well, in that case we'll make sure that we protect areas of outstanding natural beauty and groundwater protection zones by doing it at 1,200 metres under those sites and no closer to the surface". The coal seams in the Forest of Dean are at 450 metres from the surface, and many are much closer than that. Can the Minister confirm, or not, that the environmental restrictions that apply to fracking apply also to coal-bed methane extraction in the Forest of Dean—and, if not, what environmental protection conditions will apply? Was it wise to issue a licence when many of the environmental impacts had not been assessed in detail for this particular application until after the licence had been granted?

**Lord Bourne of Aberystwyth:** My Lords, coal-bed methane is not as deep as 1,200 metres. So, obviously, that is a separate consideration; we are not talking about fracking. In so far as there is fracking, if it is fracking in addition, there will be the additional protections that are available. But, as I have indicated, there are also planning consents, Environment Agency consents, Health and Safety Executive requirements, access agreements from the Coal Authority and consent to drill from the Oil and Gas Authority. We have a very effective, robust system of protections of which we can be proud.

**The Lord Bishop of St Albans:** My Lords, this Question raises a much broader issue, which concerns many people, about the protection both of the ancient forest lands and of the forestry estates. Could the Minister update your Lordships' House on what progress has been made towards the appointment of the new

public forest body, which was the recommendation of the independent forestry report? If no progress has been made, what role is, for example, the Forestry Commission taking in protecting this land, which the public hold so dear and for which they have such great concern?

**Lord Bourne of Aberystwyth:** My Lords, I am always grateful for people exaggerating my powers, but this is very much outside my brief in relation to forestry. I will ensure that the right reverend Prelate gets a full response on the subject, and I know that the Government take it seriously.

**Viscount Ridley (Con):** My Lords, does the Minister agree that if this country had not switched to fossil fuels in the last couple of centuries, the Forest of Dean—and every other forest—would long ago have been cleared for fuel? I declare my energy interests as listed in the register.

**Lord Bourne of Aberystwyth:** My Lords, what I would say is that we, as a nation, must determine that we shall have secure energy, and energy that is not imported. If we do nothing about coal-bed methane or, more broadly, about fracking, by 2030 we will have to import 70% of our gas rather than the 45% that we import now.

## NHS (Charitable Trusts Etc) Bill

*First Reading*

3.06 pm

*The Bill was brought from the Commons, read a first time and ordered to be printed.*

## Agricultural Holdings Act 1986 (Variation of Schedule 8) (England) Order 2015

*Motion to Approve*

3.07 pm

*Moved by Lord Gardiner of Kimble*

That the order laid before the House on 2 December 2015 be approved.

*Relevant document: 13th Report from the Joint Committee on Statutory Instruments. Considered in Grand Committee on 18 January.*

*Motion agreed.*

## Legislative Reform (Exempt Lotteries) Order 2016

*Motion to Approve*

3.07 pm

*Moved by The Earl of Courtown*

That the order laid before the House on 9 November 2015 be approved.

*Relevant document: 15th Report from the Regulatory Reform Committee. Considered in Grand Committee on 18 January.*

*Motion agreed.*

## Welfare Reform and Work Bill

### Report (1st Day)

3.08 pm

*Relevant documents: 13th and 19th Reports from the Delegated Powers Committee*

#### Amendment 1

Moved by **Baroness Campbell of Surbiton**

**1:** After Clause 1, insert the following new Clause—  
“Disability employment gap: reporting obligation

(1) The Secretary of State must lay a report before Parliament annually on the progress which has been made towards meeting the commitment to halve the disability employment gap.

(2) The report under subsection (1) must set out—

- (a) how the Secretary of State has interpreted “halving the disability employment gap”;
- (b) the factors that the Secretary of State has used to determine whether progress has been sufficient, including the extent and speed at which progress has been made; and
- (c) if progress under subsection (1) has been insufficient, what remedial steps will be taken.

(3) The report under subsection (1) must contain data on—

- (a) the overall rate of employment, and
- (b) the progress of the rate of employment of people at working age with—
  - (i) a learning disability;
  - (ii) autism;
  - (iii) mental health problems;
  - (iv) visual impairments; and
  - (v) any other disability as the Secretary of State may by regulation specify on the grounds that the people with the disability are marginalised from the labour force and require a specific focus.”

**Baroness Campbell of Surbiton (CB):** My Lords, I have returned today to ask the Government again to include this amendment in the Bill. It would impose a requirement to report annually on the progress made towards their manifesto commitment to halve the disability employment gap. If the Government do not have a disability-focused reporting methodology embedded in their strategy, there will be no robust way of analysing what exactly is preventing disabled people from working, and of putting it right.

Once again, the so-called disability unemployment problem will be passed around to some official or some department to resolve. I have seen this again and again throughout my career. We tinker at the edges, running pilots, employer awareness campaigns and support programmes with short-lived funding and we wonder why the figures remain abysmally low. Halving the employment gap is a very ambitious commitment, which has not been achieved by any Administration in my lifetime. It will take a well-informed, cross-government strategy that addresses the barriers specific to different impairment groups to understand what lies behind the barriers to work.

In response to my amendment in Committee the Minister said that,

“as progress against the disability employment gap commitment is a key factor of our overall commitment to full employment, these”,

reporting,

“amendments are not necessary, as that progress will be reported in the annual report on full employment”.—[*Official Report*, 14/12/15; col. 1941.]

I am afraid that I am not confident that generic annual reporting on full employment will receive the detailed attention that is necessary to understand the obstacles that have dogged disabled people since I began work in the 1980s. The employment rate for disabled people is currently 47.6%, while for non-disabled people it is 80.5%. That is a gap of over 30 percentage points, and it has remained at that level for over a decade. The Government need to radically think again and put a specific reporting obligation in the Bill. I know that departments will then give it higher priority, and everyone concerned will see that the Government’s commitment in their manifesto is genuine.

In Committee the Minister argued that setting up such a reporting mechanism is costly and will delay universal credit. None of us wants to see this, but I cannot believe that this would further delay its introduction. Reporting is not a difficult task. Indeed, it would help the Government to identify those who encounter the biggest barriers to work, ensuring better targeting of resources for support. It would also give far greater clarity on where the role of academics, disabled people, their charities and employers can help the Government to realise their very exciting commitment. No one sector and no one Government can expect to do it alone.

My experience of working with Governments on challenging initiatives is that they work when they have legislative priority, detailed analysis, appropriate piloting and good reporting mechanisms. The community care direct payment scheme was a prime example. The collaboration between government, social care professionals and disabled people and their organisations turned a culture of formal care dependency into one of independent living and civic participation. The establishment at that time had always maintained that disabled people could not operate their own care—a bit like the way people think that most disabled people cannot hold down a full-time job. Professionals at that time developed an expensive industry telling us how to live a passive life. It took a very bold Government—a Conservative Government—to turn this around. We can do this again with the employment gap—of that I am sure—but not without a whole-system change that is tracked and reported on regularly so that we can all scrutinise it.

3.15 pm

The life opportunities survey provided a much-needed insight into disabled people’s lives—but, sadly, the last wave was published in September last year. I know that reassurance from the Minister today about putting a reporting duty on the face of the Bill would further develop what the survey has really begun to reveal.

The Minister must go further than general reporting, which will not identify very complicated disability issues. He needs to set a challenge across government to report accurately on the barriers faced by millions of disabled people who want nothing more than a worthwhile occupation, personal status and a financial reward for working. If the Minister does not accept

my arguments, I hope that he can present this House with a credible alternative strategy and not simply tell us again that it will be reported generally and will be highlighted in a White Paper. I am afraid that that generic approach will not work for disabled people—we simply do not fit the generic lexicon. I beg to move.

**Lord Low of Dalston (CB):** My Lords, I support the amendment, which my noble friend Lady Campbell moved with great eloquence. After her speech, there is not really a lot that I can add but I will summarise the points that I want to make.

The Conservative Party manifesto set this ambitious aim to halve the disability employment gap by 2020. As we have heard from my noble friend Lady Campbell, this gap has been intractable over many years. It is quite structural and it will not be easy to reduce it substantially, let alone halve it. There is a real concern that, unless the Government actively measure, and are required to report regularly on, progress towards attaining this goal, it may not be achieved and a crucial opportunity to deliver on disability employment will be lost. This is a wonderful opportunity. The Government are much to be congratulated on setting this goal but it will take a lot of work to achieve it. Having targets specific to this objective and reporting regularly on them will be necessary if we are to monitor the progress desired and to take remedial action if required.

There are three other specific reasons why I think we should support the amendment. The first is simply consistency of approach. The Bill introduces reporting requirements on the Government's pledges to achieve full employment and fund 3 million new apprenticeships but there is no similar reporting requirement on halving the disability employment gap. So simply from the point of view of consistency of approach, it would seem to make sense to have a specific reporting requirement for this objective as well.

Secondly, disability employment presents very specific problems which are not well understood across government, and that is part of the reason why the employment gap has proved so intractable over so many years. The DWP is getting on top of it but I do not think the same can be said of government departments generally. It would provide a departmental and cross-governmental focus on disability employment and reducing the disability employment gap, and help to embed this in the organisational culture, if there were specific reporting requirements in relation to this.

Thirdly, simply from the point of view of targeting support, introducing clear reporting on how many disabled people are in employment, separate from scrutiny of other employment statistics, will allow better analysis of how current support arrangements are working and help the Government to better target resources and support where they are most needed. It will also enable data to be disaggregated by such things as learning disabilities, autism, mental health problems, visual impairment, deafness and hearing problems—things such as are mentioned in the amendment.

On all these grounds—consistency of approach, providing an incentive for action across government and targeting support where it is most needed—my

noble friend Lady Campbell has made a very strong case for the amendment, and I wholeheartedly support it.

**Baroness Doocey (LD):** My Lords, I, too, support this amendment. As the noble Baroness, Lady Campbell, has said, in Committee, the Minister said that the amendment is not necessary because a report on progress will be included in the annual report on full employment. However, my concern is that although the Government are very good at proposing big ideas and related targets, they seldom back them up with clear and unambiguous plans as to how they will achieve them. Halving the disability employment gap is a prime example of this.

Amendment 1 will guarantee that the Government must report to Parliament on progress and sets out clearly the form that this reporting should take. It will enable proper public and parliamentary scrutiny, and will provide consistent and thorough data which will give the Government the information that they need to measure the impact and progress of their policies, year on year.

I know from a number of my disabled friends of the enormous barriers that they have to climb through in trying to find a job: being invited to interviews just to ensure that employers can tick a “disability” box; losing out, time and again, to candidates far less qualified than they are to do the job for which they are being interviewed; receiving rejection letters giving reasons for their rejection that simply do not add up; and the heartache of knowing, without a shadow of a doubt, that the real reason they did not get the job is simply because they are disabled. This is all because employers, particularly SMEs, do not understand that somebody who is blind can be every bit as good as, if not better than—at IT, for example—somebody who is able to see properly. These employers running small companies have no idea of the specialist equipment that is available to disabled people. So although they are generally sympathetic, they are just not willing to take a step into the unknown by employing disabled people.

I am very grateful to the Minister that in his letter following Committee stage he answered the questions I had posed to him about the steps the Government were taking to support more disabled people into work. At the moment, the Bill is quite silent on that. I look forward to seeing what the White Paper will say on how the Government plan to improve support for disabled people. However, to significantly close the employment gap, we need to begin now and to raise the game of all government departments on meeting the target. This can be achieved only by giving the exercise a much higher priority.

At a time when so much is happening, a separate reporting amendment will provide cross-governmental focus on the laudable aim of halving the disability employment gap. Placing this requirement in the Bill will demonstrate the commitment the Government have made to improve the employment rate for disabled people. It will also clearly demonstrate to Parliament and the public the priority and importance that the Government place on this goal and ensure efforts to deliver it.

**The Lord Bishop of St Albans:** My Lords, I, too, support the Government's aim of getting people out of unemployment and back into employment and I am grateful to the Minister for his clarification in Committee that reporting on the disability employment gap will be included as part of the Government's overall employment reporting. However, like other noble Lords, I fear this commitment may not go quite far enough.

If the Government are to stay true to their commendable aim of halving the disability employment gap, detailed data and thorough reporting are absolutely crucial to achieving it. Particularly important is the breakdown of how unemployment rates differ across disability groups. If the government reporting looks only at the disability employment gap as a whole, it will be extremely difficult to see which disabled groups are making progress and which are not. I am concerned that this would make it possible for the employment gap to drop significantly through government interventions targeting only those with the most limited impairments.

We know anecdotally that those with physical impairments tend to find it easier to return to work than those with mental health problems and learning difficulties. While it might therefore make economic sense to target programmes and interventions at this easier group, I am sure the Minister will agree that this will go against the spirit of the Government's manifesto commitment. Any government reporting needs to look at the range of barriers faced by those in all disability groups and work to combat these barriers across the board.

We need work programmes that are properly targeted to address the needs of all those who are seeking employment across different disability groups. Statutory reporting of the disability employment gap, using the metrics outlined in this helpful amendment, would put such programmes on a clear footing and will provide a clear rationale for the way forward. Anything less than this would be a missed opportunity for the Government. I hope the Minister will consider carefully the points that have been raised.

**Baroness Howe of Idlicote (CB):** My Lords, in supporting the amendment so ably spoken to by my noble friend Lady Campbell, I will speak to my Amendment 42, which seeks to make changes to the Welfare Reform Act 2007.

The amendment would much improve the support provided to help people with mental health problems into work. It would add people with mental health problems in the ESA work-related activity group to the list of those currently exempt from the higher levels of conditionality introduced in the Welfare Reform Act 2012.

We all want the same thing: to help more people into work. We are also far more frequently discussing in your Lordships' House the importance of better supporting those with mental health problems. My amendment speaks to both of these motivations.

The types of conditions that people in the ESA work-related activity group experience are more complex than those experienced by people on jobseekers' allowance. We can easily imagine how people's symptoms could be exacerbated when they are required to attend activities

in order to qualify for their benefit. However, we also know that many of the activities are not tailored to their individual needs. People with social anxiety disorders can be mandated to attend confidence-building classes with 20 other people who do not have a mental health problem, and many people talk of being sent to health and safety courses. Often nothing is offered to address their real barriers to work.

The individual placement and support model is currently being piloted by the department to support people with mental health problems into work. This approach has been shown to work. At WorkPlace Leeds, part of Leeds Mind, 32% of its clients secured employment through voluntary support last year. That is a far higher rate than the 9% achieved through the Government's Work Programme nationally.

3.30 pm

I conclude by highlighting one of the biggest issues with back-to-work support at the moment; it is one on which we really need to make some progress. The whole system is desperately out of date: it is based on an assumption that people with mental health problems lack motivation or the willingness to work. This simply is not the case, and I agree with the Government that people with mental health problems have a high want-to-work rate. My amendment seeks to end this outdated and unhelpful system. It provides a real opportunity to transform the support offered to people with mental health problems. I hope that the Minister and the Government will accept my amendment.

**Lord Wigley (PC):** My Lords, I apologise for not having taken an active part in Committee, for reasons outside my control. Noble Lords will be aware of my interest in these areas, and I particularly declare my links with Mencap and Autism Wales. I warmly support the amendment moved by the noble Baroness, Lady Campbell. Attention needs to be given to the matters that she raised for two or three particularly important reasons. All our experience over the past 20 or 30 years has shown that having specific, detailed reports coming forward before Parliament in a coherent manner has enabled a focus to be given to issues relating to disability and, in particular, disability in the context of employment. It has enabled both Houses of Parliament to move forward in making better provision. The recommendations put forward in this amendment are important in that context.

The amendments are timely because, unfortunately, we are seeing a backward movement with regard to the employment of disabled people in many areas. We are seeing, for understandable reasons, the closure of some specific facilities that were available, such as Remploy and other similar organisations, where the argument was that disabled people would be employed within the mainstream and that, therefore, specific provisions did not need to be made in this way. That is fine, provided that that employment in the mainstream is available. However, as we see economic pressure increasing in both the private and the public sectors, the reality is that the number of jobs for disabled people is very often squeezed. I regret to say that in the public sector, jobs that had very often been specifically offered to disabled people because of their difficulties

are the first to be cut when financial pressures lead to a reduction in resources and employment. For those reasons, I believe that this amendment, and the one put forward by the noble Baroness, Lady Howe, are important and should be taken on board. The resolution of the issues underlying them should certainly exercise our minds.

**Baroness Thomas of Winchester (LD):** My Lords, I, too, am happy to support the amendment of the noble Baroness, Lady Campbell. Although the Bill as drafted requires the Government to report on progress towards their aim of full employment, there is no reference to reporting on the employment of disabled people, even though the Government made a manifesto commitment to halving the disability employment gap, as the noble Lord, Lord Low, has said. This is an ambitious target and, of course, a welcome one, not just for the economy as a whole but for disabled people themselves, whose talents and contributions would otherwise be wasted.

Full employment cannot be achieved without getting more disabled people into work, so why are we not satisfied with the Government's assertion that the amendment is not necessary because a report on the aim is already in the Bill? It is because we are not convinced by what the Government have told us so far. The current employment rate for disabled people, as we have heard, is about 48%. For those with learning difficulties, it is only 8%, and for those with autism, it is 15%. The gap between the employment rate for disabled people and the rest of the population has remained at about 30% for more than a decade, as the noble Baroness, Lady Campbell, has said.

However, as the recent report *Fixing Broken Britain?* from Frank Field and Andrew Forsey has shown, existing policies, such as the Work Programme, have not been very successful in finding work for claimants with disabilities. It is estimated elsewhere that only about one in 10 of those on the Work Programme and in receipt of ESA have satisfactory employment outcomes; that is, keeping a job for at least three months. Evidence from Mind indicates that only 8% of people with mental health problems who have gone through the work programme have achieved a long-term job outcome.

The Government originally set a target for contractors of achieving a "job outcome" for at least 22% of ESA claimants. This was then reduced to 13%. Neither target had been met by the end of the last Parliament. The reduction in the number of people supported by the Access to Work programme, the reduction in the number of disability employment advisers at Jobcentre Plus centres and the job opportunities for disabled people in Remploy factories, to which the noble Lord, Lord Wigley, referred, have all played their part in the lack of progress in trying to get more disabled people into work. I fear that other proposals in this Bill will make the situation worse.

While announcements in the spending review on the provision of specialist employment support are to be welcomed, this is going to be offset by a cut of around £30 a week for new claimants in the ESA WRAG. For those whose recovery from, for example, chemotherapy will take some time, this cut in support is likely to push them further from the job market. The

Joseph Rowntree Foundation found no evidence that disability employment rates are improved by reducing benefits.

In conclusion, it is unclear from the Bill, and from what Ministers have told us so far, how the Government intend to deliver on their commitment to narrow the disability employment gap. We need those answers and we clearly need this amendment to the Bill.

**Lord Lansley (Con):** My Lords, perhaps I may intervene briefly to say a word about Amendment 42 in the name of the noble Baroness, Lady Howe, and Amendment 43 in the name of the noble Lord, Lord Layard. In Committee, we discussed this briefly. While I have previously made it clear that I would seek to minimise those occasions on which we seek in statute to specify the circumstances in which people should access NHS treatment, that principally should be determined on a clinical basis. Past experience has demonstrated the value of the Improving Access to Psychological Therapies programme in providing assistance to people with mental health and behavioural disorders, especially anxiety and depression. Your Lordships will know that the numbers who are in receipt of benefit and who are out of work by reason of those conditions has significantly increased over the last two decades. We need to respond to that.

The IAPT programme, which begun under the Labour Government before 2010, was continued and rolled out during the coalition Government after 2010. I stress that the importance of this will, I hope, give the Minister the opportunity to say that, while not accepting the letter of Amendment 43, the Government are sympathetic to the spirit of it. After 2012-14, there has been a 25% increase in the number of therapists providing psychological therapies through the National Health Service. That rollout is continuing. Health Education England anticipates that the increasing supply resulting from its commissions for training places for psychological therapists should arrive at the point whereby at 2017-18 the demand for such therapy is able to be matched by the supply of trained therapists. We have an opportunity, in the timeframe anticipated for the measures in the Bill, to make it more certain that somebody with anxiety and depression requiring access to therapies while signing on for benefits should be able to access that therapy. I hope that the Minister can give that positive response to these amendments.

**Baroness Meacher (CB):** My Lords, I really was not expecting to speak today on this. We had asked that Amendment 43, on IAPT, be shifted and taken separately on Wednesday. The IAPT programme has now been going for 10 years: we had the first pilot in the mental health trust in east London 10 years ago. The point of that pilot, and of the whole programme, was to help the large numbers of people with mental health problems back into work. I remember talking to jobcentre staff and having great difficulty persuading them to refer people to the programme. Ten years on, we have so much evidence that if people with depression or anxiety receive good therapy quickly, they achieve remarkable results—far better results than any other that I am aware of in the psychological therapies. I stand here completely unprepared, save only to say to the Minister:

[BARONESS MEACHER]

please make use of what is an excellent programme on the whole—nothing is perfect everywhere, of course not—to help the 50% or so of unemployed people who desperately need precisely such help so that they can quickly get back to work. I make that big appeal to the Minister.

**Lord Kirkwood of Kirkhope (LD):** My Lords, I add my support to the opening remarks of the noble Baroness, Lady Campbell. She said that she was somewhat disappointed by the Minister's response to these amendments in Committee. She is right. He founded his response on a defence that these statistics are already available if you know where to find them and that they will continue to be published. That is only half the story. There is a case to be made for looking at more qualitatively based, specific disability-related data that are not available. It would not cost a great deal of money. The DWP has a capable resource department. Over a period of years, a lot of small but very important disability employment issues could be explored and the trends chased down and studied.

I give the example of the change as we move to universal credit, using work coaches rather than disability advisers. I understand that and I am very supportive of that new environment, but the work coaches are not dedicated specialists. They will have access to people, but I would love to watch how that works—if it does—as universal credit is rolled out. If it does not, we will need to change the setup, as I am sure the Minister will agree. I would like to see that kind of thing in gremio of the other suggestions for the reporting requirement from the noble Baroness, Lady Campbell. I support her in observing the need for what does not currently exist. With a bit of good will, working with the disability communities, we could have better sight of some of these problems.

My second point is that a contract of employment takes two people: you need an employer as well. We must not forget the employers. They try to do the best they can. As was said, physical disability is in some ways easier to address because the solutions are more obvious. Potential employees who suffer from any kind of intermittent condition—it is mainly, but not just, mental illness—are in a different category altogether. I remember feeling sympathy for the Minister when he got into trouble for saying that people with disabilities were not worth the money, or something—I am sure he never said it and that he did not mean it even if he did. However, he is right, in that the one risk that a potential employer fears—if I can put it that way—with regard to a very good candidate with intermittent conditions is that they cannot control their ability to turn up at key moments. Therefore, we need flexible working and to compensate for or take account of that, to reassure employers. You could do it by mitigating NI contributions, for example. We are not yet engaging in sufficient outreach with employers who might otherwise be willing to address this gap.

3.45 pm

When all is said and done, this is still a saving measure. According to the briefing I received from the department, £640 million will be saved by 2020, which

is a huge amount of money. Of course, we look forward with interest to the Green Paper, through which we will get an extra £100 million a year, which is very welcome. However, if the gap is not addressed by 2020 I, for one, will say—if I do not, the noble Baroness, Lady Campbell, will get there before me—“There is half a billion pounds of savings here”. If we cannot tackle this issue with the money allocated in the Green Paper, we should go back to central Government, or the next Government, and say, “You have saved a lot of money out of this. However, we are still not doing the job with the money and resources that are available, so we want more assistance to get to where we all want to be: to seriously address this gap”.

**Baroness Hollins (CB):** My Lords, I support Amendments 1 and 42. I will not repeat what I said in Committee or what has already been said today. However, I want to emphasise why the reporting duty needs to report on different groups, particularly people with learning disabilities, people with autism and people with mental health problems. The Work Programme and Work Choice just have not worked for people with learning disabilities. The disability employment gap is approaching 70% for people who would like to work but cannot find work and need specialist support to enable them to do that. That is why we need to look specifically and carefully at some groups quite separately from each other. Therefore, I support these amendments.

**Baroness Afshar (CB):** My Lords, I support the comments of the noble Baroness, Lady Meacher. In the case of minorities, mental disability is regarded as a dishonour or as a great failure for the family, and only within the formal context of education, and at early stages, is it possible to intervene. Furthermore, because the intervention adjusts a young person to the requirements of the British community, with which the minority communities are not very familiar, it is essential to bring in these potential talents by catching them early and helping them.

**Baroness Manzoor (LD):** My Lords, I support the amendment of the noble Baroness, Lady Campbell. I thank the Minister for meeting some of us last week to talk about why we felt that this amendment was so important. I shall outline the four key themes from my perspective. I agree that we need consistency of approach, as outlined by the noble Lord, Lord Low. We need to monitor and evaluate progress on the target. This is the Government's target and it is laudable and very welcome. However, do they really not want to measure it and evaluate improvement? One could perhaps think that the Government do not want to measure progress towards the target, and consider that it is easier to pick off low-hanging fruit than to assess the great variations in disability and tackle those, so that more people enter employment. As has already been said, this measure is not costly and will certainly help to identify the support that employers need to help people with disabilities.

**Lord McKenzie of Luton (Lab):** My Lords, we support Amendment 1 for the reasons advanced with conviction by the noble Baroness, Lady Campbell, strongly supported by the noble Lord, Lord Low, and

pretty much every other Peer who has spoken in this debate so far. We heard from the noble Baroness, Lady Doocey, about the importance of proper reporting to the ability to deliver proper parliamentary scrutiny. The right reverend Prelate the Bishop of St Albans raised the very important issue of the need to have data on different groups, otherwise there is a risk that targets will be achieved by dealing just with those closest to the labour market. The noble Lord, Lord Wigley, reminded us about the impact of specific, detailed reports which come before Parliament. The noble Baroness, Lady Thomas, said that we can get full employment only if we make progress on the disability employment gap. The noble Baroness, Lady Hollins, and other noble Lords, talked about the failure of the Work Programme at the moment—a running theme on these issues. I am delighted that the noble Lord, Lord Lansley, and the noble Baroness, Lady Meacher, touched on Amendments 42 and 43. That enables me, in the absence of my colleagues, to address those and I will do so in a minute. The noble Baroness, Lady Afshar, made an important point about tackling the stigma around mental health which, sadly, still pertains in some communities.

We, too, welcome the Government's commitment to halving the disability employment gap by 2020. We are grateful to the Minister for organising a meeting last week, together with his colleague, Justin Tomlinson MP, although the message delivered was that the amendment would be resisted by the Government. I hope there has been a change of heart in the interim. This is notwithstanding the generally encouraging noises and the promise of a White Paper. We know that the disability employment gap has stayed stubbornly persistent—the noble Lord, Lord Low, referred to it as intractable—for too long and cross-government effort will be needed to deliver on the commitment.

The reasons why we need regular reporting have also been summarised, too, by Leonard Cheshire in its briefing paper and these include, in particular, the incentive for action in that it will provide a departmental and cross-government focus on the gap. As the Minister himself has frequently opined, it is that which gets measured and reported on which gets government attention. That briefing highlighted the somewhat conflicting messages we have received from the Government. The Employment Minister in another place stated that the Government did not see the need to report on disability employment, as the measure was essential to achieving the wider commitment to full employment. However, the more enlightened Minister for Disabled People did promise that the annual report on progress to full employment would include an update on the Government's progress towards halving the disability employment gap.

We need some clarification on this, particularly considering the comments made by the noble Lord, Lord Freud, in Committee, to which the noble Baroness, Lady Campbell, referred. The thrust of those comments was that the management information which this amendment seeks has not been built into the current plans and would not represent value for money, given the timeline to just 2020. Do the Government have no ambition after that? It would also disrupt the universal credit timeline, wherever that currently stands. If the

Minister rejects the amendment, but promises regular reporting, will he make it clear what that will entail and what the sources of the data will be? The amendment is seeking not just aggregated data reporting but a proper analysis of progress over a range of conditions. If we do not have clarity on this and the noble Baroness, Lady Campbell, is minded to test the opinion of the House, we will support her.

Amendment 42, in the name of the noble Baroness, Lady Howe, seeks, as we have heard, to add people with mental health problems to the list of groups which are exempt from the conditionality element of back-to-work support schemes. We have received a very helpful briefing from Mind which covers this and other issues. It is suggested that conditionality, with its threat of sanctions, has a negative impact on people with mental health problems, that it undermines the relationship between claimant and adviser, removes choice and control, and has no evidence to support it working for people with mental health problems. It seems to us that this is fundamentally about having the right sort of support for people with mental health problems. Mind and others point out that the mainstream back-to-work support is currently often generic, as we have heard today, untailored and does not address the barriers to work which disabled people face. The lack of specialist support is undermining the opportunities for individuals to access work. This is a constant complaint from those who engage with these issues, so perhaps the Minister will tell us how he is to address this in the context of halving the disability employment gap.

Amendment 43, in the name of my noble friend Lord Layard, refers us back to psychological therapies, as we have heard. I am grateful for the interventions of the noble Lord, Lord Lansley, and the noble Baroness, Lady Meacher, so that we can at least debate this a little today. On the matter of drafting, we need to reflect on the reference to “primary medical condition” given that entitlement to the WRAG is determined by a range of descriptors which can be for physical or mental health factors. Drafting aside, my noble friend's objective is to encourage and assist those with a mental health or behavioural disorder to access assessment and, if appropriate, treatment. This is an objective which we wholeheartedly support.

My noble friend Lord Layard has previously made a powerful case in identifying that nearly a million people are on ESA due to depression or anxiety disorders but that only about half are getting treatment. We have heard that improving access to psychological therapies can make a real difference, as the noble Baroness, Lady Meacher, confirmed. The pilots that took place were 10 years ago. My noble friend has previously explained that around half of those treated under the programme last year recovered during treatment. Such results could obviously assist the path for people back to work and we know of the evidence that work—good work—is good for people's health. His amendment does not mandate anyone for treatment—we have been down that path before—neither is it instructing the NHS to treat in a specific way a group of individuals. But it requires that those with a mental health problem be encouraged and assisted to be referred for assessment

[LORD MCKENZIE OF LUTON]

and treatment. There is no conditionality attached and no suggestion that such individuals should somehow jump the queue.

If assessment and treatment is key to making individuals well and helping them move closer to the labour market, is that not exactly what the system should be about? This of course begs the question of what the process should be. I hope that the Minister will accept the thrust of this amendment and follow up with my noble friend and others who have been engaged in the past. We used to have mental health champions in Jobcentre Plus; perhaps the Minister could tell us what has happened to this role.

I finish where I started: fundamentally, we are very happy to support Amendment 1, which is very important, and to help the noble Baroness test the opinion of the House if that is her decision.

**The Minister of State, Department for Work and Pensions (Lord Freud) (Con):** My Lords, Amendment 1 would build on Clause 1, which sets out the Government's commitment to report to Parliament annually on the progress made towards full employment. Producing an annual report which illustrates progress towards full employment across the UK demonstrates this Government's clear intention and continuing commitment to building a strong economy, growing business and ensuring labour market opportunities for all.

The purpose of this amendment is to require a further annual report to Parliament on the progress that has been made towards narrowing the disability employment gap. The amendment would also require the report to include how the Government have defined the disability employment gap, how they will assess whether progress has been sufficient and what remedial action will be taken if progress is insufficient. The amendment also requires that the report should include data on progress in increasing the employment rates of specific groups of disabled people, including people with autism, a learning disability, mental health problems and visual impairments.

I hereby formally commit the Government to report on our progress towards halving the disability employment gap in the annual report on full employment—no ifs, no buts. Halving the disability employment gap is a crucial part of achieving our full employment aspirations and a key priority for this Government in its own right. I hope also that, following my meeting with Peers on this very subject last week, they are assured of my commitment and that of my honourable friend, the Minister for Disabled People, who was also at that meeting.

4 pm

There is no need to include a reporting duty in the Bill to drive progress or signal commitment in this area. We have already said that we will publish a White Paper later this year to set out our plans for improving support for disabled people and people with health conditions, to further reduce the disability employment gap and to promote integration across health and employment. Last summer, we established the new work and health unit between the two departments,

the DWP and DH, to bring together and drive progress in this area. Clearly, to pick up the point made by the noble Lord, Lord Kirkwood, employers are key in this. That is what the Disability Confident campaign is about, which has shown some good success.

On the detail of the full employment report that we are talking about, the Government have already said that we will use the first annual report to set out a framework for considering full employment in a modern economy. However, I must make a point about specifying the particular groups that this amendment does. The Government are acutely aware that many of the most vulnerable in our society are affected by multiple conditions. Reporting progress against specific groups would draw focus away from others while failing to reflect this nuance. We are committed to enabling all disabled people to fulfil their potential.

The noble Baroness, Lady Thomas, raised a point about the various programmes, voluntary and mandatory, that we put through. We are building our knowledge about how to help people, and the new work and health programme will provide specialist support for claimants with health conditions and disability, including of course those with mental health conditions. Noble Lords will be delighted to know that one of the reasons we are driven in this direction is because we have been so successful in getting people back to work. People with health conditions are now becoming the biggest group and therefore the group we need to concentrate on.

I offer assurance, particularly to the right reverend Prelate the Bishop of St Albans, that our treatment of progress on the disability employment gap will include information that will allow people to understand the key drivers of changes in this vital area, such as changes in the prevalence of disability and health conditions and demographic changes. For this reason, the amendment is unnecessary. We have, I think, encapsulated its spirit in my formal commitments.

I thank the noble Baroness, Lady Howe, for tabling Amendment 42. I clearly need to acknowledge her particular interest in the area of mental health. She knows that I support her in trying to get support for those with mental health disorders, and I hope I can reassure her with this answer. Before I start, I have to say that the intention behind this particular amendment is not entirely clear. I have therefore assumed that it seeks to remove all work-related requirements for claimants with a mental and behavioural disorder within ESA or universal credit, where they are found to have a limited capability for work, although I must point out that this is not quite achieved by the drafting.

I understand the motivation behind this amendment, but I am afraid I cannot agree with it. It is fundamentally opposed to the direction of travel since the publication of Waddell and Burton's seminal report in 2006, *Is Work Good for Your Wellbeing?*, which I know has influenced me and, indeed, the department ever since. Growing evidence over the last decade has shown work can help keep people mentally as well as physically healthy and help to promote recovery if someone falls ill. Indeed, NICE guidance recognises that work is a key component of recovery from a mental health condition.

In contrast, there is a strong link between not being in work and poor health, including poor mental health. In recognition of this link, we believe that where appropriate it is right to offer people work-related support. That is why over the next three years the Government are investing £43 million to develop the evidence base on what works for those with mental health conditions. This will be done through a series of voluntary pilots that will test a different approach of combined health and employment support for benefit claimants with or at risk of mental ill health.

Furthermore, the spending review announced an increased commitment to support people with health conditions and disabilities. This is on top of the additional funding announced in the summer Budget of £60 million in 2017-18, rising to £100 million by 2020-21, to support claimants with a limited capability for work. In addition, as I have already mentioned, the Government have committed to publishing a White Paper that will set out reforms to improve support for people with health conditions and disabilities. I certainly look forward to taking advantage of the noble Baroness's expertise and getting some advice from her as we develop our proposals.

I recognise that there are concerns that some people with a mental health condition or behavioural disorder may not be able to cope with the work-related requirements placed on them. I reassure noble Lords that claimants who are placed in the work-related activity group agree, through discussion with their work coach, steps that are reasonable for their circumstances, taking into account their mental health condition. In a small number of cases where an individual may not agree with the steps their work coach has proposed, there are checks in the system which allow the individual to ask for this to be reviewed. Clearly, to pick up the point made by the noble Lord, Lord Kirkwood, this is an area we are watching with an eagle eye and we will develop processes to make sure this works, whether it is through a work coach, a specialism, support for that work coach, or whatever it takes.

I turn to Amendment 43. I am sorry that the noble Lord, Lord Layard, is not in his place—I think there was a slight mix-up. I have talked to him in great depth on this matter and the noble Lord, Lord McKenzie, was good enough to allow us to debate it today by formally introducing it. He has a long-standing commitment to mental health generally and improving access to services, and I admire him greatly for that. This amendment seeks to put a statutory duty on the Secretary of State to encourage and assist all ESA claimants with a mental and behavioural disorder as a primary medical condition to be referred immediately to treatment in local NHS services as soon as they are awarded a benefit. There are actually technical issues that mean that it would not be possible to implement but, subject to my discussions with him, the noble Lord is interested in the direction of travel here rather than the precise amendment. What he is actually after is timely access to appropriate treatment—a point made by my noble friend Lord Lansley. On this point, I can offer assurance that it is absolutely the Government's intention to improve the links between health and employment support, recognising timely

access to health treatments can help individuals return to work quicker—a point made by the noble Baroness, Lady Meacher.

There are a number of significant measures the Government have taken and are taking to improve that access. I remind noble Lords that we have the national rollout of the IAPT programme: over £400 million was provided by the Government during 2010 for that. More than 100,000 people have been supported to recover since the programme started in 2008, and Department of Health officials are currently working closely with NHS England to build on the success of the programme to date in the light of the recent spending review settlement.

As we have already discussed, we are committed to halving the disability employment gap. That is why we are investing the £43 million I mentioned to develop the evidence base on what actually works. The voluntary trials will test a different approach of combined health and employment support. This includes a trial to test co-location of IAPT within jobcentres currently under way in Canterbury, and we plan to roll this out more widely in a number of still-to-be-determined jobcentres.

On our further commitment to the joint work and health unit, we are spending more than £115 million on the unit, including at least £40 million for the health and work innovation fund—again, to pilot new ways to join up health and employment. I believe that the forthcoming White Paper will address some of the challenges of how we improve access to treatment and provide it earlier. Again, I will take advantage of the advice of the noble Baroness, Lady Howe, and the noble Lord, Lord Layard, in making that work as well as I can.

The amendments cover a lot of ground and touch on some very important issues. I hope that I have been able to assure noble Lords of the Government's commitment and determination in this area and that the noble Baroness will feel able, on the back of those commitments, to withdraw the amendment.

**Baroness Meacher:** My Lords, before the Minister sits down, perhaps he would help us by explaining what the technical problems are in a simple referral to NHS by IAPT of people who have a diagnosis of a mental health problem.

**Lord Freud:** Yes. The Secretary of State for the DWP has no power to make referrals into the health system. That is just the way that these things are kept separate, and there is enormous sensitivity in the medical area about data and information flowing around the systems. In practical terms, that makes it impossible to join them up; it must be done in a much more subtle and clever way.

**Baroness Campbell of Surbiton:** My Lords, I thank the Minister for his reply to my amendment, which I shall come to in a moment. First, I thank the right reverend Prelate the Bishop of St Albans, the noble Baroness, Lady Doocey, and of course my noble friend Lord Low for putting their names to my amendment and believing in some of the arguments that I put forward in Committee. I would also like to thank

[BARONESS CAMPBELL OF SURBITON]

everyone else, but they are too numerous to mention. I am thrilled to get that amount of support for the amendment.

I am fully aware of the Minister's and the Government's good intentions towards helping disabled people gain fulfilling employment. They were and, I believe, still are very serious about wanting to halve the disability employment gap. I welcome that, but I remember thinking the day I heard it, "My God, that's going to take some work!" and, "Goodness me, we are really going to have to understand what lies behind the lack of mobility and movement within the unemployment field as it concerns disabled people". I am aware that it will be tough—it will be really tough.

I hear what the Minister says about committing to making sure that disability is properly scrutinised in the annual reporting system. He will probably even get them to give a dedicated chapter to disability, but I also know that this will not do what it needs to for disabled people in really beginning to address that 30% gap.

I have been involved in writing and being part of generic reporting many times in my life. I have often been asked to do the work on disability for general reporting on health and social care. One very clear example struck me when the Minister was speaking—from when the Disability Rights Commission and the reports written by it was amalgamated into the Equality and Human Rights Commission, a lovely generic body where we would all work together on addressing the barriers that everyone faces with getting into work, housing, and so on. I am currently sitting on the post-legislative scrutiny committee on disability to see how well it is doing under the Equality Act and the commission. I have to say that we are receiving overwhelming evidence that the generic approach is simply not working. Disabled people are complex creatures; we are all so different, and all our support is different. Understanding why we are not entering the employment market will take something else—something more than a chapter in a generic report. However committed the Minister is that it should reflect the situation, I am afraid that it will not. That is why I was very keen—and I am keen—that something more should be put forward to address this intractable problem, as unemployment among disabled people is probably one of the biggest.

I am very tempted to test the House, but I am not sure that it would work—and, if it did, I am sure it would be overturned. So I am looking to the Minister to go back to the Government and to departments other than the Department for Work and Pensions, which, frankly, will write the report. Who will collaborate with the department across government? Which departments will really throw their weight behind this? I am sceptical, because they have not done very well so far on other issues. I would like the Minister to go back to the Government and say, "Okay, this will be part of the generic report, but I want it to be a substantive part, and I want more than a generic report with a chapter on disability that tells us all the things that we already know". For that reason, I beg leave to withdraw the amendment.

*Amendment 1 withdrawn.*

4.15 pm

### Amendment 2

Moved by **The Lord Bishop of Durham**

**2:** Before Clause 4, insert the following new Clause—

"Child poverty: reporting obligation

(1) The Secretary of State must lay before each House of Parliament an annual report on child poverty.

(2) The report must include information on the percentage of children living in households where—

(a) equivalised net income for the financial year is less than 60% of median equivalised net household income for the most recent financial year;

(b) equivalised net income for the financial year is less than 70% of median equivalised net household income for the most recent financial year, and which experience material deprivation;

(c) equivalised net income for the financial year is less than 60% of median equivalised net household income for the financial year beginning 1 April 2010, adjusted in a prescribed manner to take account of changes in the value of money since that year; and

(d) equivalised net income has been less than 60% of median equivalised net household income in at least 3 of the survey years.

(3) For the purposes of subsection (2)(d), the survey years are the calendar years that ends in the financial year addressed in subsection (2)(a) and (b), and the 3 preceding calendar years."

**The Lord Bishop of Durham:** My Lords, I start, as I began my speech in Committee, by recognising that everyone in this House has a shared commitment to tackling child poverty in this country. We all want to see the end of child poverty; I am sure that no one in this House would want deliberately to keep children in a state of poverty. This debate is, therefore, not about the ends but about how we monitor progress towards that goal. Previously, I expressed my agreement with the Government that to maintain that income poverty alone is an adequate way to measure child poverty is no longer sustainable. I agree that there are other root causes, such as lack of work, low skills, poor housing, family instability and addictions, which must be recognised and tackled. But then we must also remember that many children in poverty are in families where a parent is in work; these children are currently trapped in poverty. I, along with the many organisations that work in this area, remain convinced that financial poverty is a crucial matter that must be recognised and reported on adequately.

It is, of course, possible to overstate the importance of material well-being alone. Many other things matter in children's lives, including loving parents, good schools and safe neighbourhoods. They are all needed for children to thrive and achieve their potential. But it is also possible to understate the importance of income, or the lack of it—especially among those of us who have plenty, and perhaps take such things for granted. According to the latest deprivation statistics, 1.7 million children live in families that cannot afford to heat their homes properly, 1.3 million children lack the funds to take part in at least one organised activity each week, and 1.1 million children cannot afford to have their friends around for tea or a snack once a fortnight.

We know that money matters, because this is the experience of people in poverty, and of the many organisations and charities that work with them daily. There is also a wealth of academic evidence pointing to the damaging effects that income poverty has on children's well-being, including their health, education and future employment prospects. We know, for example, that low income impacts on children's cognitive ability, educational attainment, conduct problems and mental health, with serious implications for their future life chances.

Does the Minister accept that low income is an important influence on children's outcomes and life chances, as his own department's review of the evidence concluded in 2014? Can he explain why the Government are studiously ignoring the views of nearly everyone who responded to the consultation on child poverty measurement in 2013? According to a recent analysis by the London School of Economics, 202 out of 203 respondents to that consultation believed that income should be included in the poverty measures.

If I have heard the Minister correctly, the Government's concern about the current child poverty measures is that they have encouraged an overdependence on income transfers, diverting attention from policies that tackle the root causes of poverty. However, the amendment does not seek to reassert the primacy of the existing child poverty measures: it simply requires that income-based measures of poverty be reported on alongside, and on a level footing with, other life chance indicators, such as worklessness and educational attainment, in order to acknowledge the significance of family income for children's well-being and future prospects.

Furthermore, the amendment is about indicators for monitoring progress, not about targets or deadlines, so there is not the same risk that it could drive policy in an unhelpful direction. And with all due respect, the temptation to place too much emphasis on income transfers as a means of reducing child poverty is not one that the current Chancellor appears to struggle with. I agree that it is important to tackle the underlying drivers of poverty, but that can be done without abandoning all the existing income-based measures of poverty. The real issue is committing to, and resourcing, an effective long-term strategy to reduce child poverty, rather than finding alternative ways to measure it.

No economic or social indicators are perfect. Let us take the employment statistics. I note that recent trends in employment are encouraging, but those statistics do not allow for the quality of employment, and hide substantial levels of underemployment. Similarly, GDP statistics give equal weight to desirable and undesirable economic activities, and take no account of many priceless commodities. It is no surprise that existing poverty measures have flaws too.

The relative income measure, in particular, has been criticised for showing a decline in poverty during the recent recession. But that is precisely why there are three other measures of poverty in the Child Poverty Act. The absolute poverty measure is not affected by annual variations in median income in the same way. The deprivation measure, which focuses on the affordability of basic necessities, has the added benefit that it captures people's living standards more directly than low-income measures. Nor can it be manipulated—if

that is the right word—by targeted government transfers to low-income households. I therefore encourage the Minister to consider seriously the adoption of a deprivation-based measure of poverty as a way of recognising the importance of material poverty within the proposed set of life chance indicators.

The biggest gap in the proposed set of life chance indicators is that the existence of in-work poverty is completely ignored, even though nearly two-thirds of children in poverty have at least one parent in paid employment. We all agree that work is usually the best route out of poverty for those who are able to work but at present, sadly, it is not sufficient for many parents in low-paid or insecure employment. It seems inconsistent that, while introducing a national living wage and in-work conditionality to encourage people to look for better-paid jobs, any reference to in-work poverty in the indicators is omitted from them, and they will be used to monitor progress. This is why I also support the amendment in the name of the noble Baroness, Lady Lister, to introduce an indicator of in-work poverty alongside the worklessness indicators.

I anticipate that the Minister will respond by saying that the existing poverty measures will continue to be published and will be available for everyone to scrutinise each year. However, without a statutory reporting requirement, there will be nothing to stop a future Government or the Office for National Statistics, if it is its decision, from ceasing the annual production of the HBAI statistics at some later date. Dropping these measures also sends a clear message that income-based poverty does not matter to this Government, which, unless I am mistaken, is not their view or the Minister's view.

In conclusion, first, I thank the Minister for offering to meet with me. My apologies: I could not make it but my daughter's graduation trumped him. I note that consistently in response to our previous debates, the Minister has argued that the Bill is but one part of the Government's programme to move towards a society with more people in work, on higher wages and paying lower taxes. He has noted other measures, such as the national living wage, the increasing thresholds for paying tax, and others, stating that these measures combined will raise the living standards of many. Of course, this is disputed by others. However, my point here is that since the Government are confident that their measures will be successful, they need have no fear of a statutory duty to report these income figures. Indeed, they should welcome it as a clear statement measuring their anticipated success. I commend the amendment and beg to move.

**The Earl of Listowel (CB):** My Lords, I support the right reverend Prelate and thank him for moving this amendment, to which I have added my name. I will mention two principal reasons for my doing so. One is a concern that I think and hope is shared around the House: the changing nature of a Parliament and the experience of families that grow up in poverty. It is very easy to avoid meeting families in poverty. Many of the leaders of this country will perhaps have been educated privately from a young age, and there may have been few reasons for them to come into contact with families in poverty. They may never have worried

[THE EARL OF LISTOWEL]

about where the next meal will come from or whether they can afford to heat their homes, and they may not mix with people who have those worries. My personal experience of course is that I and my family have never had to worry about whether our home could be heated or whether there would be enough money for the next meal. However, the families we are talking about worry about whether they can feed their children and whether they will have to go without a meal to feed their children.

I recently met with Ms Lorna Sculley, who is a 36 year-old and has three boys: the oldest is 15 and the youngest is fairly new-born. She works for 16 hours a week and lives in poverty, so she is one of the “working poor” that the right reverend Prelate described. During her last pregnancy and maternity leave, there were difficulties with her benefit payments, which meant that she got into debt and had difficulty in meeting her rent. She became increasingly desperate. Fortunately, there was a food bank local to her. With the help of the education welfare officer, she was referred to the people running the food bank and she sought their help. Not only did they provide much-needed food for her and her boys but they gave her advice about how to negotiate with the benefit system and to catch up as much as possible. Unfortunately, I think that it is possible to get only a three-month rebate if one has had these sorts of slips, so she could not gain all the money that she needed. She also told me that, because she is working, her boys are not entitled to free school meals and it can be particularly difficult to get severe hardship payments. Her two older boys had destroyed their mattresses by jumping up and down on them but it was hard to get the money to replace them.

4.30 pm

My fear is that, unless we include an amendment of the kind that the right reverend Prelate has suggested, or unless the Minister can give a clear commitment to the House at this point that a statutory measure of poverty will be developed on the basis set out in the amendment, perhaps looking particularly at material poverty, this constituency may get lost because it is so alien to the experience of many of us. As is so often the case, the people with the highest needs—those who need the most attention in our society—often have the smallest voices and are the least well represented, so I beg the Minister to give the assurances that the right reverend Prelate has asked for, and I look forward to his response.

**Baroness Lister of Burtsett (Lab):** My Lords, the right reverend Prelate has made a very convincing, strong argument for retaining income and, as he pointed out, deprivation measures. We talk about income measures as shorthand but it is important to remember that the measures in the Child Poverty Act include a deprivation measure.

The 2012 consultation, to which the right reverend Prelate referred, said:

“There can be no doubt that income is a key part of our understanding of child poverty ... Household income has a significant impact on childhood and life chances ... The impact of growing up in a low income household can last a lifetime”.

That consultation was premised on income being one element of a multidimensional measure, and it made it clear that the Government are not playing a zero-sum game with child poverty measurement as between income and multidimensional indicators. It is not clear what has changed since then. Why have the Government changed their view on that? Do they no longer believe that income is important, despite the evidence, as the right reverend Prelate said, from their own life chances review, which made very clear the impact of low-income, low-material resources on life chances, and despite the advice that they received from their own Social Mobility and Child Poverty Commission? Its response to the consultation was that any new multidimensional measure, “should be supplementary to the existing framework”, and it looked to the Government to make clear their commitment,

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

More recently, it said that it is simply not credible to try to improve the life chances of poor children without acknowledging the importance of income on those life chances and that, without an assessment of income, any measure would be inadequate.

As the right reverend Prelate said, the response to the consultation was overwhelmingly in favour of maintaining measures of income and deprivation. That included a response from the Royal Statistical Society, the academic scientific community and civil society organisations. In Committee, my noble friend Lady Blackstone, who is not in her place today, asked what alternative scientific advice the Government had to, in a sense, overturn that overwhelming response, but I do not think that we heard an answer to that.

It may seem rather academic and people may ask: why are we talking about measures; what does this matter? Actually, it matters a lot, and it is quite significant that a petition has been presented. Over 50,000 people care enough about this, and one woman in the country collected these signatures because people do care. If there is no statutory obligation for income and deprivation measures, it looks as though the Government think it simply does not matter if people do not have a sufficient income to live on.

There is no mention of targets in the amendment, unlike the amendment that was put forward in Committee, acknowledging, as the right reverend Prelate said, that the Government are reluctant to sign up to targets. In Committee, all I heard in response to the arguments put was an argument against targets. I did not hear any convincing argument against low-income and deprivation measures. Therefore, I hope that the Minister will think again and respond positively to the right reverend Prelate’s amendment.

**Lord Northbourne (CB):** My Lords, on this kind of issue I am usually very much on the side of those who are sorry for those who have problems. But I think a much stronger case would be made if the amendment could be rephrased so as to take into account the possibility that, at times, the family themselves ought to do more to create the income that they so desperately need. I have not come prepared with any evidence but, being involved in issues around child poverty, I hear a good deal to suggest that a number of families prefer

to live on benefits rather than go to work. I do not blame them for doing that, but I think they should share their responsibility in providing that income which, indeed, is so essential.

**The Earl of Listowel:** My Lords, I wonder whether my noble friend is aware that of the children in poverty who we are discussing at the moment, two-thirds have parents who are in work. The majority of the children we are discussing have parents who are in work.

**Baroness Hollis of Heigham (Lab):** My Lords, very briefly, I support the amendment in the name of the right reverend Prelate the Bishop of Durham.

I am puzzled. When we considered the 2012 Welfare Reform Act, the Minister rightly commanded the respect of the entire Committee and allowed the proceedings to be lengthened from the original 10 or 11 days to 17 days, in the process of which he negotiated, discussed and shared information because he was determined that the introduction of universal credit would be, as far as was possible, evidence-based. That was something that we all responded to: we were not being motivated by the latest piece of journalism or an ideological twist; it was evidence-based.

What puzzles me about the Government's position is not that they are seeking to get analysis of the impacts of poverty in terms of well-being measures, adult worklessness, child educational attainment at 16, and so on—it is perfectly sensible to have information about that. But this is not an either/or situation. We all know that we need to know about the income going into a family as well as about the impact of that lowered income on the outcomes that affect the family and the children, as the noble Lord, Lord Northbourne, said. This is not an either/or situation. We need both because, above all, government need to know where they can most effectively intervene to ensure that, as far as possible, children and their families have good, strong, decent and well-funded lives. We cannot know that unless we collect the information on both income and on what the Government believe to be the impact. It is not a question of which comes first, which drives one or the other, or which is the gateway. That does not matter—we need both. On the basis of that evidence, we, as a House and as Parliament, can come in behind government to see what levers are most effective in addressing the issues that that evidence has identified.

The Minister is an evidence-based Minister, which is why he has our respect. Therefore, in the light of that and all the work that he did on the 2012 Bill, I urge him not to sabotage it by ignoring crucial evidence of how best the Government should use the resources at their disposal. I hope that he will accept the right reverend Prelate's amendment.

**Baroness Sherlock (Lab):** My Lords, we on these Benches are fully supportive of Amendment 2, to which I have appended my name. The right reverend Prelate the Bishop of Durham has made a strong case for his amendment, backed up ably by my noble friends Lady Lister and Lady Hollis, and I will not add a great deal to the fundamental case that they have made. However, I do wish to say a brief word.

The Bill has a lot in it which will have a serious impact on the incomes of millions of families in Britain, particularly families with children and households with disabled people in them. I would love to send the whole Bill packing, as I would love to dispatch various statutory instruments recently passed through both Houses, but that is not what we are going to do; it is not our job. Our job over this week is to send back to the Commons for further consideration parts of the Bill where they have simply not begun to understand the consequences of some of what they have done; where the costs can be significant but often have just been shunted rather than taken away.

The great advantage of this amendment is that it does not cost any money and yet it would be incredibly powerful in holding the Executive to account, something which this House always takes seriously.

I have been struck, not only in listening today but in re-reading the excellent debate on this subject in Committee, that the Minister was signally unable to persuade Peers from around the House of the case that he made. Let me summarise the Government's case. The report to Parliament by the Secretary of State for Work and Pensions on the drivers of child poverty said this:

“From the range of academic and institutional evidence reviewed we can confidently conclude that”—

brief pause—

“The key factor for child poverty now is parental worklessness and low earnings ... The other main factors include low parental qualifications, parental ill health, family instability and family size”.

It also highlighted child education attainment as a key factor in increasing the risk of a poor child growing up to be a poor adult.

So what have the Government done in response to that evidence? This Bill guts the Child Poverty Act 2010, removes the requirement to report on income poverty at all and requires Ministers in future to report on only two factors—worklessness and educational attainment. That leaves a couple of key questions.

First, Ministers are not saying that these factors equal poverty but that they drive it. So presumably the Government will seek to address those factors and, if they are successful in addressing them, child poverty will fall—but how will we know? If we do not expect the Government to report on the effect on child poverty of the work they are doing, then how do we know whether their strategies are succeeding or failing? The Minister may point to the fact that data on households below average income are currently published, but, as the right reverend Prelate pointed out, there is no guarantee that that will carry on indefinitely without a statutory routing. If the Government are so confident, why will they not report on the impact of their policies on child poverty and be accountable for it?

Secondly, Ministers have cherry picked some of the factors on their own list and ignored others. In particular, as has been mentioned, why have the Government ignored the key factor of low earnings, which is the first in their line of analysis of drivers for staying in poverty. Is it because, by definition, it must be an income measure, to which there was therefore a political objection? Or is it because, as the noble Earl, Lord

[BARONESS SHERLOCK]

Listowel, pointed out, they know full well that two-thirds of poor children are living in households where a parent is in work. I will return to this issue in a later group but I remind the House that if the Government continue to damage work incentives by attacking universal credit and cutting the value of in-work benefits they can hardly be surprised to find that work is no longer a route out of poverty.

No one is arguing that money is all that matters—the right reverend Prelate the Bishop of Durham expressed that very well. I fully recognise his comment that the idea that money does not matter is often most closely held by those who have plenty of it. I make an exception in the case of the noble Earl, Lord Listowel, who despite, as he said himself, having always been comfortable has shown an impressive concern for those who have not had the benefits to which he found himself entitled. I commend him for that. Nobody is arguing that, but when 202 out of 203 responses tell you that you have got it wrong, it really is time to think again. The odds on that only one being the one that is right have to be pretty small.

4.45 pm

The Government's own statutory Social Mobility and Child Poverty Commission, in its response to the consultation, said this:

"In our view, lack of income is central to the experience of poverty and therefore needs to be central to poverty measurement. However, other things matter too. So a broad approach is sensible". Of course it is: how could that not be true? Of course income matters, right from the start of a child's life. CPAG reminded us that children from low-income families are more likely to die at birth or in infancy, to suffer chronic illness in childhood or have a disability. As the right reverend Prelate pointed out, their experience of everyday life is fundamentally affected by money. If you cannot afford to invite your friends round to tea, that creates social isolation. If your parents cannot afford to heat your house, that makes it hard to do your homework or to sleep or to grow up healthy. These things matter enormously.

Nobody is trying to stop the Government measuring and reporting on educational attainment and worklessness. All this amendment does is to ask them also to report on income measures alongside the others. The data for this are already available, so there is no extra cost in gathering them. I urge the Minister to accept this very reasonable amendment, and if he will not, to explain very clearly to the House why he will not. Otherwise, we can conclude only that the Government are not willing to account to the public and to Parliament for the consequences of their policies. This Bill is full of measures that will drive more children into poverty. If the Government are willing to do that, they should be willing to stand up and account for it.

**Lord Freud:** My Lords, Amendment 2 seeks to insert a new clause that would expand the annual report to include data on children living in households with low relative income, combined low income and material deprivation, absolute low income, and persistent poverty. It would effectively reintroduce the same income-based poverty measures as set out in Sections 3 to 6 of

the Child Poverty Act 2010—measures that fail to tackle the root causes of child poverty. I know that the amendment is well intentioned, but as it is drafted, it is technically faulty and cannot achieve what the right reverend Prelate, the noble Baroness and the noble Earl want it to achieve. For example, the amendment refers to how equivalised net household income is to be adjusted by regulations, but there is no regulation-making power in relation to the life-chances clauses in the Bill.

However, this is not the foundation of my disagreement with the amendment. I firmly believe that the existing statutory framework, set around the four income-related targets, simply does not drive the right actions to transform children's lives. That is what we are all aiming for, so I think it is important for me to spend some time explaining why income measures are not the way to achieve what we all want to see. There will always be natural variations in income levels in society. However, having less money than someone else does not necessarily mean that an individual is in poverty. Income measures do not take this into account effectively.

Income measures focus on the economics of poverty and ignore the human dimensions: the social causes and the reasons people can get stuck in poverty. But even as economic indicators they are flawed. They are an indirect and imperfect indicator of poverty. They do not account for the full needs of the family or other financial deductions that reflect a family's true financial situation, such as the amount of debt a family has, or even their non-income based resources, such as the benefits from education, such as the pupil premium. Households that have large savings or capital can still count as being in income poverty. This means that income measures can provide only a partial reflection of a family's economic well-being.

There are other weaknesses, too. For example, the measures are based on current parental income and do not incentivise action to prevent poor children becoming poor adults. They do not reflect government action on raising attainment and improving life chances for disadvantaged children. These are some of the general weaknesses of income measures. I would now like to speak briefly in turn about why specific measures of relative low income—including persistent poverty, absolute low income and material deprivation—are unhelpful in tackling poverty.

If we first consider measures of relative poverty, the problem is that a household can be moved into or out of relative low income without any change in its circumstances. For example, in a recession, as median income falls, so does the relative poverty line. This means that many households that were previously in poverty will now be above the new, lower poverty line, even though their income and life chances have not changed. This incentive of "poverty plus a pound" does not drive transformative change in the lives of family members who still face multiple barriers to lift themselves out of disadvantage.

Conversely, policies such as raising the personal tax allowance and introducing the higher national living wage that give poor families a higher income could lead to increased average household incomes. This in turn raises the poverty line and brings more children into low income, punishing Governments for doing

the right thing. As an example, while the economy grew from 2003 to 2009, income measures incentivised the previous Government to tackle the symptoms of poverty through expensive income transfers, such as spending £300 billion on working-age welfare and tax credits. This strategy did not tackle the root causes of child poverty or make a long-term difference to children's prospects as the number of children in relative poverty remained broadly unchanged. Given that the proposed persistent poverty measure is based on families being stuck below the relative low-income line, it, too, will suffer from these same weaknesses.

I turn now to the disadvantages of absolute low-income measures. By definition, absolute poverty measures the proportion of children below a fixed income line, which is only adjusted each year to account for changes in prices. The current measure of absolute poverty uses the relative poverty line for 2010-11. However, the decision to use this as the absolute low-income line is essentially arbitrary, in the sense that there is no logic to why this is better than any other reference threshold that could be chosen as the absolute standard of what households should be able to count on in order to meet their needs.

Notwithstanding the clear criticism that this measure is subject to some of the same flaws as the relative poverty measure, it also leads to illogical changes in the level of children in absolute poverty. When the absolute poverty line was rebased to the 2010-11 relative poverty line, the number of children in absolute poverty under this measure went from 1.4 million children under the old baseline to 2.3 million children under the new one. These children saw no material difference in their lives or changes in their circumstances, yet just because the line was being drawn somewhere else they were all brought into poverty.

Finally, measures of material deprivation simply do not capture real material living standards robustly. The material deprivation measure asks subjective questions around whether families think that they can afford a certain set of items. We have looked into the accuracy of what it is trying to measure. Analysis from the IFS shows that almost 50% of children who live in a household that is deemed to be materially deprived have incomes well above the most commonly used relative low-income line. This brings up questions around whether material deprivation measures accurately reflect the true living standards of families. I hope that I have been able to show why the existing income measures are a poor test of whether children's lives are really improving and a distraction from the aim of tackling the key drivers of child poverty.

**Baroness Hollis of Heigham:** Before the Minister goes on to his next point, I am puzzled. He is going through the individual indicators as though those are the exclusive and sole measurement of child poverty. That is precisely why the previous Government introduced a suite of measures. Each one captured some aspect and together they captured the broad range of issues that determine how we assess child poverty. So deconstructing and challenging each individual measure is not the point: it is the suite of measures that is being dumped, and it is that suite which caught what it means to be in poverty.

**Lord Freud:** The noble Baroness is making a presumption that the suite of four is self-reinforcing and that the weaknesses of one are balanced by the strengths of the others, but I hope that I have been able to describe that there is no necessary reason why they should be self-reinforcing. In fact, they may be taking us all in the wrong direction. That is the presumption that I challenge.

On the right reverend Prelate's points, the consultation demonstrated support for a wider range of measures of child poverty beyond income. More than 90% of respondents showed support for measures that drive the Government's action in tackling child poverty. Our new approach—this is a point that the noble Baroness made—has been informed by our evidence review, which underlies the crucial importance that worklessness and educational attainment play in improving children's life chances.

Poverty is highly complex and affected by a large number of interrelated factors. The evidence review showed that low income is one of several factors affecting educational outcomes, but worklessness is the most important driver of low income. The evidence also showed that the best way to increase incomes and exit poverty is to enter work. We want to drive the action that will make that difference. That is why the two measures cover worklessness and educational attainment.

On the point about working families with low incomes, work remains the best route out of poverty. Around 75% of poor children in families where parents move into full employment leave poverty altogether. We will return to this on a later amendment, so I will not go into it in any more detail.

The income measures that the amendment would introduce are essentially symbolic. It is important that we recognise this for both sides of the debate. The Opposition have laid out their argument of how these measures are a symbol of where the Government should focus their action. However, to us they are a symbol of the old world—of how easy it is for Governments to be incentivised to push people's incomes £1 above the poverty line without any real transformation to their lives. This is of huge importance to us as we want to move away from these types of drivers and instead focus on the right type of actions.

In response to the concerns from the right reverend Prelate and the noble Baroness, Lady Sherlock, about the information, the Government have made a strong commitment to continue to publish the HBAI figures. I should add that HBAI is a national statistic. That means that it complies with the Code of Practice for Official Statistics, which states that it must be produced independently of political influence. That may be a stronger position to protect the statistics than a statutory base. It is hard for them to be removed.

**Baroness Lister of Burtersett:** The Minister says that the figures are independent. What if those producing them are under great financial pressure, and they look around and think, "What measures can we stop? What data can we stop collecting and statistics stop analysing?". They could say, "The Government show that they're not interested in these statistics, so perhaps we should stop analysing them". Whatever the Minister says,

[BARONESS LISTER OF BURTERSETT]

without a statutory obligation we cannot be absolutely sure that those statistics will continue to be produced and analysed. That is one reason why we had a bit of a debate on this in Committee. The Minister said that he thought that the only real difference between us was the word “statutory”. That is why we believe that statutory accountability is so important.

**Lord Freud:** We have made this commitment to continue to publish the HBAI figures. They are national statistics and part of what is almost a huge industry of measurement around the world, as countries do it in the same way. It is always conceivable that that outcome could happen, but in the real world it is almost unthinkable.

**Baroness Lister of Burtersett:** If countries around the world are doing it in the same way, does that not suggest that it is the right way?

5 pm

**Lord Freud:** We had this debate in Committee. We all measure this in the same way; we are the only country in the world that has put it in an Act. We are now moving to how other countries treat these statistics. The behaviour of other countries supports in practice what we are doing in leaving these as national statistics, with the commitment I have just made to make sure that they continue to be published.

I have spent time on these points because this Government believe that the measures we opt for really matter. Let none of us be in any doubt that there is an important choice to make with this amendment and with Amendments 8 and 11, which follow. Resources are finite and it is crucial that we prioritise the actions that will make the biggest difference for our children. Do we choose income measures which would disincentivise a range of actions which will actually help improve the life chances of children, and incentivise others which will not tackle the underlying factors at play? Or do we put our wholehearted effort into the areas which can help transform children’s prospects—worklessness and educational attainment? Indeed, I was pleased to note that the right reverend Prelate the Bishop of Durham prioritised his daughter’s graduation, showing what he thinks of educational attainment compared with anything else, for which I commend him. This amendment would end up taking resources away from these areas. I firmly believe that it would end up being detrimental to the transformational actions we want to see.

I think noble Lords will agree that these are the key drivers which the Government must focus on. The evidence behind this is set out in our published 2014 evidence review and I have spoken at length on it on previous occasions and now. The statutory life chances measures of educational attainment and worklessness are the right measures that will incentivise government to bring about real change in children’s lives.

I urge the right reverend Prelate to withdraw the amendment.

**The Lord Bishop of Durham:** I thank the Minister for his very full response, for which I am grateful. If the amendment is technically faulty, my understanding

is that it could be redrafted, so that is not a reason for not pressing it. I am grateful to the noble Earl, Lord Listowel, for his support and was moved by his story about Ms Sculley. I am also grateful to the noble Baronesses, Lady Lister, Lady Hollis and Lady Sherlock, for their expressions of support and the points that they made. I hope that the comment of the noble Lord, Lord Northbourne, on family was addressed by the noble Earl, Lord Listowel.

I will not go through all the points that the Minister made, because I think that we fundamentally disagree about the importance of reporting on income statistics. This amendment would not in any way detract from the drivers that the Minister wants around worklessness and educational attainment; those would absolutely still be there. This is simply about a reporting mechanism which we believe is important as part of the monitoring. I say “we” because I have consulted with bodies such as the Child Poverty Action Group, the Children’s Society and many others which work with children and families in poverty day in and day out and are still convinced that this is important information to have alongside tackling the other drivers. Therefore, although I know that the Minister will not be pleased with me, I wish to test the opinion of the House.

5.03 pm

#### *Division on Amendment 2*

*Contents 290; Not-Contents 198. [The Tellers for the Not-Contents reported 198 votes; the Clerks recorded 197 names.]*

*Amendment 2 agreed.*

### **Division No. 1**

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consequences. For the majority of refugees, of all ages, the clear advice from experts on the ground is that protection in safe countries in their region of origin is the best way of keeping them safe and, crucially, of allowing them to return home and rebuild their lives once the conflict is over. That is why we are providing more than £1.1 billion in humanitarian aid to the Syrian crisis. It is also why we have a resettlement scheme for the most vulnerable Syrian refugees. One thousand arrived before Christmas—around half of them are children. A further 19,000 refugees will be resettled by the end of this Parliament. Many of them will be children too.

Our resettlement scheme is based on referrals from the UNHCR. We are already considering referrals of separated children or orphans under the Syrian resettlement scheme where the UNHCR assesses that resettlement is in the best interests of the child. The UNHCR has a clear view that it is generally better for separated children and orphans to be helped within the region and to stay there as they are more likely to be reunited with their family members or taken into extended family networks. Last week, the International Development Secretary announced an additional £30 million for shelter, warm clothes, hot food and medical supplies, including for 27,000 children and babies. This assistance will be distributed to aid agencies including UNICEF, UNHCR, the Red Cross and the International Organization for Migration to support vulnerable people, including children on the move or stranded in Europe or in the Balkans.

We have heard calls for the UK to take more unaccompanied children from within the EU. The Prime Minister has committed to looking again at this issue and it is currently under review. Such a serious issue, potentially affecting the lives of so many, must be considered thoroughly and no decision has been taken at this stage. The UK Government are clear that any action to help and assist unaccompanied minors must be in the best interests of the child, and it is right that that is our prime concern. We take our responsibilities seriously and this issue is under careful consideration. When this work is completed we will update this House accordingly.

5.22 pm

**Lord Rosser (Lab):** I thank the Minister for repeating the Answer to the Urgent Question in the other place. We welcome the comments by the Government that they are looking again at the issue of child refugees in Europe. However, are the Government giving serious consideration to the call from NGOs such as Save the Children, and also from my noble friend Lord Dubs and other noble Lords in an amendment to the Immigration Bill to be debated next week, that the UK should offer refuge to 3,000 unaccompanied children in addition to the 20,000 Syrian refugees they have already committed to help? Are the Government also considering taking some of the 26,000 unaccompanied children who are in Europe today, and not just those from camps adjacent to Syria. The thought of any child genuinely alone in a foreign country without the basic necessities of life including protection and comfort, is completely unacceptable, particularly when they are vulnerable to trafficking, prostitution and other forms

## Child Refugees

### Statement

5.19 pm

**The Minister of State, Home Office (Lord Bates) (Con):** My Lords, the Government are at the forefront of the international response to the unprecedented migration flows into and across Europe. We want to stop the perilous journeys that migrants, including children, are making, which have had such terrible

of abuse, and in some cases also face the prospect of simply disappearing completely. Finally, some of those children genuinely alone will have family here. Are the Government considering doing more to allow reunification of families?

**Lord Bates:** My Lords, apologies for confusing the procedure on Statements with Urgent Questions. I will deal with points in the reverse order to which they were raised by the noble Lord, Lord Rosser. First, the criteria for family reunion are set out in the Dublin regulations. They are currently under a period of review, but we will certainly honour the family reunion commitments under the existing Dublin arrangements. Regarding trafficking and the dangers, we are absolutely confident, in terms of the current Dublin regime, that all children—all adults, for that matter—arriving into the European Union should be identified with biometric passes at that point and recorded as such with as much data as are available. Once the data are there, at least that person is correctly identified. We have been providing support through the European Asylum Support Office in those regions to ensure that that recording of children and adults is going ahead.

I should say that the figure of 26,000 is an estimate of the number actually coming in to the European Union; the numbers are not held in one place. The Prime Minister is deeply concerned about that. This time last year, we had a couple of hundred coming in under the Syrian vulnerable persons resettlement programme. The Prime Minister announced that that was to increase to 20,000, and we brought in 1,000 before Christmas, 50% of whom were children. So we are not unmoved by that plea, but UNICEF and the UNHCR have seriously warned about the interests of the child being best served when they remain with wider family networks in the region, as that offers the best prospect for their safety and well-being once, as we hope, the conflict there is resolved.

**Baroness Hamwee (LD):** My Lords, like others, I suspect, I would have welcomed a rather wider and more positive announcement about immediate steps to be taken for children not just from Syria but from Afghanistan, Iraq and Eritrea. When, as I hope we will, we get a positive announcement about the Government's plans, will it include detailed proposals for everything that needs to be done to support the children whom we wish to welcome: funding and wider support for local authorities, training and support for social workers and, in particular, a focus on the availability of foster placements and support for foster parents, who will be dealing with very delicate situations?

**Lord Bates:** That is certainly the arrangement that we have under the Syrian vulnerable persons relocation scheme: they get that assistance, which comes out of the overseas development assistance budget in the first instance. We have a real problem with unaccompanied asylum-seeking children who are in the UK already, a high proportion of whom are in Kent. Funding is available to the authorities, and we will make sure that they have the resources necessary to provide the level of care that we expect under our international obligations, and our national obligations under the Children Act.

**Lord Hylton (CB):** My Lords, I was in Calais in the “jungle” camp last Thursday—not, I add, in combination with the leader of the Opposition in the other place. The visit was organised by two leading Catholic social agencies, one in Britain and the other in France. It included meetings with three deputies of the French National Assembly. Will the Government provide legal routes to apply for asylum in this country for purposes of family reunion or for former employees of British Armed Forces?

**Lord Bates:** Certainly under Dublin there is a route for family reunion, which we honour and respect. Harrowing pictures come from the camp; I have not had the opportunity to visit. It is absolutely critical that the people in those camps claim asylum in France and therefore start to get care and attention that the children, in particular, need in France. We would encourage them to do that.

**Lord Roberts of Llandudno (LD):** Does the Minister remember that on 2 December, the Prime Minister gave exactly that assurance to Tim Farron in the other place? That is seven weeks ago, seven weeks of torture under intolerable conditions for so many kids. We should move immediately on this, not waste a moment longer. They are children just like our children, and they deserve our concern and care.

**Lord Bates:** I agree, but it is more complex than that. The noble Lord follows these issues very carefully. He should know that when we talk to the UNHCR and UNICEF, they say that there are real dangers in taking children within the European Union and that the best place for them is in the camps in the region, where they can be considered and cared for in wider family units. We must listen to that, balance it and reach a decision, which the Prime Minister will do.

**Viscount Hailsham (Con):** My Lords, I endorse the point made from the Liberal Democrat Benches about the availability of foster parents; that is very important. Furthermore, before the Government come to a concluded view, I hope that they will carry out an assessment as to how many adults not currently in the United Kingdom might have a claim under the human rights legislation to join unaccompanied children who are admitted here.

**Lord Bates:** Yes, there would be that—and, of course, one advantage of the Syrian resettlement programme as it is currently configured is that we relocate not just children but family groups into the UK. That is something to be appreciated. We will ensure that that study is carried out.

**Lord Dubs (Lab):** My Lords, of course, what the Government are doing to support refugees in the camps in Jordan, Lebanon, Turkey and so on is good—and of course the 20,000 scheme is a good one, although far too small. But the winter is coming and there are children in European countries who are not being looked after, who are in danger of being trafficked and who might die in the winter. We do not have time to spare while the Government dither. Can we get on with it?

**Lord Bates:** We have been getting on with it. There is a relocation scheme for Europe, where they said that they would take 160,000. So far, as of today, they have managed to relocate 331,000. The Prime Minister said that we would take 1,000 before Christmas and 1,000 came—50% of them children. That is not dilly-dallying; that is taking action, but we want to make sure that it is always in the best interests of the child to do so.

**The Lord Bishop of Durham:** My Lords, I declare an interest as one of the co-chairs of the National Refugee Welcome Board. Is the Minister aware that the organisations Home for Good and Coram have somewhere between 9,000 and 10,000 families already offering to take unaccompanied minors? Of course, they have to have all the safeguarding checks and they will not all be suitable, but there is a vast body of people already willing to offer to help to resettle unaccompanied children in this country. The National Refugee Welcome Board is committed to working with the Government to try to help in that, with those organisations.

**Lord Bates:** That is a very generous welcome and one that we appreciate very much indeed. We are conscious that a lot of the people who are coming in the first wave are those who are most in need; those who have been victims of torture, with acute medical needs, and those most at risk. They may not be appropriate for the type of generous hospitality being suggested. But certainly as the scheme progresses we will very much want to call on that active and typical generosity on behalf of the British people.

## Welfare Reform and Work Bill

### Report (1st Day) (Continued)

5.32 pm

#### Clause 4: Workless households and educational attainment: reporting obligations

##### Amendment 3

Moved by **Lord Ramsbotham**

3: Clause 4, page 4, line 31, at end insert—

*“Maternal nutrition: reporting obligation*

A1ZA Maternal nutrition and poverty: reporting obligation

(1) The Secretary of State must publish and lay before Parliament a report containing data on—

- (a) maternal nutrition in workless households in England;
- (b) maternal nutrition in long-term workless households in England.

(2) The report must set out how the Secretary of State has interpreted the following terms for the purposes of the report—

- (a) maternal nutrition;
- (b) household;
- (c) worklessness;
- (d) long-term worklessness.

(3) The data contained in the report, and the provision about how the terms used in it are to be interpreted, must, so far as practicable, be derived from any relevant official statistics.

(4) The first report must be published before the end of the financial year ending with 31 March 2017.

(5) Later reports must be published before the end of each subsequent financial year.

(6) In this section “official statistics” has the meaning given by section 6(1) of the Statistics and Registration Service Act 2007.”

**Lord Ramsbotham (CB):** My Lords, in moving Amendment 3 I shall speak also to Amendments 4, 5, 6, 7, 9, 10, 12, 13 and 14, which are all to Clause 4 of the Bill. Indeed, they are all amendments in effect to the Child Poverty Act 2010. They represent a repetition of amendments that I tabled in Committee about the annual reporting on health and well-being and on children aged five, as opposed to at key stage 4. For very logical reasons, the Public Bill Office has put Amendment 3 before my old amendment, which is now Amendment 5, because maternal nutrition obviously comes before children who have already been born. Therefore, I shall speak first to Amendments 5 and 6 to amplify what I said in Committee, on which I had a discussion with the Minister before Christmas following the rather inconclusive conclusion to our debate that evening, following timing problems in the House. I particularly want to talk about the link between extreme poverty and mental health, particularly of children, which was highlighted in the previous amendment.

In any situation, it is grossly inefficient to tax people who cannot pay. Local government has been quite right to draw the Government’s attention to the inability of councils in England and Wales to collect the £1 billion in three years that they were instructed to start taxing in April 2013. Of course, as has been said many times during the passage of the Bill, there is a cumulative impact on the health and well-being of residents when the benefits provided by central government for survival are being reduced in value as the rents that they have to pay rise. Therefore, in fact, we are talking about the cumulative effects of a great number of issues that are not in themselves all the responsibility of the Department of Health, or, indeed, the Department for Communities and Local Government, which have to deal with the outcomes.

The economic and social costs of mental health provision, which is the subject of this amendment, have been calculated by the Centre for Mental Health, in which I declare an interest as a vice president, as being £105 billion in 2009-10, which is reckoned to be an underestimate. That is a huge amount of money and a great deal of that is caused by the conditions that we have been discussing in this Bill. It is of interest that Dr Angela Donkin, who is a deputy director at the Institute of Health Equity, has said that the national audit in 2010 found that 82% of homeless people had at least one physical health problem, and 72% had at least one mental health problem. So there is a huge cost to all this poverty.

Some 10.4% of those in fuel poverty, living therefore in extremely cold houses, showed higher levels of respiratory conditions, cardiovascular disease and poor mental health as the result of the conditions in which they lived. You then add food poverty, which has been mentioned—and, again, the lack of proteins, iron and the correct vitamins, minerals and fatty acids leave a higher susceptibility to illness and infection and heart and lung complications. It is said that preventing low birth weight should be an absolute must for all public health officials, but all their efforts will be hampered by inefficient incomes, which mean that people cannot buy what is required to produce that high birth weight. Finally, there are many mental disorders, particularly evident in women who, in addition to handling the

family budget, suffer from maternal depression, which is bound to impact on the children and their social development.

As I mentioned before, we have a situation here where the Chancellor is apparently directing, without ever taking evidence from such as the Barrow Cadbury Trust, whose evidence was used by the Mayor of London to calculate the London living wage—and also, I fear, there is a lack of tie-up between the Treasury, the Department of Health and the Department for Work and Pensions as well as the Department for Communities and Local Government. There is too much silo working. My amendments aim collectively to ensure that the collection of evidence by one ministry or another should be made available to all the others so that they have an aggregated picture on which to make their judgments.

Amendment 3 would introduce reporting on maternal nutrition—an addition to what I tabled in Committee. Also, it has been taken forward considerably since we debated it in December, particularly in a speech by the Prime Minister on 11 January, when he announced his life chances strategy. In addition to maternal nutrition, he also endorsed what was in my previous Amendment 4: the suggestion that reporting on children should not be left until key stage 4, at the end of schooling, but should be done at the age of five, because we would then have some chance of taking remedial action based on something that we had found early, thus increasing life chances. It is interesting that in his speech on 11 January, the Prime Minister said that, “we must think much more radically about improving family life and the early years”.

He called that a “life cycle approach”—one that takes people from their earliest years through schooling and through adolescent and adult life.

This strategy clearly points to the importance of early child development and getting children ready for school, thus endorsing the assessment currently done of every child by the age of two, which I mentioned in Committee. Without measuring a child’s progress at the age of five, the Government cannot know how successful or otherwise any remedial treatment initiated following the health visitor assessment at two has actually been in preparing children for school.

I also mentioned in Committee that the All-Party Group on Speech and Language Difficulties, which I co-chair, in a report on the links between disadvantage and speech, language and communication needs, found that children with a low IQ from advantaged families overtook children with a higher IQ from disadvantaged families by the age of five. That is a terrible factor to consider: that overtaking will happen unless remedial action is taken. Therefore, I strongly believe that tackling child poverty and improving children’s life chances—the right reverend Prelate has just spoken about this, and we have just voted on it—is a national endeavour and responsibility. My amendment is designed to present the Government with the opportunity, through the evidence produced every year, to learn about what is actually happening to our children, and then to enable all the departments involved, not just the Department for Work and Pensions, to use the information to improve life chances, and thus to invest the nation’s money in its future—our children—more wisely.

My other amendments—Amendments 7, 9, 10 and 12 to 14—are textual adjustments to reflect the content of Amendments 3 to 6. I beg to move.

**Baroness Meacher (CB):** My Lords, I strongly support the amendments tabled by my noble friend Lord Ramsbotham. The main amendments in this group are of fundamental importance if the Government are to make a success of their own DWP policy. The Government want to focus upon the life chances of children rather than upon poverty alone—but I do not believe we should lose sight of the significance of poverty, particularly when the levels of poverty will worsen so severely in the coming years. I was relieved to hear the Minister assure the House that the Government will continue monitoring poverty as before, whatever becomes of the amendment on which the House has just voted when it gets to the other place.

Of course, there is a lot more to successful parenting and the life chances of children than income alone. As we all know, sufficient income is a necessary but certainly not a sufficient condition for a successful childhood. Parents’ mental and physical health and well-being are essential to successful parenting. If a mother is malnourished, she is most unlikely to provide for her child’s mental and physical needs. If she is depressed, she may not be able to look after her child at all until her mental health improves.

As my noble friend Lord Ramsbotham reminded us, the Prime Minister himself has highlighted the early years as one of four areas in which to anchor the Government’s approach to life chances. The Government’s life chances strategy can, in my view, set a course for improving school readiness for the poorest and most disadvantaged children—but only, of course, if it is introduced across the country and is adequately funded. But only by monitoring progress in improving the health and well-being of children in workless households, particularly during the early years, is there any hope that policies will be developed and adjusted over time to ensure that they help rather than hinder the life chances of those children. Any Government will need to learn from their mistakes over time—and as we all know, Governments certainly make mistakes.

5.45 pm

I was a member of the Marmot Commission on Social Determinants of Health. That commission made it clear that parenting in the early years is a key determinant of the school readiness of any child. If a child starts school at a significant disadvantage, that failure will dog them throughout their school life and throughout their entire adult life. We need to understand why a child is not school-ready on their first day at school, so all the information that the Government can gather is imperative—absolutely essential. It is concerning that only 58% of children from the most deprived communities reach a good level of development, compared with 77% in the better-off areas. That gap of nearly 20% is utterly disgraceful. Monitoring, as proposed by my noble friend Lord Ramsbotham, will enable better targeting of the most successful programmes on those who can benefit most.

[BARONESS MEACHER]

While so much is being cut back, the Government have made vital investments in the health and development of young children in recent years. I applaud their investment in expanding the health visiting programme by nearly 50% in four years, increasing the numbers by more than 4,000 health visitors. These health visitors could contribute to the monitoring of maternal nutrition and mental health. I am sure that they already do a lot of that, but an obvious thing to do would be for the Government to systematise the information and gather it nationally. Health visitors can also monitor the health and well-being of the children of workless households. We need to understand which interventions really help a child and which have little or no effect. Resources are going to be incredibly scarce in the coming years. We need them to be smartly focused.

The free early education for the most deprived two year-olds is welcome. But the Marmot Commission pointed to the importance of parents' involvement with their child's learning—such as reading stories at bedtime and other basic activities, which some parents may lack the confidence to do. The monitoring and reporting required in these amendments will make sure that the policies are really working. It may be that investing in two year-olds' education will achieve little unless we go the extra mile and help parents become involved, if necessary by offering them some help with basic skills. I regard these amendments as non-political but essential for a Government of any complexion.

**The Earl of Listowel (CB):** I support these amendments. I too am most grateful to the Prime Minister for his recent announcements on maternal depression during and after pregnancy. I attended the launch last year of the Maternal Mental Health Alliance report on maternal depression and other mental ill-health issues. It found that the nation loses about £1 billion a year through maternal perinatal mental ill health. The main cost is incurred because the relationship between mother and child is impoverished by the mother's mental ill health. I therefore strongly support the amendment tabled by my noble friend Lord Ramsbotham, and I look forward to the Minister's response.

**Baroness Manzoor (LD):** I too support the amendments tabled by the noble Lord, Lord Ramsbotham, particularly Amendment 4. I tabled an amendment in Committee on reporting on attainment at key stage 1. I felt that was imperative, because that is the age at which early measurement of children, when they are going to school, can take place. I do not want to say any more now, because we had a very full debate in Committee; I just want to lend my support to these amendments. As an ex-health visitor—that was many years ago, I hasten to add—I recognise the importance of the health and well-being of both mothers and children. Measuring those factors in children at the age of five is imperative, rather than leaving the measurement of educational attainment, as the Bill now does, until the age of 16. We on these Benches therefore support the amendment.

**Baroness Hollins (CB):** My Lords, I will speak briefly to Amendments 5 and 6. I remind noble Lords that the terms of reference of the health and well-being

boards, established through the Health and Social Care Act 2012, require them to report on local efforts in reducing health inequalities and improving the well-being of their population, so it should not be too difficult to find a way to report on health and well-being, as suggested by my noble friend. On Amendment 3, the evidence is enormous that the nutritional status of women both before and during pregnancy can have an important influence on foetal, infant and maternal health outcomes. I remind noble Lords of the enormous parliamentary and public interest in the manifesto *The 1001 Critical Days* and the work that goes on in thinking about the first two years from conception to age two, and how nutrition is such a key part of improving the life chances of children and young people.

**Lord McKenzie of Luton (Lab):** My Lords, this is an interesting group of amendments. If I heard correctly from each of the speakers, the thrust of it is that government should be entitled to a whole range of information that will best inform it across the piece as to how to tackle a range of issues. Specifically, the group of amendments seeks to add to the reporting requirements to Parliament: the progress of children at five in areas of cognitive, personal, social, emotional and physical development—likewise for children living in disadvantaged households; the health and well-being of children living in workless and long-term workless households; and maternal nutrition in workless and long-term workless households.

The noble Lord, Lord Ramsbotham, referred to a range of matters. In particular he spoke about the collection of disadvantage that you get: homelessness, mental health, fuel poverty and low income—it is that collection of issues which makes more difficult the life chances of individuals. A number of speakers emphasised the importance of education—the noble Baroness, Lady Manzoor, picked up again the point she made in Committee about key stage 1 for education, and the noble Baroness, Lady Hollins, spoke about the importance of health and well-being boards. I understand that the Office for National Statistics produces data on national well-being and on the well-being of children; I think it reported in 2014 and again just last year. It is interesting that a whole range of data goes into those measures. It is said with regard to children that there are something like seven domains and 30-odd measures of children's well-being, which is a whole collection of stuff to have to handle and deal with.

At the end of the day, government ought to welcome the information that this collection of amendments seeks to be reported on, which is a range of information across the piece. The key issue that flows from it is what you do with it, or what strategies or interventions will flow from that collection of data which will make a difference to the life chances of young people—which is the thrust of this.

The noble Lord, Lord Ramsbotham, made the point that we do not have a collective figure for the consequences of all the changes in the tax and benefit system in recent times. I know that the IFS did a calculation of what had happened under the coalition Government with regard to tax and benefit changes and concluded that if you look at those changes—the

percentage of the income of various groups of people—the lowest two percentiles bore the greatest burden. If you look at it in terms of absolute amounts, the top 10% bore the most, but if you look at it as a percentage of income, the poorest have had the worst outcome from all these changes the Government have introduced—and that is before we get into ones that are reflected in the Bill we have debated to date.

When we talk about health and well-being, we need to be clearer about our distinctions. We have the national statistics data and the background to that, which is a very broad measure. The issue around health and well-being boards' and local authorities' responsibility is a slightly different focus, but important nevertheless. So far as we are concerned, we can see the benefits of this range of amendments, which try to encourage the bringing-forward of data to underline just what the consequences of these policies are. I think the noble Earl, Lord Listowel, talked a moment ago about how it is all too easy for us in this Chamber to see this in perhaps rather abstract terms and not the reality. People out there have to face the reality of what these policies mean, and the collection of data of which noble Lords speak will help bring that home to government as well as to campaigners generally, so that those who bear the largest burden feel that that is understood, reflected and challenged—which is our job here.

**The Minister of State, Department for Work and Pensions (Lord Freud) (Con):** My Lords, these amendments on Clause 4 have been grouped together quite widely. I will start by making a general point about adding to the reporting duties that the Government have already set out. The best way of securing progress by government is to have a focused set of measures. I echo the implication of what the noble Lord, Lord McKenzie, said. The more you have, the more likely you are to have a diluted effort and distraction from the key issues, which in this case the evidence tells us are worklessness and educational attainment. Of course many factors contribute to these headline measures. For example, we know that children's health is an important factor in their educational attainment. Tackling health at work will help ensure that more adults are able to work. Therefore delivering on worklessness and educational attainment calls for a wide set of actions. However, it is important that we focus government on its core objectives that will tackle the root causes of child poverty.

First, with regard to additional statutory reporting duties, I turn to Amendment 3. With this amendment the noble Lord, Lord Ramsbotham, seeks to introduce an additional reporting duty on the Secretary of State. The report must contain data on maternal nutrition in workless and long-term workless households in England. I have already set out that our evidence review published in 2014 makes it clear that worklessness and educational attainment are the factors that have the biggest impact on child poverty and children's life chances. We are committed to supporting families at the earliest stage and to helping parents move into work and earn more through universal credit or investment in childcare, the national living wage and increases to the personal allowance in the tax system. This is the best way to secure children's life chances and ensure that parents are able to care for themselves, too.

I cannot overstate the importance of ensuring that we focus on measures that tackle the root causes of child poverty and not be distracted by others that do not do so. Of course, the issue raised by the noble Lord, Lord Ramsbotham, is important. The Government take action. They provide advice for parents on maternal and infant nutrition via NHS Choices and Start4Life. Government also operates the Healthy Start vouchers scheme, which provides low-income people with vouchers that can be spent on milk, plain fresh and frozen fruit and vegetables, and infant formula. It already publishes the results from the *National Diet and Nutrition Survey*, which includes results by age and gender. There are a variety of reasons why adults have poor diets, and it is important that we look at the whole picture, which gives us valuable information and helps shape interventions. I therefore cannot support this amendment.

Through Amendment 4, the noble Lord, Lord Ramsbotham, seeks to expand the duty placed on the Secretary of State to include a duty to report on the progress of children and disadvantaged children living in England at age five in their cognitive, personal, social, emotional and physical development. It is vital that all pupils thrive and develop in their early years. Monitoring children's personal development is already a core function of every education setting. This monitoring then enables teachers to tailor their support based on how each individual is progressing. I assure your Lordships that we do not take this issue lightly. As the Prime Minister said during his speech about children's life chances—quoted by noble Lords—we want,

“stable families and good parenting, because we know the importance of those early years in setting children up for a good life”.

There are two key issues at the heart of the life chances reforms—action on work and action on education. Lives can be transformed by focusing on these two most significant drivers of poverty. The Bill will start to realise the vision set out by the Prime Minister when he said that,

“we can rescue a generation from poverty and extend life chances right across our country”.

We all know that the end of key stage 4 is a vital juncture in a young person's education. It represents the culmination of primary and secondary schooling and provides a consistent point at which to measure attainment across all young people. Pupils who fail to achieve at the end of key stage 4 are at high risk of not being in employment, education or training, so the Secretary of State is committed, through the life chances measures in the Bill—

6 pm

**Baroness Manzoor:** My Lords, I get what the Minister is trying to say but unless there is a comparator at key stage 1, by key stage 4 it will be too late—the children will be 16 years old. If the Government really are to assess the development of children from the ages of five to 16, there is a need for that assessment to start at key stage 1. If there is an issue, they can be given support much sooner so that they have much better outcomes at 16. That will not happen if we do not have information from key stage 1.

**Lord Freud:** As the noble Baroness knows, we have a lot of information about how pupils progress. The point is that it is necessary to have something that

[LORD FREUD]

absorbs all that rather than having detailed measures at each point. The earlier processes have to be right to attain the achievements at the key target date. I have spoken in this House before about “targetitis”. If you give hospitals 220 different targets, for instance, which is what happened a decade ago, nobody knows what on earth they are looking at, whereas if you focus on the two things that really matter and not on the culmination of a lot of measures, you drive coherent behaviour through the targets that are set, and that is exactly what this strategy does.

I have already made the House aware that the measures that we have include key stages 1 and 2. Annual reporting at different stages of primary schooling already provides significant detail of the progress and attainment of disadvantaged pupils. Monitoring personal development in the way that the noble Lord suggests—

**Lord Ramsbotham:** My Lords, these reports include the Department for Education and the Department of Health, as well as the Department for Work and Pensions. Who is making these reports and to whom are they going?

**Lord Freud:** The whole point is that these reports are published. It is a forcing mechanism to make sure that the relevant Secretaries of State and the relevant departments of government work together to tackle the fundamentals that produce these outcomes.

Returning to the educational issue, if we made this change to the Bill, it would increase the burden on primary schools and send a signal to schools that Parliament does not trust them to carry out their core functions. That is why I cannot support this amendment.

Amendments 5 and 6 look to expand the reporting duty placed on the Secretary of State so that his annual report containing data on children living in workless households and long-term workless households in England must include data on the health and well-being of these children.

It goes without saying that the Government want the best for our children. We want all children to have the opportunity to have fulfilling lives and to realise their potential, and clearly their health and well-being is an integral part of that. However, we can achieve this aim, which is one that we all share, only by tackling the root causes of child poverty, and I will not parrot what I have already said on this point. Our evidence review shows clearly that worklessness and educational attainment are the two factors that have the biggest impact.

We recognise that, as the evidence review pointed out, child ill-health is also a driver of poverty. We are absolutely committed to reducing health inequalities in terms of access and outcomes, and we are working across government to ensure that ill health does not hold our children back from fulfilling their potential. The Government have already put in place a well-developed reporting framework—the public health outcomes framework—that supports health improvement and protection at all stages of life, especially in the early years. The framework includes a large number of indicators on children and young people’s health and,

along with the NHS outcomes framework, sets a clear direction for children’s health that allows anyone to hold us to account.

We are committed to improving access to better services and to promoting early intervention to address children and young people’s mental health issues before they worsen. We are investing £1.4 billion in that over the next five years, and we have invested more than £120 million to introduce waiting time standards for mental health services—the first time that we have done that.

If we concentrate our actions and resources on the root causes of child poverty, such as worklessness and education, that will be the springboard from which everything else will follow. While the Government recognise the importance of tackling child ill-health, these amendments would ultimately distract the Government’s focus and finite resources from what is most important for our children’s future life chances. For these reasons, I cannot support the amendments of the noble Lord and the noble Baroness.

Amendment 7, tabled by the noble Lord, Lord Ramsbotham, would require separate reports for measures of worklessness and educational attainment. We are already committed to reporting on these measures and believe that it is sensible to deal with them together as they are jointly fundamental to improving life chances.

Amendments 9, 10, 12, 13 and 14 are consequential on Amendment 7 and therefore, in the Government’s view, unnecessary.

Once again, I thank noble Lords for their contributions but, on the basis of what I have said, I urge the noble Lord to withdraw his amendment.

**The Earl of Listowel:** Before the noble Lord sits down, will he reassure the House about the future of health visitors? Clearly, they have a very important role in the welcome things that he has just said. The Government have done a great job in recruiting and developing the workforce, but now that responsibility for health visitors has been moved to local authorities, which must fund them, there has to be a concern that in the current atmosphere for local authorities we may go backwards and health visitors will not be commissioned to do the work that is so necessary in relation to what we have just been discussing. Perhaps the noble Lord would consider writing to noble Lords who are interested in this area about the mechanisms that exist to ensure that that does not happen.

**Lord Freud:** I shall be happy to write.

**Lord Ramsbotham:** My Lords, I am very grateful to all those who have contributed to this short debate. I am particularly grateful to the noble Lord, Lord McKenzie, for summing up what people said.

I listened very carefully to what the Minister said, and I am grateful to him for repeating what he has said before about the Government’s concentration on worklessness and educational achievement as being the main causes. However, I do not think that they are unique causes. The health and well-being, not just of the children but also of the families, and particularly the mother, is something that is a huge cause of the subject that we are looking at, and it ought to be added to worklessness and educational attainment.

It is all very well saying that we are going to do a great deal and going to improve the child mental health treatment processes in the National Health Service, but that comes at an enormous cost. The National Health Service cannot afford to do all this at present; otherwise, it would already have done it. I am very concerned that health and well-being in particular are being excluded from the terms of the Bill. They ought to be before everyone who is considering the issues of which the Bill is made up, particularly tackling the problems of worklessness and educational attainment, both of which have mental health as one reason—not the only reason—that they are there.

I am in something of a quandary. In many ways, I would like to test the opinion of the House on each of these three amendments, because I think that they are each important. However, if I may, I would like to withdraw Amendment 3 and not move 4 and test the opinion of the House on Amendments 5 and 6, which deal with health and well-being, which are, I think, the guts of all this issue.

*Amendment 3 withdrawn.*

*Amendment 4 not moved.*

#### *Amendment 5*

*Moved by Lord Ramsbotham*

5: Clause 4, page 4, line 36, at beginning insert “the health and wellbeing of”

**Lord Ramsbotham:** My Lords, I wish to test the opinion of the House.

6.10 pm

*Division on Amendment 5*

*Contents 110; Not-Contents 184.*

*Amendment 5 disagreed.*

### **Division No. 2**

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of what is happening to children in working families as well as in workless families, it is important that we still debate it.

The purpose of these amendments is to balance the obligation introduced by Clause 4 to report data on children in workless households with a similar obligation in regard to children in low-income working households. As I argued in Committee, whether the primary concern is life chances, as in the Bill, or child poverty, which Ministers assure us they are still committed to eliminating, it cannot make sense to exclude from reporting obligations the two-thirds of children living in poverty in households where at least one parent is in paid work. Indeed, in the mean time the Prime Minister has repeated his welcome pledge of an “all-out assault on poverty”. Surely an all-out assault has to include this group. It is therefore appropriate that the poverty and disadvantage experienced by families with a wage earner should be included in the life chances reporting obligations.

The fundamental importance of the issue to the Government’s life chances strategy and assault on poverty is one of the reasons I return to it on Report. Its importance is underlined by the Social Mobility and Child Poverty Commission in its latest *State of the Nation* report. It states:

“A One Nation country would be one where work offered a guaranteed path out of poverty”,

and it documents how it fails to do so. As I said in Committee, the amendment has the support of the Equality and Human Rights Commission and End Child Poverty.

The other reason I am returning to this issue is that I was not satisfied with the Minister’s response to the arguments put in Committee. For instance, I specifically asked him to answer a question posed by my noble friend Lady Hollis of Heigham at Second Reading: how will the Government account for the poverty among children of working families? His response had been to refer to the continued publication of the HBAI statistics, which was welcome, but he did not give an explanation of the lack of any reporting obligation on this matter to ensure accountability with regard to in-work poverty. He still did not provide a satisfactory explanation under questioning in Committee.

The Minister pointed out that the current situation of the majority of children in relative poverty living in a family where at least one parent is in paid work,

“has developed over the past couple of decades due to the improved progress in tackling poverty in workless families”.—[*Official Report*, 9/12/15; col. 1586.].

That is fair enough up to a point but is no answer to the question in hand, nor is the fact that the risk of child poverty remains higher among workless households. Whatever the trend or the reasons for it, and whatever the relative risks, it does not absolve the Government of the responsibility to report to Parliament and the country what is happening to children in poverty, regardless of their parents’ employment status.

If the Government are reporting only on children in workless households, they will distort the overall life chances picture and the policy responses. Given that paid work is held out as the route out of poverty and the universal credit’s objectives, surely the Government

6.22 pm

*Amendments 6 and 7 not moved.*

#### *Amendment 8*

*Moved by Baroness Lister of Burtersett*

8: Clause 4, page 4, line 41, at end insert—

“( ) children in low income households where one or both parents are in work.”

**Baroness Lister of Burtersett (Lab):** My Lords, in moving Amendment 8 I shall speak also to Amendment 11. Once more I have the support of my de facto noble friend Lord Kirkwood of Kirkhope. I am also grateful to the right reverend Prelate the Bishop of Durham, who expressed his support when moving his amendment. These amendments bring up the rear of his amendment but complement and cement it. We do not know what will happen to his amendment in the other place but, because it is partly based on the need to take account

will want to know what is happening to those who have set out on this route and to analyse any obstacles they encounter.

In Committee, we engaged in a textual analysis of the Government's own publication *An Evidence Review of the Drivers of Child Poverty* worthy of an academic seminar. In the end, it all seemed to come down to whether, in its reference to "low earnings"—I note that the Minister carefully omitted reference to that part of the report yet again in his earlier responses—as a key factor, along with worklessness, that impacts on children's life chances, "low earnings" was in brackets. The Minister seemed to suggest that, because it was in brackets, that meant low earnings "out of worklessness". I was not sure what he meant by that. I have gone back to the original source and it is clear that the key passages contain no brackets.

To recap, the table on page 6 listing "Relative influence of factors on length of child poverty spell" is headed by "Long-term worklessness & low earnings". The review spells out that,

"lack of sufficient income from parental employment ... is not just about worklessness, but also working insufficient hours and/or low pay".

Page 9 states:

"The key factor for child poverty now is parental worklessness and low earnings".

Page 56 summarises the key finding:

"Long-term worklessness and low-earnings are principal drivers of child poverty and the key transfer mechanism through which the majority of other influential factors act".

Note the "and" and the "and" and the "and".

The significance of what we, in shorthand, call "in-work poverty" is not surprising, given the nature of the contemporary labour market. A new analysis of the Poverty and Social Exclusion survey by Professor Nick Bailey of Glasgow University shows that,

"one in three adults in paid work is in poverty, or in insecure or poor quality employment".

Using various measures of in-work poverty, he found:

"one in six is in poverty on the low income measure, one in three on the deprivation measure"—

we spoke on a previous amendment about the measures being about deprivation as well as low income—

"and one in six on the combined PSE poverty measure".

Professor Bailey wrote:

"It is particularly striking that a large minority of the working poor are working full time and/or live in a household with near full work intensity so that it is hard to see how more work can be the solution to their problems".

He also notes that, for a substantial minority, what he terms "exclusionary employment" is an "enduring condition".

Surely this is the kind of analysis the Government would want to draw on to balance and contextualise their focus on worklessness, not least given the extent to which parents on low income move in and out of paid work and worklessness in what has come to be known as the "low pay, no pay cycle". Indeed, the fluidity of the dividing line between paid work and worklessness, which universal credit in effect recognises,

makes a nonsense of a life-chances measure that ignores one side of the disadvantaged labour market position of low-income parents.

When I withdrew my amendment in Committee and warned that I might return to it on Report, I finished by saying that perhaps by then the Minister would have come up with some more convincing arguments than he had done hitherto. However, I realise that I was being rather unfair to him, because I do not believe that there are any convincing arguments, so how could he be expected to do so? Instead, it would be refreshing and welcome if he were able now to accept this amendment—which, after all, allows the Government to define their terms—or, if he prefers, to undertake to bring forward a government amendment at Third Reading to achieve the same end. I beg to move.

6.30 pm

**Lord Kirkwood of Kirkhope (LD):** My Lords, I support the case that has been powerfully made by the noble Baroness, Lady Lister. We have been discussing for what seems like years what should be done to help low-income families in work, and she has made a very good case. I cannot understand why the Government do not see the force of monitoring carefully the circumstances and environment in which these children will live, admittedly in England, in low-income households.

The Minister referred—and I know the work well—to the Waddell and Burton concepts of the sustainability and well-being that derive from work. That study was done in the early 2000s, and it was a changing experience for me as well—it was new to me. He also referred to the work that he then went on to do with the Labour Government in his important report. It all suggests that low-income working families are struggling to get to the kind of rewards that Waddell and Burton were talking about in their biopsychosocial model, which was so instructive in changing the terms of the debate.

I agree with the noble Baroness, Lady Lister, that the evidence is that we are in a very precarious employment environment. It is particularly true, and becoming more so, of self-employment. Single-parent families in low-paid work suffer increased and increasing stress, and all the other well-known elements that lead to deprivation in terms of the indicators of disability. Large households and some ethnic groups have historically had challenges relating to making work not just something that pays a wage but leads to a fulfilling life. This whole area will become more, rather than less, important in future, as the precarious employment environment increases.

There are big regional differences to which, as policymakers, we are at the moment blind. There are geographical areas and differences within England—as the amendment refers only to England—that would be instructive for policymakers looking at children in low-income working families and to which we do not have access at the moment. We could so easily have it if this amendment were adopted by the Government.

Finally, the universal credit change that is coming in this direction is quite new. Not only does it require families on universal credit under the claimant commitment to get themselves ready and able for work but, once within work, they are under pressure under the new system to go for longer hours and

[LORD KIRKWOOD OF KIRKHOPE]

higher-level wage contracts of employment. That is all backed by sanctions. That is something that, once universal credit eventually rolls out across 7.7 million households, we will have to watch very carefully in relation to the trends. I am not saying that there is anything wrong with trying to get people into higher-level jobs, because that is important for low-income families, but that element of universal credit is quite new, to me certainly, in relation to how the social security and social protection systems that we have in the United Kingdom work.

I would be much more comfortable if the Government were to agree to these amendments. We would be better informed and, as legislators in the future, we would be in a much better position to protect the interests of children in low-income families who struggle with poverty in this country. It is time that we tried to do something about that.

**The Earl of Listowel:** My Lords, I support these two amendments. In the family to which I referred earlier, Ms Lorna Sculley has three children; the oldest and youngest sons have a disability, and she is a working mother. She works 16 hours a week as a dinner lady at the First Love Foundation—the food bank—and she discussed the prospect of getting more work. She calculated that if she worked seven more hours a week, she might get only another six pounds. It just was not worth her while to progress along a work route. I welcome very much what the Government have said about introducing the new, much higher, minimum wage, but the actual effect on families' incomes might not be as positive as we would all hope, so I hope the Minister will consider accepting this proposal.

I would like to raise another point about a further complication for Ms Sculley. She depends on housing benefit and lives in Tower Hamlets. Her benefit has not been sufficient to pay her rent, so she has to subsidise it from her other income. She says that she cannot move from where she is because of her eldest son's disability: he is at a school that is good at meeting his needs. That is what I understood from what she said, so that is perhaps relevant to others in our discussion.

My final point in relation to Ms Sculley is that she was offered a parenting class because of her two sons' disabilities, but it took place on a Thursday, which is when she has to work at the school. She is therefore, in a way, disadvantaged by being in work because she cannot take up the opportunity of attending the parenting class. There is a lot to be said for these two amendments, and I look forward to the Minister's response. Before I finish, however, I would like to thank him for the time that he took last week—an hour—to speak on the needs of children as they relate to this Bill. I certainly appreciate that very much.

**Baroness Hollis of Heigham (Lab):** My Lords, I very much support the amendment of my noble friend Lady Lister, which was supported so ably by the noble Lord, Lord Kirkwood. I will be puzzled if the Government propose to resist the thrust of this amendment. The Government know perfectly well that, although the incidence or percentage of poverty among workless families is high, and higher than that among working

families because the number of working families is so much greater than the number of workless families, as has been mentioned already, two-thirds of children who are in poverty live in a family where an adult is in work. Part of that might be that the parent, if a lone parent, has restricted hours, but we know that, with insecure contracts and the minimum wage and so on, the key lever to get that family out of poverty is not just to get the single adult into work but, where there are two adults, to get the second adult into work as well. We know that that is a function of the age of the youngest child and the size of the family. Child poverty might well be for a temporary period until the second earner—let us say, for this purpose, the mother—is able to go back into the labour market along with her husband or partner in order to amplify the family income. The need to support those children may be a temporary issue.

Given that the Minister today has put so much weight on the strain being carried by the new minimum wage and given that he will want to know, as we will all want to know, the interaction of that with the benefit bill, and the extent to which, therefore, that helps to address the levers of child poverty, above all of which is getting the second earner into part-time work, I do not understand why he would not want to track the information that my noble friend has called for. We all support the Government's move to increase the national minimum wage. If he is right, this hopefully will have repercussions that we would all accept and support for the benefits system. But do we need to do more than that? We do not know. It may be about the size of sibling groups or the need for a second earner. We need to know what levers to pull. Unless the Government track that information, we will not know. I am sure that the Minister does want to know, so I hope that he will think very carefully about this amendment.

**Baroness Manzoor:** We totally support this amendment in the name of the noble Baroness, Lady Lister. I also totally agree with my noble friend Lord Kirkwood, who has amply identified the arguments as to why it should be supported. The noble Baroness, Lady Hollis, rightly said that we need levers. If we do not have such levers, how are we to address the issues about people who work, those who are not in work and in-work benefits? We will talk about the universal work allowances and the implications and ramifications of that. I hope that the Minister is listening very carefully. If the amendment is called to a vote, we on these Benches will support it.

**Baroness Sherlock (Lab):** My Lords, I thank my noble friend Lady Lister for tabling this amendment and for introducing it so well. In Committee, she made a very compelling case and I share her view that the Minister's response was more than usually unpersuasive. In fact, she may have identified the reason for that and may be on to something. It is not as though we lack evidence. We have heard that two-thirds of children in poor households have a parent in work. I think we all accept that the risk of poverty is lower in families where parents are working and that the risk rises as the hours worked do not. But that does not change the fact that today large numbers of children are in poverty even though their parents are in work.

My noble friend Lady Lister and I clearly had the same weekend reading. How sad am I? I, too, dug out the *State of the Nation 2015* report from the Social Mobility and Child Poverty Commission and the original evidence command paper from 2014. The commission put it really clearly. It states that,

“today 1.5 million children are in poverty because their working parents do not earn enough to secure a basic standard of living and the risk of absolute poverty for working families after housing costs has increased over the last decade”.

We clearly have a problem. In their command paper, from which my noble friend Lady Lister quoted, the Government analysed what drove how long a child stayed in poverty. They state:

“The main factor is lack of sufficient income from parental employment ... this is not just about worklessness, but also about working insufficient hours and/or low pay”.

They did not mention something which was picked up by the noble Lord, Lord Kirkwood—namely, that another crucial determinant is the nature and level of in-work benefits and the way in which they apply. But the Social Mobility and Child Poverty Commission did raise that. In its 2015 report, it commented:

“Many families will find it very difficult to increase their earnings enough to make good the cuts in state support even if they benefit from the welcome introduction of the National Living Wage ... we recommend that the Government should, as the public finances improve, revitalise employment incentives in Universal Credit”.

However, as we know, things are going in the opposite direction. The Government have done real damage to work incentives—the very thing that UC was designed to tackle—by cutting work allowances. In this Bill, they are cutting the value of the main in-work benefits through the benefits freeze. They are abolishing the family premium in universal credit for all families and significantly cutting child tax credit for families with more than two children, both of which will hit working families with kids. On Saturday, the *Times* reported that cost-cutting means that 240,000 families will be denied the free childcare promised to them in the Conservative manifesto.

In Committee, the noble Lord, Lord Freud, argued strongly against targets on relative poverty because he believes that they drive government decisions on allocation of resources and he does not like the way they do it. He got his way on that, if not on measurement. But the information should at least be recorded. The risk of failing to measure and to discuss the trends in in-work poverty is that the Government will not do anything about it because it somehow legitimises the idea that poverty is not about money but about worklessness, as though, by definition, children with working parents could not be poor. If we do not focus on that, it could distort policy-making too.

If the Government are focused only on worklessness, they could end up pursuing policies that just move children from being poor in households where they see their parents a lot to being poor in households where they do not see their parents very often because they are out working unsocial hours in order to be able to make ends meet. With all the consequent damage to family life that that does, that is not the answer. I live in hope that the Minister will accept this amendment, having been persuaded by the brilliant arguments of my noble friend Lady Lister, but just in case,

unaccountably, he is not going to do that, will he tell the House one very specific thing? Does he accept that it is possible to be poor if your parents are in work and you are a kid? If so, what are the Government going to do about it?

6.45 pm

**Lord Freud:** My Lords, let me go straight to that question while it is fresh in my mind. It is, of course, possible to be poor while both parents are in work, particularly under the present legacy system. That is why we are bringing in universal credit—to make that much harder. We are not arguing about the level of poverty; it is about what is likely to happen to the life chances of that child compared to both parents being at that level of income and out of work and in work. That is the argument I have been trying to make all afternoon, with, I think, some resistance.

Under Amendments 8 and 11, noble Lords seek to expand the reporting duty placed on the Secretary of State so that his annual report to Parliament must include data on children living in low-income families where one or both parents are in work. Their amendments would add the terms “low income” and “in work” to the list of terms to be defined in the annual report.

I have already gone on enough about the centrality of worklessness and educational attainment. Alongside these statutory measures, the Prime Minister has announced that we are committed to publishing a life chances strategy in the spring, which will set out a comprehensive plan to fight disadvantage and extend opportunity, including a wider set of non-statutory measures on the root causes of child poverty such as family breakdown, problem debt, and drug and alcohol addiction.

I have said before that work is the best route out of poverty but I want to restate our arguments about the centrality of tackling worklessness. The risk of a child being poor is dramatically reduced if at least one parent works. According to the latest statistics, the risk of being in relative poverty for a child in a working family is 13%, compared to 37% for a child in a workless family. So a child in a workless family is almost three times as likely to be in poverty as a child living in a family where at least one adult works. Perhaps those are the figures for which the noble Baroness, Lady Sherlock, was asking.

Last year, we published an analysis on the transitions into and out of poverty. What we found was staggering, although some might say that it was obvious. Of the children who are in poor workless families, 74% will leave poverty altogether if their parents move into full employment. The analysis also made clear that the more work parents do, the more likely they are to leave poverty, with 75% of children from poor families in part-time employment leaving poverty if their parents enter full-time employment. I remind noble Lords that we have a package of reforms to encourage people to work. These policies include the national living wage and changes to the personal tax allowance, which will allow people to keep more of what they earn. Furthermore, over 30 million individuals will see a tax cut as a result of the changes we will make in this Parliament. Some 570,000 individuals will be lifted out of income tax altogether by 2016-17 and, as a

[LORD FREUD]

result of the introduction of universal credit, more people will enter work due to improved financial incentives. We have a vibrant and growing economy, and last year real pay grew by 2.1%.

On the question from the noble Baroness, Lady Hollis, on support for women, we are supporting families through the national living wage, which is expected to have a stronger positive impact on the female workforce, boosting the wages of three in 10 female employees by 2020. Our childcare reforms will provide support to women who want to find employment, helping them to increase their income.

We have discussed before that two-thirds of children in relative poverty are from working families, but let me go over my argument. I am not convinced that it will convince the noble Baroness, Lady Lister, but I must try. It is correct that the latest figures published in the HBAI show that 64% of children in relative poverty are from a family where at least one adult is in work. This proportion has grown over the last couple of decades due to the improved progress in tackling poverty in workless families. In 1996-97—the earliest period for which data are available—around 60% of children in relative poverty were from workless families, which is around 2 million children, and around 40% of them were in working families, which is around 1.5 million children. During the 2000s, there was progress in reducing the number in poverty in workless families by focusing spending on tax credits, but this had the unintended consequence of weakening work incentives that resulted in hardly any change in the number of children in in-work poverty, which stood at 1.3 million in 2009-10.

**Baroness Hollis of Heigham:** My Lords, if the Minister will allow me to say this, he is misrepresenting the statistics. It may be a statement about children in poverty, but in particular the number of lone parents in that period who were in work went up from barely 50% to some 65%. Therefore, tax credits made work pay for them.

**Lord Freud:** It may have made work pay for some people, but it had the effect that, while it was possible, through income transfers, to drive down the out-of-work poverty of children, which is what they were designed to do, it had virtually no impact on in-work poverty. That brought that policy to a *reductio ad absurdum*: you could not do it without undermining your work incentives because you were raising the level of the benefit structure and it was beginning to knock up the income scale. That was the problem; that is what the data show.

In-work poverty, combined with falling levels of children in poverty from workless families, led to a greater proportion of children in poverty being from those workless families. This meant that, from 1996-97 until the end of the last decade, the proportion of children in poverty from working families actually went up from four in 10 to six in 10. That is the reality of the situation today. I can see that there is some ideological difference to be found over that analysis.

The evidence review, raised by the noble Baroness, Lady Lister, highlighted the importance of low earnings, but emphasised the impact of working a lower number

of hours, rather than the impact of low-paid work. On the question of how we will know about the levels of poverty—in work and out of work—I reassure her, as I already have, that we will have that data in the HBAI. It will continue to be available. Indeed, those in-work poverty figures in the HBAI can always be broken down by whether the family is in full-time or part-time employment.

I described why having two separate systems worked so poorly. We are introducing universal credit exactly to address those disincentives. I can tell noble Lords that I have spent the most enormous amount of personal time trying to get this structure so that we do not have these odd disincentives, which are really undermining for society. Universal credit is the best way to give people the incentive to enter work: it reduces poverty by making work pay and making sure that people do not lose out as they start to earn more, which is the terrible discontinuity in the legacy system. It provides an effective route out of poverty, while supporting the most vulnerable households. We already see the evidence under universal credit that people are working more and are better off in work.

As with Amendment 2, which we discussed earlier, these amendments would reintroduce an income-based relative poverty measure, which, as I have tried my best to explain—perhaps not as successfully as I might—do not tackle the root causes of child poverty. The Government are concerned with focusing our efforts and attention on those areas that will make a real difference to children's lives, and concentrating on those root causes.

Resources are finite. It is crucial that we prioritise our actions to make the biggest difference for children. Statutory income measures cause the Government to focus their action and resources on direct and incremental increases to family income, but that does not necessarily drive any real change and is detrimental to the things that we think are vital—noble Lords know what I think they are.

Let us focus on the things that matter and drive the actions that will give our children the future they deserve. Let us not be distracted by measures that detract from that aim. As I said, we will continue to publish the HBAI figures so that we will know exactly what is happening. I therefore urge the noble Baroness to withdraw the amendment.

**Baroness Lister of Burtersett:** My Lords, I am grateful to all noble Lords who spoke in support of the amendment. I am grateful to the Minister, who at least went into more detail. As he expected, I was not convinced by his arguments, because I still have not really heard a convincing explanation of why there should be no accountability for what is happening. He said that we must focus on the things that matter, but surely what is happening to, for instance, the lady referred to by the noble Earl, Lord Listowel, matters? My noble friend Lady Sherlock talked about those who work such long hours that they do not see their children. We know from research at Bath University that children care about that. It talked about children and lone mothers in particular: they are glad when their mother gets paid work, but it affects them. They hardly see their mother. That time squeeze on such families is important. These things matter as well.

I do not necessarily think that this is ideological, as the Minister said. At the beginning he said that it is not the level of poverty that matters, but what is likely to happen to the life chances of children—as if these were totally separate things. The whole point, as the Social Mobility and Child Poverty Commission and the driver analysis said, is that life chances are affected by income poverty. Therefore, we need to know what is happening to the life chances of children, regardless of the employment status of their parents. I will not go into the detail of the trends; it is pretty much what the Minister said in Committee. I do not think that that is the point; the point is that there should be government accountability about what is happening to those who, as the Minister likes to say, are “doing the right thing”—although I am not so sure it is always doing the right thing—and who are in paid work.

I am disappointed. What the Minister said at the end suggests, if we are focusing on what matters and we do not focus on the poverty of those whose parents are in paid work, that that therefore does not matter. That says volumes. I do not suppose that low-paid parents are sitting at home watching this debate—they are probably out there working—but if they read about it or hear about it, they would say, “Don’t we matter? Don’t the hours I am putting in for little pay matter? Don’t the Government want to report on what is happening to people like me? Doesn’t it matter?”. I think that it matters enormously. However, I will not push our luck and test the opinion of the House, so, regretfully, I beg leave to withdraw the amendment.

*Amendment 8 withdrawn.*

*Amendments 9 to 14 not moved.*

7 pm

### **Clause 5: Social Mobility Commission**

#### *Amendment 15*

*Moved by Baroness Lister of Burtersett*

**15:** Clause 5, page 5, line 23, leave out “Social Mobility” and insert “Life Chances”

**Baroness Lister of Burtersett:** My Lords, I wish to speak to Amendments 15 to 23. I am very grateful to the right reverend Prelate the Bishop of Durham for adding his name to them.

The amendments would rename the Social Mobility and Child Poverty Commission the Life Chances Commission, rather than the Social Mobility Commission, as in the Bill, so as to align the commission’s remit with the new focus on life chances introduced in the Bill and about which the Minister has spoken a lot this evening. I still think that the removal of the words “child poverty” from the commission’s title—after all, it was originally named just the Child Poverty Commission—is sending a message that the Government no longer care about child poverty, which is surely not their intention given that they assure us of their continued commitment to the elimination of child poverty. However, in the spirit of compromise, I realise that the inclusion of the “CP” words might be sensitive, so I have not included them. I return to this amendment because, as

I put it in Committee, I was “desperately disappointed” by the Minister’s response, or rather lack of response, to the case we had made.

To recap that case: the amendment would, in my view, better capture the spirit of the new focus on life chances enshrined in the Bill. Thus I was, and remain, genuinely puzzled about why the Government did not use this opportunity to rename the commission the Life Chances Commission. As I said in Committee:

“At Second Reading the Minister underlined that the Government’s new approach is the life chances one, focused on transforming lives through tackling the root causes of child poverty, and he referred to the new statutory measures as key life chances measures”.—[*Official Report*, 9/12/15; cols. 1592-3.]

This stance was reinforced by the Prime Minister’s recent speech in which he sketched out the principles underlying the Government’s planned life chances strategy, to which the noble Lord, Lord Ramsbotham, referred earlier, as did the Minister. The strategy that the Prime Minister sketched emphasises, as he put it, “a more social approach” that moves “beyond the economics” and develops “a richer picture”. In other words, it seems to me that the Prime Minister understands that a life chances agenda is less economic and is richer than a social mobility agenda. Indeed, I suggest that social mobility is an example of the 20th century thinking—that is, old thinking—that he argues we need to move beyond.

Therefore, I welcome the Government’s introduction of the concept of life chances, even if I argue that they should pay more attention to the importance of material resources, as the current commission recognises. As I explained in Committee, I believe that it is richer than the narrower, meritocratic notion of social mobility. I drew on the work of the Fabian Commission on Life Chances and Child Poverty—chaired by the noble Lord, Lord Adebawale, who is no longer in his place—of which I was a member. As a good academic, I will define my terms. The commission defined “life chances” simply as referring to the likelihood of a child achieving a range of important outcomes which occur at successive stages of the life course. Again, the Prime Minister talked about a life-cycle approach.

Therefore, the emphasis is on a range of outcomes, including health and well-being, as well as those associated with social mobility. Children must be given the chance to enjoy a happy, flourishing childhood, and to continue to thrive as they grow up. Thus, as I explained, it is about caring about children as beings as well as “becomings”, both of which can be damaged by child poverty. I suggest that, again, this chimes with the Prime Minister’s speech, which for instance emphasised factors such as mental health and character and talked about cultural disenfranchisement.

The commission preferred the concept of life chances over the narrower one of social mobility because the latter reflects the kind of economic thinking rejected by the Prime Minister and does not embrace the idea of ensuring that everyone has the chance to live a full and flourishing life. Moreover, it ignores what happens to those who are not able, or may not want, to climb the education and career ladder. In Committee, I gave the example of someone who devotes their life to caring for others—undervalued, be it on a paid or

[BARONESS LISTER OF BURTERSETT]  
 unpaid basis. As I asked, do we want to say to children that it is an ignoble ambition to care for others instead of climbing the economic ladder? To these arguments the right reverend Prelate the Bishop of Durham added a perhaps even stronger one—that the notion of life chances resonates with children themselves in a way that social mobility never would. I hope that he will expand on that in a moment.

In his response, the Minister maintained that the reformed commission would be able to focus more single-mindedly on social mobility, and that its remit on social mobility would be expanded. However, its overall remit is, of course, being narrowed in a way that I argue is out of line with the much broader life chances approach outlined by the Prime Minister. It also apparently excludes child poverty, which, as the current commission makes clear, undermines social mobility and restricts life chances. I believe that this will diminish the commission's role and the value of its work. What the Minister did not do was explain why the Government believe that it is better to focus the commission's remit on social mobility when the whole thrust of the Government's thinking, as otherwise enshrined in the Bill, is life chances. Therefore, I was left even more puzzled at the end of our debate than at the beginning.

I know that the Minister takes our debates seriously and goes away and thinks about what has been said. Therefore, I end on a note perhaps more of hope than expectation, but I am hoping that he has done so with regard to this amendment and realised that what I am proposing is helpful to the Government's cause and, indeed, would be welcomed by people in the field, including many who are otherwise critical of what the Government are doing in the Bill, and, indeed, as the right reverend Prelate indicated, perhaps by children themselves. I beg to move.

**The Lord Bishop of Durham:** My Lords, I support this amendment. Yesterday, I spent a delightful evening with a small number of academics after preaching at Evensong in an Oxford college—Worcester College. It was a very pleasant evening. However, as I sat there, I kept coming back in my mind to today's debate because I was reminded of the extraordinary privilege of being in an Oxford college and the elite nature of it. This is not to criticise it or put it down; I had the privilege of studying in a private hall in Oxford when I trained for my ordination. However, I found myself thinking about the vast number of children and young people I meet in schools and colleges around the north-east, and have met in other parts of the country over the years, for whom such privilege is not their aim. Most of those I meet do not talk or think about being socially mobile. They do talk, however, about wanting a decent home and growing up and finding a good job on a decent wage. They also talk about having a stable, loving family through their childhood and wanting to create stable, loving families in the future. Those are the hopes and dreams of most of them. I believe that we have a lot more work to do on aspiration levels. I would love more of them to dream that one day they could go to Oxford or Cambridge, and that they can be significant players in their own communities and

transform them, because that is where most will do it. Of course, we all know people who make huge impacts on their local community because they believe in it.

Social mobility is simply too narrow a focus. I absolutely support the move to the term "life chances" as a better expression of a broader base on which to think about these matters. I am not a great sociologist, but I went back to Max Weber, who was the first person I could find who talked about life chances and who introduced the concept of social mobility. In that, he talks quite clearly about social mobility being only one of the factors. He also talks about social stability, social cohesion and social integration. These are at least as significant and, for large numbers of people, they matter as much as, if not more than, social mobility.

Life chances around worklessness, educational attainment and, indeed, income are a broader-based way of assessing poverty. They will tell us more about the health of society than simple social mobility. Changing the name of the commission will absolutely reflect more closely the intention of the Government and offer a way of monitoring progress and feeding into it through the commission's work. It matters and it would be nice to have a commission with a title that children themselves recognise, understand and could talk about and debate in their schools. How much they would, I do not know, but the idea of a title that they relate to is very valuable. This is intended to be helpful. To call the commission the Life Chances Commission fits absolutely with what the Government are aiming at and will help serve that aim better than the simple, narrow focus of social mobility.

**The Earl of Listowel:** In listening to this debate, I find myself sympathetic to the notion of social mobility but I also think of the play "Macbeth" and of Macbeth and his wife. There is a risk, I suppose, if one puts too much weight on social mobility, of a society which is red in tooth and claw. The addition of the words "Life Chances" balances that. Your Lordships may also remember the series "Seven Up!", which I think started in the 1970s and followed 10 children through their lives into adulthood. To my mind, the happiest life in the group was that of a young black boy who grew up in foster care and then went on to become a butcher, marry and have a family. He seemed the most contented of the lot. To be able to achieve a stable and loving family is also important to society, so it would also be helpful to measure that.

**Lord McKenzie of Luton:** My Lords, this amendment has been moved very comprehensively by my noble friend Lady Lister and spoken to by the right reverend Prelate the Bishop of Durham, to whom I should say that the closest I got to Oxford on Sunday night was watching "Endeavour" on television. This is a re-run of an amendment moved in Committee as part of a wider group covering life-chances strategies. The Minister's response then, as reported in col. 1598 of *Hansard* on 9 December 2015, was clear on a commitment to publish a life-chances strategy, as well as the annual report as set out in the Clause 4 obligations, but there was no commitment to make this a statutory obligation. As my noble friend Lady Lister has argued, the concern

which has been expressed about the commission is that, for the future, it has no obligation explicitly to promote the tackling of child poverty. Although there is a commitment to report on life-chances data, and a statement on the record that there will be a life-chances strategy, the role of the Social Mobility Commission seems somewhat removed from this.

As my noble friend Lady Lister pointed out in Committee, promoting social mobility is a narrower ambition than tackling poverty and promoting life chances: it is not a substitute. It is, of course, a not unreasonable ambition, but a commission focused on life chances would naturally encompass the prospects of social mobility. The reverse is not the case. We therefore support my noble friend's amendment. It seems odd that the Government are keen to have a commission reporting on progress on improving social mobility but not on life chances.

7.15 pm

**Lord Freud:** These amendments seek to rename the reformed commission as the Life Chances Commission, rather than the Social Mobility Commission, and to amend the duties placed on the commission to promote and improve life chances instead of social mobility. The two concepts—social mobility and life chances—are different although there are, of course, areas of overlap between the two. The Prime Minister's speech earlier this month demonstrated the importance this Government place on improving children's life chances. The statutory measures of worklessness and educational attainment and the Government's life-chances strategy will drive action that will make the biggest difference to children's life chances. Together, they will provide transparency and enable anyone to hold the Government to account.

The Government also place great importance on improving social mobility and providing equality of opportunity for all citizens. Our proposals for the reformed commission will enable it to have a single-minded focus on social mobility and play a crucial role in its scrutiny and advancement. That is about ensuring that everyone has the opportunity to realise their potential in life, regardless of their background. Perhaps those in Oxford do not need quite as much looking after as others. The commission will also have a new duty to promote social mobility in England, enabling it to engage with a wide range of partners, including government, business and the third sector. This will be crucial to tackling the institutional biases and cultures that prevent individuals fulfilling their potential. Through our new statutory life-chances measures and strategies and the reformed Social Mobility Commission, the Government will drive action and enable scrutiny on these two vital issues. I therefore urge the noble Baroness to withdraw the amendment.

**Baroness Lister of Burtsett:** My Lords, I am very grateful to the noble Lords who have spoken. I feel slightly embarrassed; I am supposed to be the sociologist but it was the right reverend Prelate who quoted Max Weber. I had better go back and read my old sociology textbooks. I still do not feel that the Minister has given a true explanation. He seems to be making a distinction: the way he and the Prime Minister see it, life chances are about children's life chances, while social mobility

is about everyone—children and adults. However, children become adults and I see life chances as being about the whole life course, from cradle to grave. If that is the case, and the distinction lies in the commission's focus being more on what is happening to adults, that worries me even more. Let us remember that this started life as a child poverty commission. In the Welfare Reform Act 2012, it became the Social Mobility and Child Poverty Commission and some of us were a bit worried about that at the time. Were we not right to be worried? Now it is not just child poverty that has been dropped, but children, too. Apparently it is not now supposed to be interested in children at all. I am not so much puzzled now as quite worried about what this means for the commission, because the Social Mobility and Child Poverty Commission has produced very valuable reports about what is happening to children in this country. The Government no longer have a statutory obligation to report on children in poverty, other than in relation to worklessness and educational attainment. We do not know what will happen to the Child Poverty Unit. It is as though children—and children in poverty—are just disappearing.

I am less puzzled than really upset about what has happened here. The complete shift of focus away from children in this commission is disgraceful. I am not going to push it now, for obvious reasons, but I hope there may be some other way that we can come back to this, though I do not know at what point this can happen or what scope there will be for the commission to try and expand its remit. I find what the Minister is saying quite extraordinary. As he himself has said, we want to focus on what matters: he is saying that children do not matter. I leave it there and beg leave to withdraw the amendment.

*Amendment 15 withdrawn.*

*Amendments 16 to 23 not moved.*

### **Clause 7: Benefit cap**

#### *Amendment 24*

*Moved by Baroness Pitkeathley*

24: Clause 7, page 9, leave out lines 5 and 6

**Baroness Pitkeathley (Lab):** My Lords, the purpose of this amendment is to remove carer's allowance from the list of qualifying benefits for the benefit cap. It would also remove an injustice.

While an exemption for households including a disability living allowance or personal independence payment claimant exists, this does not protect all families affected by disability or all carers from the cap. This is due to the way that a household is defined by the benefit system, as your Lordships will know. For the purposes of that system, a household is considered to be an adult, their partner, if they have one, and the children that they have who are under 18. If any other adult relatives—for example, older parents, brothers and sisters or even adult children—live in the same house, they are considered to be part of a different benefits household or unit, even though they live

[BARONESS PITKEATHLEY] together. This means that while carers looking after disabled partners and disabled children under 18 are exempt from the cap, those caring for adult disabled children, siblings or elderly parents are subject to it. Currently, about 1,400 households containing carers are affected by the benefit cap—please remember that figure, as it is a relatively small number.

The Government's stated objective for the cap is to encourage more households to move into work. A new lower-tiered cap has been designed to strengthen the work incentives for those on benefits. That is a perfectly respectable aim but if it is designed to be fair to individuals who are working hard and contributing to society, it cannot be right that it is applied to carers. There are two main reasons.

First, carers contribute an enormous amount to society; your Lordships will be familiar with this. The value of unpaid carers' support to the economy is £132 billion every year—the cost of a second health service. Indeed without the support from carers, health and social care systems would simply collapse. There is no doubt that carers are a major contributor to society. Secondly, carers cannot mitigate the impact of the cap in the way that the Government suggest. In Committee in the Commons, the Minister, Priti Patel, said:

"We all acknowledge the important role that carers provide, but we do not accept that carers are unable to work. Although seeking work is not a condition for receiving carer's allowance, many carers are nevertheless able to and combine work with caring responsibilities".—[*Official Report, Commons, Welfare Reform and Work Bill Public Committee, 17/9/15; col. 237.*]

The Minister is quite right but your Lordships should remember that to receive carer's allowance, carers must be caring for a minimum of 35 hours a week, the equivalent of a full working week.

While it is true that some carers combine work and care, for the majority the intensity of their caring role means that this is simply not possible. For those who combine heavy caring with significant work, the prospect of reaching breaking point, where carers suffer exhaustion and physical and mental breakdown, is greatly increased. The latest survey from Carers UK about carers at breaking point shows that six in 10 people caring for an older, disabled or seriously-ill loved one have reached that breaking point at some time.

The cap is applied unequally to carers. While the exemption for households in receipt of PIP or DLA is very welcome it means that carers who are considered not in the same household are penalised, although they may be living in the same house as the person they care for. This means that of two carers who are caring for exactly the same amount of time with the same income, one would be subjected to the cap and one would not. Surely subjecting those who provide unpaid care to the benefit cap is unfair, counterproductive and inconsistent with the Government's stated aims for their policy.

Hearing me say those things, your Lordships may think, "Well, she would say that, wouldn't she?", but they are very much reinforced by the recent High Court decision. On 26 November, the High Court ruled—

**Lord Freud:** It might be worth my intervening on the noble Baroness, I think, in the interests of not hearing too much more vituperation—there is only a certain amount that I can take.

**Noble Lords:** Oh!

**Lord Freud:** Amendment 24 seeks to remove carer's allowance from the list of benefits that are included within the benefit cap. As written, the effect is that recipients of carer's allowance with a benefit income above cap levels would still be included in the cap but their carer's allowance payment would be disregarded from the cap. That is the way that this amendment works.

I emphasise to the noble Baroness, and to your Lordships, that this Government value the contribution which carers make to society, and shall outline the further steps that we are taking to support carers. As I indicated earlier in the process, the Government have been carefully considering the position of carers and the people who they care for in relation to the benefit cap. I am grateful for the patience which noble Lords have shown while we completed this consideration. I know that your Lordships have been keen to hear where we would come out but it is necessary to look at these things in detail and take the right time to do so. We keep all these policies under review and have been looking at support for carers with particular attention—that is, across the piece and not just here. In relation to the benefit cap, the position of carers cannot be considered in isolation from wider policy aims. Our strategy is to support and invest in carers. We have therefore looked at the evidence and considered the best way to continue to support carers in the context of wider government strategy.

We do not consider that the disregard which this amendment would create is the right approach. We want to go further; we will be exempting all recipients of carer's allowance from the benefit cap, whether they are single or part of a couple. This approach fits within the wider government strategy to support and invest in carers. Many carers wish to enter paid employment and many have done so while sustaining the role. We recognise that in some cases, it is beneficial for both the cared-for person and the social care system if people are cared for at home. It continues to be the case that some paid employment, alongside caring, will be right for many carers. But our strategy to support carers through the Care Act and through wider investment strategies provides new, targeted opportunities for help and encouragement, where appropriate, to remain close to paid employment.

As I say, we will be exempting recipients of carer's allowance from the benefit cap. This is of course complex and we will need to get it right. But with my assurance that to support this exemption we will bring forward an amendment at Third Reading, and then appropriate regulations in due course, I therefore ask the noble Baroness, if she has finished moving her amendment, to withdraw it.

**Baroness Pitkeathley:** I am always happy to spare the Minister more vituperation, as he pleaded for. I am of course delighted with what he said, with the

recognition that the Government have given to the contribution which carers make and to their inability to mitigate the effect of the cap in other ways. Certainly, some carers combine paid work with caring but, as I have said, for many their caring responsibilities are too heavy for them to do that without enormous stress. I am very glad that the Minister has taken account of that, and that the Government have taken account of the very strong wording of the High Court judgment. The wording was extremely well put but extremely firm. It would have been very difficult to understand if the Government had not heeded the very strong words of that High Court judgment. At the time, it seemed that there was neither logic nor justice in the Government's position. I beg leave to withdraw the amendment.

*Amendment 24 withdrawn.*

*Consideration on Report adjourned until not before 8.30 pm.*

## **Education (Student Support) (Amendment) Regulations 2015** *Motion to Regret*

7.30 pm

*Moved by Lord Stevenson of Balmacara*

That this House regrets that the Education (Student Support) (Amendment) Regulations 2015, which change the existing student support arrangements so that new students starting full-time courses after 1 September 2016 will no longer qualify for a means-tested maintenance grant, will result in a significant decrease in participation in higher education by those in low-income groups, older students, female students, and students from ethnic minorities (SI 2015/1951).

*Relevant document: 18th Report from the Secondary Legislation Scrutiny Committee*

**Lord Stevenson of Balmacara (Lab):** My Lords, I start by declaring an interest; I have two children currently enrolled in British universities. I think both attend, although I am not absolutely sure about the second one—but I want to make sure that that is on the record. I am also very grateful for the excellent work of the Secondary Legislation Scrutiny Committee, which alerted your Lordships' House to the regulations that we are discussing in its 18th report.

The Government are proposing, under these regulations, to take grants away from around 500,000 of this country's most disadvantaged students and replace them with maintenance loans, to be paid back when their earnings exceed £21,000 a year. The Government estimate that this will save £2.3 billion by 2020-21. My first point is that a change of this magnitude, which could affect more than 500,000 people, ought to have been made by primary legislation. According to the House of Commons Library, there were 395,000 students on full grant and 135,000 on partial grant in 2014-15. This SI affects a very significant number of people.

I checked with our Library over the weekend, and the last higher education Bill to go through your Lordships' House was in the summer of 2004. Here we have Ministers trying to shut down parliamentary scrutiny by introducing major changes to the negative procedure, when we all know that SIs cannot be amended and that no formal approval is required in either House. It is not a proportionate way of proceeding, even if the powers are in the substantive legislation.

My second point is that this measure was not included in the Conservative Party manifesto. This U-turn comes just four years after grants for students from disadvantaged backgrounds were hailed by the Government as an essential element in their higher education strategy. Could the Minister explain the thinking behind this change of approach, given that the previous higher education Minister, the noble Lord, Lord Willetts, who unfortunately is not in his place, said that ever since tuition fees were raised in 2012, the Government had acknowledged that maintenance grants were central to ensuring that higher education was still accessible for poorer students? The noble Lord said that tuition fee rises were,

“progressive, because they help to encourage people from poorer backgrounds to go to university, because of the higher education maintenance grant”.—[*Official Report*, Commons, 3/11/10; col. 940.]

This is not of course an isolated proposal but part of a pattern. It mirrors, for example, changes that removed NHS bursaries for nurses and other staff. It has been foreshadowed by changes that the Government have made in the support for further education over the past three or four years.

We put down this regret Motion today to hold the Government to account over what I see as a major policy change. It seems to many observers that the Government have been on the defensive all the way through this process. There was very little detail to be had when the Chancellor first mooted this change in the summer Budget, and not much more in the Autumn Statement. It was only when the National Union of Students raised the alarm about the impact of the policy and threatened a judicial review over the lack of consultation and the failure to publish the equality assessment that we began to see what was going on.

The generation of students entering further and higher education from September 2016 are going to be saddled with even greater debts—or “income-contingent tax liabilities” as the Government like to call them—than they were already likely to be from their course fee loans of £9,000 per annum going up. The IFS said in a press release summarising its briefing note on the summer Budget 2015:

“Students from households with pre-tax incomes of up to £25,000 (those currently eligible for a full maintenance grant) will have a little more ‘cash in pocket’ ... But they will also graduate with around £12,500 more debt, on average, from a three-year course. This means that students from the poorest backgrounds are now likely to leave university owing substantially more to the government than their better-off peers”.

The IFS also states:

“The poorest 40% of students going to university in England will now graduate with debts of up to £53,000 from a three-year course”.

Note the use of “debt” rather than “income-contingent tax liabilities”—the IFS certainly calls a spade a spade. All this is backed up by the Sutton Trust, which says:

[LORD STEVENSON OF BALMACARA]

“Shifting grants to loans may move them off the balance sheet, but it could also put off many low and middle income students and tip the balance against their going to university”.

In a recent publication, million+ says that research from the NUS published last week by Populus shows that parents are concerned that the Government’s plans to scrap the maintenance grant will discourage their children from applying to university. The change could also have a serious impact on postgraduate enrolment, since it is clear that the abolition of grants will increase individual student debt significantly. Indeed, the range of groups affected by these changes is daunting. The equality analysis published last November concedes that black and minority-ethnic students in particular will be disproportionately worse off. As for older learners, it says:

“Mature students will be disproportionately impacted by the policy proposals”.

The Government have also conceded that disabled people will be badly affected by this decision as well as by the decision to delegate responsibility for much of the disabled student allowances schemes to institutions.

The equality analysis also raised the question of discrimination because of concerns among some Muslim students about taking out interest-bearing loans. Can the Minister update us on the discussions which took place during the last Government on the introduction of sharia-compliant loans? Finally, it also states that female students will be particularly affected given their “significant overrepresentation”, as it is described, in populations currently receiving grants.

These damning details from the Government’s own equality analysis should surely give Ministers pause for thought. Does the Minister have anything to offer which might ameliorate these shocking findings? These issues need to be addressed urgently, otherwise any progress towards making higher education more diverse, particularly at postgraduate level, will be jeopardised.

Finally, it is also important to note that this policy does not exist in isolation. The cumulative impact of the rise in tuition fees, the scrapping of maintenance grants and the freezing of the repayment threshold all point towards a more hostile environment for those thinking about higher education. What is driving these panic measures from the Government? Is it a belated recognition that the whole set of financial assumptions about the repayments that underpin the trebling of student fees in 2012 is, as we predicted, producing a black hole for them and for future taxpayers?

Removing maintenance grants makes no economic sense. The IFS conclusion is that this change will not improve government finances in the long term. It states:

“The replacement of maintenance grants ... will raise debt for the poorest students, but do little to improve government finances in the long run”.

The IFS points out that the rationale behind this is clearly political. The Government will gain in the short term because current spending on grants counts towards current borrowing—clearly bad—while current spending on loans does not impact on borrowing until the debt is written off at the end of the 30-year repayment period, which is good for current Treasury Ministers. The change helps the Chancellor to balance

the books in this Parliament even though it will be at the cost of higher borrowing three decades or so into the future.

On 11 January this year, the Prime Minister gave a speech on life chances, referred to in the previous debate, explaining how the Government intend to transform the lives of the poorest in Britain. He said that his Government’s mission was to,

“look each ... child in the eye and say, ‘Your dreams are our dreams. We’ll support you with everything we’ve got’”.

It is a good line and I sincerely wish it were true. But the reality is that there is a growing disconnect between the rhetoric and the action. Scrapping maintenance grants sends out a message that runs counter to any prospect of increased social mobility. This policy will impact heavily on women, the disabled, black and ethnic-minority students and older learners. To cap it all, it will end up being more expensive than the current grants system.

The Government should bring forward a higher education Bill. If we had it here today, we could have been discussing how to realise the wider benefits of having more people educated to degree level in our country and how best to fund that investment in our future prosperity and to properly support every young person in the country to develop themselves to the best of their ability. I challenge the Minister to convince us tonight that these regulations are the right thing to do and that her Government are supporting our young people with everything we have. I beg to move.

**Baroness Garden of Frognal (LD):** My Lords, I welcome the noble Lord, Lord Stevenson, securing a debate on these regulations and join with him in his regrets.

There has been widespread concern at actions the Government are taking which place additional burdens on those least able to accommodate them. The Liberal Democrats will feel particularly outraged at these regulations. As the junior coalition partner, we were notoriously unable to implement our policy of no tuition fees, but we were able to use our influence in government to fend off some of the harsher proposals of our coalition partners, to produce a fairer system for students from lower-income backgrounds and to give incentives and support to those who might be deterred from further learning.

I was a Government Whip in the coalition Government, working for the noble Lord, Lord Willetts, as Universities Minister, who the noble Lord, Lord Stevenson, has already quoted. He understood fairness and we were delighted when he said that the proposals would,

“encourage people from poorer backgrounds to go to university, because of the higher education maintenance grant”.—[*Official Report, Commons, 3/11/10; col. 940.*]

The way in which these changes are being brought in—through the back door, as it were—seems to indicate that the Government are rather ashamed of them, and hoped to sneak them through without having to face the music of their impact. They are, indeed, a backward step.

Of course any additional support in the form of loans is welcome, but that really is not relevant to this argument. Maintenance grants have the great advantage

of being non-repayable. The sums, of up to £3,387 a year, certainly do not allow students to live the life of Riley, but they can make all the difference to a student struggling to pay for the necessities of life and study—rent, food, other bills and the items they need for their learning. They have enabled some of the most disadvantaged to participate in higher education, many the first in their families to do so, without the burden of additional debt.

Changing grants to loans is a very significant move for those who will see their university debts soar. I, too, was startled at the Institute for Fiscal Studies warning that,

“The poorest 40% of students going to university in England will now graduate with debts of up to £53,000 from a three-year course, rather than ... £40,500”,

which is already an eye-watering amount to this cohort.

Those who will be most deterred by additional debt include those the Government most need to engage in education. Women, for example, tend to be more debt averse than men as well as being a large proportion of this population. Disabled students have the additional deterrent of changes to the disabled students’ allowance, which we were debating only last week. Adult learners and black and minority ethnic learners are more aware of the burden of loans, which they are unlikely ever to be able to repay.

What benefit will this bring to government finances? It will be disproportionately little in comparison with the damage it will do to encouraging social mobility and building an inclusive graduate population. Many of these loans will never be repaid anyway, but for the students they will be there as a reminder of a debt instead of a grant that can be long forgotten.

The Government should be facing up to skills shortages in the population and tackling the increasing divisions between rich and poor. We need to encourage learners to improve their skills and knowledge, to be ambitious, to fulfil their potential and thus to make a greater contribution to the economy and to the well-being of themselves and the country.

These regulations will do nothing to encourage those from less advantaged parts of society to work hard and achieve. The Government did not need to do this. It was not a manifesto commitment. As the National Union of Students rightly said, the decision is “undemocratic and ill-considered”. There has been no effort at thorough consultation with those people and organisations most affected by the changes.

Would the Minister please clarify for the House the justification for saddling the poorest students with the greatest debt? In coalition, my party argued consistently for measures to encourage—not deter—women, adult learners, ethnic minorities and disabled people. What are this Government doing to encourage these learners? What consultation will be put in place before such a damaging change is inflicted on those learners we most wish to be helped to fulfil their potential?

I urge the Government to think again about these mean-spirited and harmful changes.

**Baroness Deech (CB):** My Lords, most speakers tonight will focus on cost and the increased debt that will accrue to students if these grants are converted to loans. I want to explore an effect that, in my view, is

far more serious and damaging to the Government’s aspirations for higher education. The effect of ending grants designed for food and rent costs is that more students will have to stay at home for their studies. I will explain briefly that this will eventuate in a decrease in social and academic mobility and a ghettoisation of universities.

It is already the case that teenagers from better-off families are more likely to attend top universities than those from low-income backgrounds, even though more students from less well-off backgrounds are attending university. Some 5% of poor students went to Russell Group universities according to the latest statistics, compared with 12% from more affluent homes. It is very likely that this is simply because the teenager from a comfortable home can afford to go to any university of his or her choice throughout the country, knowing that they are able to pay the rent and all the added costs of living away from home, while the less well-off student is increasingly forced to attend whatever university is close to home. Average rents for students living away from home are around £400 a month and over £500 in London. Therefore, of course the less well-off London student will live at home, even though academically and socially his or her choice might be Oxford or Cambridge.

7.45 pm

Much though those top universities have done to make themselves affordable by way of bursaries, the prospect of adding to one’s debt will be off-putting for the student from a modest background. Government Ministers of all parties are frequently heard to complain that disproportionately few poor and ethnic minority students attend Oxford and Cambridge. These proposals will make that situation far worse, and undermine all the imaginative and extensive efforts made by top universities to reach out to underprivileged students all over the country.

It is also the case that students from ethnic minority backgrounds are already more likely to study close to home, maybe in part because their parents are fearful of letting them go too far away. To take away from them the maintenance grant, the one factor that could help them place their foot on the ladder of opportunity and independence, is short-sighted and will retard, if not block, the integration of youth of all backgrounds into a better-educated society—an aim allegedly close to the heart of the Government, and indeed to all of us.

More than 20% of students live at home, and the number is already rising. The better-off ones are more likely to live away from home. Of course, many students freely choose to live at home; I am concerned with those from whom choice will be taken. What is wrong with living at home and studying at your local university because you cannot afford any longer freely to choose to move away? There is the time and expense of commuting, especially in London; exclusion from the networks formed by those who live in halls or shared accommodation; and the evening social life. If university becomes a 9 to 5 existence, they are missing some of the university experience, are less likely to make friends and will feel less involved in campus activities.

[BARONESS DEECH]

Without maintenance grants, students are more likely to take jobs, which might cause their academic work to suffer, whereas the better-off ones can still rely on their parents' support. The student who lives at home delays that important moment of learning to be self-reliant, living on a budget, cooking and mixing with all sorts.

It is absolutely vital that students of different backgrounds get to mix with those who have the same academic and career aspirations as they do. This is the key to integration and to a healthy, undivided society. A student who has grown up in a part of the country heavily populated by one ethnic group stands to gain enormously—as does the whole of society—by going off to a university in another region, meeting others and learning to live and study with them.

Academic studies have shown that there is very marked ethnic segregation in our school system. Far too many children are attending schools where their own ethnic minority within the UK context is actually a majority. They are segregated in school education by faith and by ethnicity. They do not learn how the other half lives, how to challenge the prevailing culture, how to share experiences, how to appreciate multicultural living, how to criticise and how to aspire to a life different from that of their parents. The most segregated areas for very young pupils include Bradford, Birmingham and Bolton, among others.

If we extend this analogy into student life, it must be wrong that a student who, as a school pupil, spent their time in one community only continues to do so by studying at the local university and living at home. Moreover, they are being deprived of academic choice. If, because they have no maintenance grant, they cannot afford to leave home, then they cannot study the course that is right for them and is academically the most suitable, because it is not offered at their local university.

In sum, what the Government are doing by removing maintenance grants is not merely saving money but reinforcing segregation. Poor and ethnic minority students will have taken from them that golden opportunity at a critical age to widen their horizons and leave home for another part of the country. Academic choice will suffer. Racial and social integration will be put back. Better-off students will continue to surge ahead in educational opportunities, and universities will become as segregated in their make-up as some schools in some parts of the country already are.

If the Government believe what they say about every pupil fulfilling their potential, about all young people living in harmony in a society open to all and equally accessible to all, they must restore maintenance grants. Can they explain how to avoid real social and academic harm resulting from this penny-pinching measure?

**Baroness Shephard of Northwold (Con):** My Lords, I have just three points to make. I shall be very brief, because many other noble Lords want to participate in this important debate.

First, many here will well remember the anxiety that many of us felt about the possible effects on student participation rates in higher education in 1998,

when students became responsible for paying upfront tuition fees, and more recently—there have been many changes since then, but to take just one example of other changes—when tuition fees were raised to £9,000. Many believed at the time that those measures would have a particularly adverse effect on the higher education participation rates of young people from poorer families, thereby affecting not only their life chances but, longer term, the national economic effort.

In fact, according to UCAS, the proportion of young people in higher education eligible for free school meals has increased by a percentage point a year since 2012, and the number of young people from places in England with the lowest HE participation—I come from one of those areas—has increased year-on-year from about 19,000 in 2012 to about 22,500 in 2015. As Universities UK pointed out in its report of June last year:

“There is no evidence that the funding reforms of 2012 have deterred young, full-time students from applying to university. Numbers of applications from all socioeconomic groups have been increasing steadily”.

My second point is that in the past—this may be an explanation for that steady increase in participation rates of children from poorer families—increases and changes in student fees have been accompanied by grants, loans and bursaries and, in 2012, a 10% rise in the maintenance grant for poorer students. It is therefore welcome that, as part of this proposed switch from grants to loans, the maximum available finance for poorer students will rise by about £500 a year to more than £8,000. This has been welcomed by, among others, Sir Les Ebdon of OFFA.

However—my noble friend will be aware that a “however” usually comes in at this stage when I am making points about education, and I pay tribute to the extremely valuable and passionate points made by the noble Baroness, Lady Deech—the Department for Business itself acknowledges that the prospect of increased debt may deter some low-income households from undertaking higher education. It is for this reason that I strongly urge my noble friend to ensure that the effect of these changes is closely monitored. I ask this in the name of social mobility. The Government's 2015 higher education Green Paper commits them to doubling the proportion of students from areas where participation is low by 2020. This is an admirable objective in line with many other policy areas where the Government's pursuit of greater social mobility is succeeding. It would be regrettable if that progress in social mobility were to be checked at this stage for the sake of an omission of careful monitoring of the effects of these measures on precisely the groups already referred to by the noble Baroness—and those that I suspect will be mentioned by other noble Lords who will contribute to the debate. I know that my noble friend will undertake to keep a more than close eye on the way that this develops.

**Baroness Kennedy of The Shaws (Lab):** My Lords, I thank my noble friend Lord Stevenson for bringing the Motion of Regret to the House. I feel more than regret; I feel alarm and despondency. I share the word used by the noble Baroness, Lady Garden: I feel a sense of shame that we have embarked on this step

without proper legislation. I have to say to the noble Baroness, Lady Shephard, that monitoring itself will be too late. The consequences will be very obvious for the groups about whom I am going to speak.

The removal of the maintenance grant from the poorest and most disadvantaged is something with which I am very familiar. The reason is that back in the mid-1990s, the noble Baroness, Lady Shephard, appointed me to lead a small commission to look at some of the problems that had arisen over the funding of further education at the time. One thing that became very apparent was that for the poorest in society, the route to higher education is often via further education. It became clear in the report that eventually came from the work I was deputed to do by the noble Baroness, who was a most remarkable and fine Secretary of State in those years, that many people who had been failed by the system—young women who had got pregnant in their teens, boys who had become disaffected and sometimes got into trouble and people whose families went through problems when they were at a crucial point in their schooling—missed out on the golden ladder, so familiar to people in this House either for themselves or for their children, of going through school and proceeding into university. For many, the route back into education was through further education, and further education is the ladder into higher education.

I still see such people regularly because, at the end of the reporting I was commissioned to do, the further education world put together a little foundation which bears my name, for which I continue to raise funds and to which I contribute, to create bursaries for students of the category I described: those who try to use further education to better themselves, the very people I so often hear described as those who should be given opportunities. This Government claim to be totally committed to aspiration. I know, because of that little foundation, the Kennedy Foundation, that those people are often hardest hit by the current funding system. It is a hard business, taking out loans when you are the mother of young children, when you are from a really disadvantaged family and have no safety net or back-up from other members of your family. We contribute a bursary to them. It is not a significant sum of money, but if they did not also get the maintenance grant, they would not go to higher education at all.

This will be a deprivation; I have no doubt about that. We do not have to use more than our imagination to know that there will be a great cohort of young people—people in their 20s and early 30s—who will not go back into education because the idea that they will not get such support will be too much of a disincentive. That should be a source of shame to all of us, but certainly to the Government.

I have listened to what others have said. I was very moved by the comments of the noble Baroness, Lady Deech. It is true: those who are poorest do not want to do the business of going off to university. Even in my youth—I was brought up in Glasgow in a family where no one had gone on to higher education—almost everyone who went to the schools that I went to went to the local university because they just could not afford to go somewhere else. I flew the coop and it changed my life, and I want that for other people from

my background. I urge the Government to think about this again, because I think that not enough thought went into it. The cost to the lives of people is too great. The numbers are not huge, the money is not that huge, and I think we will pay a terrible price. I would ask the Government to think again.

8 pm

**Lord O'Shaughnessy (Con):** My Lords, I wish to speak in support of the Government's higher education policy and against the content of the Motion—and, in particular, the contention that these changes will result in a,

“significant decrease in participation in higher education by those in low-income groups, older students, female students, and students from ethnic minorities”.

We have been here before. The doom-mongers have been making these claims about the changes to the higher education system for about 20 years. This is not a party-political point; those doom-mongers were in the Conservative Party in the late 1990s, they were in the Liberal Democrat Party in the early part of the 2000s, and now they are in the Labour Party. At each point they have been proved wrong. I had a small responsibility for working on the policy that brought about the current system, working with my noble friend Lord Willetts.

It is worth remembering what the purposes of these reforms are. The first is to share more fairly the burden of cost between the taxpayer and those who go to university and benefit hugely over their lifetime in terms of income. Therefore, it is only right that they should share some of the cost. It is also designed to set higher education institutions free. Finally, specifically, it is designed to get more disadvantaged students into higher education. It was on that basis that the Liberal Democrats went through an incredible amount of political pain to support the reforms of the coalition Government; it is exactly the same reason why the Labour Government introduced the reforms that they did in the late 1990s and early 2000s, introducing whatever you want to call it—an income-contingent tax liability, or a loan system. What it amounts to is a time-limited graduate tax, which is, I think, all the rage at the moment on the other Benches.

It is important to remember the remarkable benefits that these changes have brought about. We have a record number of students—a 3.1% increase in the number of people entering UK higher education in 2015—and more students from disadvantaged backgrounds. The proportion of English students from disadvantaged backgrounds is up from 13.6% in 2009 to 18.5% in 2015. Part-time students studying for their first degree also get student loans now, and graduate contributions have become more affordable. By sharing out the burden more broadly, graduates now have to earn £21,000 before they start to pay back.

It is also worth thinking that we have the opportunity to compare what would happen if we went back to the old system, because it is running in Scotland. In Scotland there are no fees, yet the poorest fifth of Scots are three and a half times less likely to go to university than the best-off, and that figure is two and a half times in England—it has improved. There is also less financial support available in Scotland, precisely

[LORD O'SHAUGHNESSY]

because the taxpayer has to share the entire burden. So the opportunity for the poorest young people has increased, and would be restricted by plans to scrap fees. Specifically, these reforms have had a benefit for disadvantaged pupils. The maintenance loan has risen, as my noble friend Lady Shephard said; there is much more support than was there before. Also, under the access agreements that universities now have, they are planning to spend £719 million in 2015-16, up from £407 million in 2011-12. So, overall, the amount of support for disadvantaged students and the number of students who are studying is increasing.

The final point to bear in mind here, which is critical, is that, as a result of sharing the burden more broadly, we have more students going to university, which is an ambition shared by everybody, throughout the House. An estimated 60,000 more young people are going to university every year because of these reforms. It is important to see these reforms in the round; if you do so, it is difficult to argue that they have done anything other than increase participation and, in particular, increase participation for disadvantaged young people.

**Baroness Sharp of Guildford (LD):** I join others in thanking the noble Lord, Lord Stevenson, for bringing this Motion of Regret before the House—and I join others in supporting it. I do so because it is very clear from the analysis by the Institute for Fiscal Studies and others that this move will impact more heavily on students from poorer families who, up till now, have received substantial maintenance grants to help offset the considerable debts that they incur from the cumulative effect of tuition fees over three years. As my noble friend Lady Garden said, that amounts to something like £43,000 at the moment. The result of this would be to raise that debt by some £17,000, up towards £60,000.

The numbers involved in this are not trivial. In 2014-15, 42% of students in this country got a full grant, while 14% got partial grants. More than 50% of students currently benefit from the maintenance grant in one form or another; that is approximately 500,000 students—very considerable numbers. As BIS's own impact assessment makes clear, and as others have mentioned, it will disproportionately affect those such as black and ethnic minority students and women.

**Lord Winston (Lab):** I am grateful to the noble Baroness for giving way. Could she clarify a point that is puzzling us on these Benches? It has been stated that students undertaking part-time studies can get their grant in full; that is the impression that has been given. Is that correct? I know that she has spent a lot of time discussing part-time students and their remuneration.

**Baroness Sharp of Guildford:** The answer, I believe, is that until now part-time students have had no maintenance grants. One of the beneficial effects of this—I was going to mention it later—is that it has enabled the Government to extend maintenance grants to part-time students. That is one group of people who will be better off. But it is noticeable that among the students who will be affected are, as the noble Baroness,

Lady Kennedy, said, mature students—those who come to university late. They have shown already, by the way they have reacted to the introduction of high tuition fees, that they are much more risk-averse than younger students.

Perhaps I should declare an interest as a member of the all-party Higher Education Commission, which a couple of years ago published a study of the financing of higher education. The evidence that we took included a short survey of quite a number of students and their reactions to this. An interesting fact that emerged from the survey was that the 18 year-olds knew very little about the financial effects of the debts they were taking on. As far as they were concerned, it was all a long way in the future. They felt, as I remember I felt when I was 21 and people were talking to me about pensions, something along the lines of, "I couldn't care less". Later on one realises how important these things are.

It became clear that older students, on the other hand, are worried about taking on further debt. Many of them already have mortgages and children, and are trying to manage their costs. They are much more worried about taking on debt than younger people are. That was one reason why, among mature students, who are disproportionately also part-time students, there has been an enormous drop in numbers. There has been a 45% drop in the number of part-time students since the introduction of tuition fees.

I feel strongly about all these issues. I accept that under the present repayment terms the actual amount repaid will remain at 9% on all income over £21,000 each year. The only difference is that those from lower-income households will have bigger debts, which for many of them will remain for 30 years. The Institute for Fiscal Studies reckoned that under the old system, before the introduction of these new measures, 73% of student loans would never be fully repaid. The measures before us will mean that more students from lower-paid households—these are the students who tend to go into lower-paid jobs—will have bigger debts, and that proportion can only increase.

As the noble Lord, Lord Stevenson, pointed out, there is a certain amount of creative accounting which enables the Government to take some £2 billion off the books today, with the idea that it will be picked up 30 years hence, in never-never land. There are only two good things about this. First, it has enabled the Government not to cut the adult education budget in money terms. I was very pleased about that. Secondly, it has enabled them to put some funding into maintenance grants for part-time students.

But I am particularly sorry to see this measure involving maintenance loans, because the previous system, along with the national student scholarship scheme and all the fair access measures taken in 2012, was part of the compact between the coalition partners on the introduction of full-cost tuition fees. My former leader in the other place, the right honourable Nick Clegg, went to considerable trouble to ensure that the introduction of fees would not impact more toughly on students from lower-income backgrounds. This measure seems to me to be yet another cynical unwinding of the coalition agreements.

What were very carefully balanced measures to promote equity are now being cast aside with remarkably little thought.

**Lord Berkeley of Knighton (CB):** My Lords, may I make a point, not as an expert on the figures—we have heard from them in various parts of the House—but to suggest that the Government might be walking into a false economy here? I say this as someone who, as a broadcaster, has talked to artists, musicians, novelists and other people who have made the creative economy glow—a glow in which the Government frequently feel able to bask. Many of those people who came from very impoverished backgrounds feel that they owe their success, their chance in life, to the support they got at a moment when they needed a maintenance grant.

I will not bore your Lordships with lots of names, but I could reel off pop stars, painters, novelists—you name it—who, had it not been for this support, might not have been able to make the contribution to our creative economy that they have. We should tread very carefully in cutting off funds to that section of our community.

**Lord Winston:** My Lords, I declare an interest as a paid employee of Imperial College London, which is a Russell Group university, and as chairman of the Royal College of Music and chancellor of Sheffield Hallam University in Yorkshire. I am sure that the noble Baroness understands that these are very different higher educational institutions and that they will all be seriously worried about this measure. One issue is that this seems to have been slipped under the wire without proper discussion in the House of Commons and has now come to be debated only as a result of my noble friend's excellent Motion of regret. A key issue here is the debate on higher education altogether. I fervently hope that the Minister will do something to ensure that there is a proper debate about the Green Paper that is currently being processed, because a number of measures in there are very serious.

I will not detain the House for long, because I have not prepared a speech, and I do not intend to prepare speeches. But I must tell the Minister that I remember vividly a graduation ceremony at Sheffield Hallam University when a 55 year-old, rather ageing-looking man came up to me with tears running down his cheeks and told me, "This university has completely changed my life". This is not just an isolated example; it happens every day in Sheffield.

8.15 pm

Since I started as chancellor 12 years ago, Sheffield's economy has been transformed in a remarkable way by people who would never have gone to university, from families who had no idea about university, who desperately need every bit of support they can get to get there. This has made a massive difference to the economy of Sheffield. The moment you get off the train at Sheffield station and walk up towards the university, you can see what has happened in that city, which was deeply depressed after the loss of steel, coal, cutlery, and much of the engineering that went on in that city.

That transformation has been very much a result of Sheffield Hallam University and its relationship with that community.

But the fact of the matter is that these measures will affect "rich" Imperial College as well. To live in South Kensington will cost those less well-off students a great sum of money. As a result we will undoubtedly lose students, who will decide not to apply even though they are good enough to do engineering at one of the best universities in the world; bear in mind that so many of our universities are in the top 10 in the world. We must do everything we can to nurture them. As regards the Royal College of Music, there is no question that many of our musicians will always be desperately underpaid, rather poor, and will often come from underprivileged families, and it is very important that they get every bit of support that they can.

I regret that we have to discuss this now. I have to say to the noble Baroness, Lady Shephard, who was rightly regarded as an outstanding Secretary of State, that that change in the applications to many universities is happening now. Indeed, at Sheffield Hallam we are beginning to see that fewer students are applying. This is not unusual in many of the newer universities, and it may of course apply certainly to home students in some of our universities such as those in the Russell Group. So I urge the Government to think again and press them to have a proper debate on the future of higher education in the near future.

**Lord Howarth of Newport (Lab):** My Lords, this policy of removing maintenance grants and replacing them with loans, whichever way you look at it, is reckless. It is reckless fiscally. In the early 1990s, I was Higher Education Minister when the Government of that time introduced the original system of maintenance loans for students in higher education, but we did so on a very carefully circumscribed basis. Looking across the Atlantic to the United States of America, where there was a very extensive system of student loans, we saw how unhappy were the consequences, both financially and in human terms. That approach, taken by that Conservative Government, was reasonable and responsible and is in strong contrast to the approach now being taken by this Conservative Government. The Institute for Fiscal Studies has explained to us how the policy we are now debating is a device to enable the Chancellor to achieve a modest additional reduction in his deficit by 2020—political window-dressing for him, but the price that will be paid is a much more significant increase in national indebtedness in years after that.

It is reckless financially: the Government are quite deliberately proposing to create bad loans. It would appear that their business model is that of the purveyors of sub-prime mortgages; the fact that they admit it does not make it any better. They intend to dump a poor-quality loan book on the financial system in the future. That is cynical. We expect a Government to act with prudence and integrity in such matters.

It is reckless in terms of the life chances of people who come from disadvantaged communities, in contradiction to the Prime Minister's professions. This policy will be socially regressive: Ministers are setting out to tempt with additional cash in hand people who come from lower-income households, knowing

[LORD HOWARTH OF NEWPORT]

very well that such people will leave university with larger debts than their peers from better-off households.

As the Minister who also introduced the disabled students' allowance, I feel particularly strongly about the accompanying policy to freeze that allowance. In their equality impact assessment, the Government admit that this policy will bear disproportionately on disabled people, although they say that it will not do them that much harm. However, if you are disabled, a little goes a long way, and I would add that such a policy is surely discriminatory. The whole purpose of the disabled students' allowance was to enable disabled people to experience higher education on a basis equal with non-disabled people, so it cannot be right to freeze the allowance for disabled students, who are increasingly disadvantaged.

Those who resist the cash bait will probably do so because they are deterred by the prospect of taking on a substantial additional personal debt. That is extraordinarily retrograde when we know that our economy urgently needs a higher level of skills across wider sections of the population so that we stand a chance of improving our national productivity and competitiveness. The noble Baroness, Lady Deech, made an important point about the retrogressive effect of confining to studying close to home students from poorer households who do not want the debt, thus making them unable, unlike their counterparts from better-off households, to avail themselves of the full range of opportunity in higher education.

The policy is contrary to the whole ethos and principle of the welfare state, which is to redistribute resources and opportunity across the lifespan, so that people contribute when they are able to do so but, when they need support, they get it in health, social security and education—precisely the support that this measure is going to reduce. That is part of the principle of fairness. That principle of the welfare state is what binds us together as a society and, as my noble friend Lady Kennedy said, it is shaming that the Government neglect such a principle.

The policy is reckless in terms of intergenerational fairness. The Government are intending to ask our children and our grandchildren to pick up the tab for it. They should not behave like that—it is a betrayal of the generations to come.

The policy is reckless, too, in terms of truth. The Conservative Party did not tell voters in its manifesto at the election last year that it intended to introduce this change. That was cowardly. In this measure the Conservatives are renegeing on the commitments made by David Willetts, now the noble Lord, Lord Willetts, to Parliament in 2012—in good faith, I am absolutely certain. He assured Parliament that any financial hardships that might be created by the trebling of tuition fees would be mitigated by the continuing availability of maintenance grants. However, the Government are dishonouring that commitment and, in doing so, they are acting to the detriment of trust in government and respect for politicians.

The policy is also reckless constitutionally. Here they go again, introducing major change affecting a large number of people, with major expenditure

implications, by way of a statutory instrument. That is in defiance of the conventions of Parliament. It is an abuse. The noble Lord, Lord Strathclyde, in the report of his review urged the Government not to leave too much in legislation to be provided for by way of statutory instruments. We know that the negative resolution procedure makes accountability of the Executive to Parliament almost non-existent, and we know—the noble Lord, Lord Strathclyde, has said this too—that the whole system of parliamentary scrutiny of statutory instruments needs to be overhauled.

Your Lordships' House is, in one of its most important functions, a guardian of the constitution. We have not voted down this particular statutory instrument but I believe that, had we done so, we would have been well within our rights, because it is for us, again and again, to prevent as well as we can abuse of power by the Executive. The House of Commons, dominated by the Executive, will never do that reliably; we, at least, have to accept that that is part of our responsibility. The noble Baroness, when she seeks to defend this policy at the Dispatch Box, should blush.

**Baroness Evans of Bowes Park (Con):** My Lords, I thank all noble Lords for their contributions to this debate. Let me briefly address the points raised about the parliamentary process for scrutinising statutory instruments before I come on to the substance of the debate.

The regulations were laid before both Houses on 2 December 2015 and were made under powers granted by the Teaching and Higher Education Act 1998. The instrument was prayed against in the other place and a debate took place in committee on 14 January, which was followed by a full opposition day debate on 19 January. So this SI has followed the procedure agreed by Parliament. But of course, as ever, we have had a further extremely valuable debate in your Lordships' House today.

Let me start by placing this instrument in the context of the Government's higher education policy. As noble Lords have said, we have a higher education system to be proud of and a worldwide reputation for excellence, with three universities in the world's top 10 and the most productive research base in the G7. We have lifted the cap on student numbers, putting into practice Lord Robbins's famous principle that university places,

"should be available for all those who are qualified by ability and attainment".

We have seen record numbers entering higher education, including record numbers of students from disadvantaged backgrounds, as my noble friends Lady Shephard and Lord O'Shaughnessy highlighted. The OECD has said that England is,

"one of the few countries to have figured out a sustainable approach to higher education finance".

When Lord Robbins set out his principle in the early 1960s, participation in higher education was around 5%. That figure is now approaching 50%, something that we should be proud of. However, in this context of rapidly growing student numbers, funding universities sustainably can be achieved only by asking students to meet a greater part of the cost of their education, paid not upfront but out of their future

earnings. This reflects the principle that, if you benefit from higher education and secure higher lifetime earnings than taxpayers who do not go to university, you should contribute to the cost of your education. It is vital to the continuing success of the sector that the cost of higher education is sustainable for government and the taxpayer, so that more young people can undertake the transformational experience of going to university. In short, we cannot have social mobility without sustainability.

Offering increased loans for living costs instead of grants allows the Government to make significant progress against their fiscal mandate but offers more upfront support to students for their living costs: up to 10.3%, or £766, more additional support in 2016-17 for eligible students—money that they will then have to spend during their time at university on, for instance, rent and all the other things your Lordships have mentioned.

Noble Lords have referred to the equality analysis that the Government have published, and a number of issues it covers have been raised in the debate, in particular in relation to the potential impact on disadvantaged groups and those with protected characteristics. The Government carefully considered these before laying this instrument. That is why, alongside the potential risks that the equality analysis identified, a number of mitigating factors were also outlined, including, as I mentioned, the increase in living cost support in 2016-17 for students from some of the most disadvantaged backgrounds, the fact that graduates do not have to pay anything back until they earn over £21,000 and, of course, the fact that graduates earn considerably more over their lifetime.

This is far from all that the Government are doing to ensure the widest possible access to higher education. The Prime Minister has set out his ambition of doubling the proportion of people from disadvantaged backgrounds entering higher education and increasing the number of BME students at university by 20% by 2020. The sector is our partner in achieving these goals. In response to a request from the Government, Universities UK has set up a social mobility advisory group to report to the Universities Minister. It will provide advice and action to widen access to higher education, including on meeting the Prime Minister's ambitions. I have absolutely no doubt that it will keep a very close eye on the broad effects of government policy in this area. To back this up, in 2016-17 universities expect to spend £745 million on measures to support the success of disadvantaged students. That is up significantly from £444 million in 2011-12.

Any higher education provider who wishes to charge above £6,000 for a full-time course must agree an access agreement with the Director of Fair Access and as part of this agreement the institution must devote a proportion of the fee income above £6,000—typically around 25%—on measures to support widening access and support for disadvantaged students.

### 8.30 pm

We certainly do not want to see the kind of academic segregation about which the noble Baroness, Lady Deech, expressed concern, and that is why we and universities are focusing on a variety of measures,

particularly outreach into schools. For instance, students of Northumbria University and Newcastle University are working in school programmes in which undergraduates work as tutors in schools, raising aspiration and attainment among the students they engage with. The University of Nottingham devotes access money to mature students, offering them mentors in order to improve their chances of completing their courses.

The noble Lord, Lord Stevenson, asked about changes to NHS bursaries. The current system for funding health students was not working. Last year, the cap on applications meant that we had to reject 37,000 applications from people who wanted to study nursing. By introducing loans, we can scrap that cap and train up to 10,000 more nurses as well as increasing the up-front support these students receive.

On the question of sharia finance, the noble Lord rightly said that the coalition Government was the first to seriously explore a sharia-compliant student finance product. The Government have consulted and, upon reviewing the consultation responses, the Government supported the introduction of sharia-compliant “takaful” alternative finance product available to everyone. Our commitment was reaffirmed in the Green Paper, but we need primary legislation and we are actively looking at an appropriate vehicle through which to bring this forward.

I will also deal with the questions on the value of savings of this proposal which a number of noble Lords have mentioned, including the noble Lord, Lord Stevenson, and the noble Baronesses, Lady Garden and Lady Sharp, among others. The switch from maintenance grants to loans will save £2.5 billion per year from the fiscal deficit. This is a substantial contribution towards delivering on the Government's fiscal mandate. However, of course, I acknowledge that a proportion of the loan outlay may not be repaid by students. Therefore, we forecast that the long-term annual economic savings will be around £800 million a year.

A number of noble Lords mentioned the Institute for Fiscal Studies research, which last summer estimated the long-term annual savings to be around £270 million. At that time the IFS was working on the information it had available, but the Treasury's estimate of the Government's cost of borrowing has fallen since then, which is why we now estimate that these savings will be more like £800 million a year.

This Government offer young people more than one high-quality route to a successful future. Higher education can be a life-changing experience but so, too, can an apprenticeship. That is why the Government are committed to seeing 3 million apprenticeship starts in England by 2020.

We are also committed to enabling access to higher learning by other routes. For instance, we have announced for the first time—to make this clear to the noble Lord, Lord Winston—that we will be introducing maintenance loans for part-time students, and the recent changes allowing access to government support for part-time study towards a second degree in some STEM subjects will be extended further. It has also been confirmed that from September this year students aged up to 60 undertaking postgraduate masters would be able to access government loans for the first time.

[BARONESS EVANS OF BOWES PARK]

The Government are able to make these changes because they are ensuring that higher education is funded sustainably. That is what this instrument helps to achieve. I hope I have addressed all the points raised by noble Lords in the debate and that the noble Lord, Lord Stevenson, will be sufficiently reassured to withdraw the Motion.

8.33 pm

**Lord Stevenson of Balmacara:** I can answer that—no—but I would like to take a little longer.

I apologise to the noble Lord, Lord Willetts, for not spotting him in his place when I started my speech. He must have slipped in. Two brains are obviously much easier to hide than one. I am sorry that he was not there. We have had Hamlet without the prince. Where is the speech? Surely the architect of this wonderful policy, as we have heard it described, should have been there shouting from the rafters. Can I encourage him to rise? No.

We have had a good debate and I thank all those who have contributed. It could allow us to look forward to further discussions on higher education and, if it does so, allow us to probe some of the assertions of the noble Lord, Lord O'Shaughnessy, that somehow the garden is blooming, roses are flowering everywhere and higher education is in a good state. It certainly is not. It is time that we got some real discussion and debate going on this.

It was useful, in another sense, that we got some rather interesting insights into the internal debates under the last Conservative Government from my noble friend Lord Howarth and under the coalition Government from the noble Baronesses, Lady Sharp and Lady Garden, and others. I think there is more to come on that, and I look forward to hearing it as it dribbles out over the next few years.

This policy does not enhance social mobility; we have heard that echoed all around the Chamber. Despite the good points made by the noble Baroness, Lady Shephard, monitoring is not enough. We have heard that the golden ladder of opportunity that is represented by access to higher education will be destroyed, and life-changing opportunities will be removed. We are working on shaky constitutionality: the Minister skated over why we are doing it this way. We may well have fulfilled the letter of the law, but I do not think that we have fulfilled the spirit of it.

This policy does not save money in the long term, despite the Minister's assertions. If it is, as seems to be the case, simply a bit of creative accounting, as the noble Baroness, Lady Sharp, called it—I could not possibly comment—to get away with changing the RAB charge in the short term, it is mean-spirited, and leaving it to the burden of future generations cannot be right. Indeed, we are talking about very long timescales, where we really cannot assert what is going to happen to earnings or people's working lives. Therefore, we are talking about trust. Do we have sufficient ability in looking at this to trust our instincts about it?

The noble Lord, Lord Berkeley, and my noble friend Lord Howarth mentioned the intergenerational impact, and that is a real irony. Many of us were the

beneficiaries of full fees and full maintenance grants. I would not be here if I had not had that benefit or that chance in my earlier life. I wonder whether the students of the generation that is being disadvantaged by this statutory instrument will ever forgive us for encouraging them to take out the loans and debts for a future that might be so different that it might eliminate the graduate premium that they were promised. Somebody said—I think it was my noble friend Lady Kennedy—that it was shaming to be associated with this policy. I do not wish to be so, and I wish to test the opinion of the House.

8.37 pm

*Division on Lord Stevenson of Balmacara's Motion*

*Contents 138; Not-Contents 155.*

*Motion disagreed.*

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## Welfare Reform and Work Bill

### Report (1st Day) (Continued)

8.48 pm

#### Amendment 25

Moved by **Baroness Lister of Burtersett**

25: Clause 7, page 9, leave out lines 7 to 10

**Baroness Lister of Burtersett (Lab):** My Lords, Amendment 25 would remove child benefit and child tax credits from the benefit cap. I return to this amendment, which raises an important point of principle together with children’s rights questions, partly because in Committee it was grouped with various other exemptions from the cap, but, more importantly, because—and at the risk of being accused of being vituperative—once again, the response from the Minister was inadequate. He was challenged a number of times to justify why these benefits should be subject to the cap for those out of work when they are received by those in work, so that the cap is premised on a comparison between earnings in work and income out of work, but he failed to do so.

The argument boils down to what we believe is fair. According to the impact assessment, the clause promotes even greater fairness between those on out-of-work benefits and taxpayers in employment. Our view is that fairness requires that old cliché of the level playing field, on which, if you ignore the child benefit received by all taxpayers in employment on wages of £20,000 to £23,000 and the child tax credits received by a good proportion of them—how many and how much the Government refuse to say—you must ignore it when calculating the income of those on out-of-work benefits.

The exchange between my noble friend Lady Hollis of Heigham and the Minister on this point could have come straight out of a pantomime: “Oh, yes, it’s earnings”, “Oh, no, it’s income”; or that old song, “Let’s Call the Whole Thing Off”: “I say income, you

[BARONESS LISTER OF BURTERSETT] say earnings". But whereas my noble friend, as you would expect, offered argument, the Minister offered only assertion. He just kept repeating:

"We are looking at the level of earnings",

without ever saying why, other than, as my noble friend put it, "Because I say so". Therefore, I thought it only right to give him the opportunity to offer an argument today in justification so that noble Lords can decide whether it is indeed fair to base the policy on such an uneven playing field.

Other arguments that did not get addressed properly by the Minister concerned the impact on children. How did the policy fare against the family test, which was not even mentioned in the income assessment? He assured me that the family test was applied, but, as he could not,

"recall what was in it",—[*Official Report*, 21/12/15; col. 2378.]

he promised to write to me with the details. I do not believe that I have received them, so perhaps he could provide them now. What is the likely impact on child poverty? That was conveniently circumvented on the spurious ground that it is all too difficult to estimate the likely dynamic effects of the policy. There is no reply to the argument that the policy has a disproportionate impact on children.

In the judgment in the recent Supreme Court case on the cap, which we spent some time debating in Committee, Lord Justice Carnwath made the point that the inclusion of child benefit and child tax credits in the cap raises the question as to why,

"the viability of a scheme, whose avowed purpose is directed at the parents not their children, is so disproportionately dependent on child related benefits",

and said:

"The cap has the effect that for the first time some children will lose these benefits, for reasons which have nothing to do with their own needs, but are related solely to the circumstances of their parents".

The noble and learned Baroness, Lady Hale, observed that, as a result, the children affected,

"suffer from a situation which is none of their making and which they themselves can do nothing about".

This brings me to the children's and human rights implications of the policy, which, as the Equality and Human Rights Commission has complained, were dealt with inadequately in the Government's human rights assessment and the impact assessment. What is at issue is whether the inclusion of children's benefits in the cap is in the best interests of the child in line with Article 3 of the UN Convention on the Rights of the Child.

In the human rights memorandum, the Government note the Supreme Court's decision and assert that they have fully considered their obligations to treat the best interests of the child as a primary consideration. However, their analysis of the,

"best interests of the child",

seems to rest on this proposition:

"The best interests of children overall is to have parents in work and work remains the surest route out of poverty".

As the EHRC observes, this betrays,

"a particular lack of understanding regarding compliance with the UNCRC".

It may well be in the best interests of many children for parents to find work, but it will depend on the work available, the circumstances and the durability of any work found. Moreover, this bald statement ignores the fact that the great majority of those already subject to the cap did not find work as a result. Is it really in the best interests of their children to have their standard of living reduced even further when a survey reported in the first-year review of the operation of the cap found that over a third of those affected had already had to cut back on household essentials and many had incurred debt, which the Government identify as a root cause of poverty? In fact, the Government's position pretty much ignores the judgment of the noble and learned Baroness, Lady Hale, echoed by the noble Lord, Lord Kerr, that they,

"misunderstand what article 3(1) of the UNCRC requires. It requires that first consideration be given to the best interests, not only of children in general, but also of the particular child or children directly affected by the decision in question. It cannot possibly be in the best interests of the children affected by the cap to deprive them of the means to provide them with adequate food, clothing, warmth and housing, the basic necessities of life. It is not enough that children in general, now or in the future, may benefit by a shift in welfare culture if these are also the consequences. Insofar as the Secretary of State relies upon this as an answer to article 3(1), he has misdirected himself".

In his response, the Minister did not address the substance of these arguments, but took refuge behind what he called the "sterling work" of the noble Lord, Lord Blencathra, whom he described as "utterly masterful" on the legal aspects and who he said had certainly taught him a lot. I am no lawyer, and I am sure the Minister will not consider me masterful on the subject. I am diffident about getting involved in legal disputation once more, but I am assured by the CPAG's solicitor, to whom I am grateful—I make my usual declaration as the group's honorary president—that the interpretation by the noble Lord, Lord Blencathra, is open to challenge. The Minister's law lesson might, therefore, need some revision. It is not the case, as the noble Lord, Lord Blencathra, asserted, that the Supreme Court found the Government to have been "perfectly correct" when they were taken to court on not implementing the UNCRC, nor that five of the noble judges ruled, in the Government's favour, that the benefits cap was not contrary to the rights of the child. Rather, the court found, by a majority of three to two, that the benefit cap regulations are in breach of Article 3(1). It is true that they went on to find that, as the convention is not incorporated into domestic UK law, it should be for Parliament, not the courts, to decide how to remedy the breach. Lord Justice Carnwath advised that the court's concerns about the rights of the child would need to be addressed in the political arena. In other words, the court was looking to us—to Parliament—to find a way to ensure that the Government upheld the UK's obligations under international law with regard to the cap.

That is what the amendment seeks to do. Just because the UN convention is not directly enforceable in UK courts, the Government cannot simply ignore it when their claims to have complied with it are challenged by the Supreme Court. It must concern us that, far from responding to the Supreme Court's ruling and to the specific recommendation of the noble and learned Baroness, Lady Hale, that the Government consider

removing children's benefits from the cap, the Government are now compounding the infringement of children's rights by reducing the cap to below median earnings, thereby bringing many more families into its net. I suspect that it is only a matter of time before the matter is before the courts again, as this could now mean that the cap is in breach of the European Convention on Human Rights because of its disproportionate impact.

On grounds of both fairness and the rights of children, I believe there is a strong case for the exclusion of children's benefits from the cap. I hope that today the Minister will actually engage with the arguments, rather than continue with the "because I say so" approach. Given that that approach tends to be used when there is not a valid case to be made, better still, he should accept the amendment on grounds of both fairness and children's rights. I beg to move.

**Baroness Sherlock (Lab):** My Lords, I thank my noble friend Lady Lister for the way she has introduced the amendment and for her persistence and expertise on this subject. My noble friend raised this issue in Committee but did not get an adequate answer. One of the things I find most depressing about the debates on the benefit cap is that Ministers increasingly lump all benefits together as just welfare payments. No distinction is made between the various kinds of benefit we have traditionally had in the British social security system: between contributory and non-contributory benefits or between income-replacement benefits and those designed to compensate for extra costs. The failure to make such distinctions tends to demonise recipients. It also muddies the policy-making waters, because Government are reduced to making fairly broad claims for the behavioural impacts of benefits the purposes of which are, in fact, quite distinct from each other.

Child benefit is a good case in point. It has traditionally been a universal benefit and is still available to all but the highest-earning households. In effect, it is a horizontal transfer from taxpayers as a whole, including those who do not have children, to those who have children. Originally, it replaced an allowance in the tax system and it is there because, as a society, we recognise that children are a public as well as a private good. We all have a stake in ensuring that parents can afford to raise the next generation healthily. Child benefit goes to parents in and out of work, of course, as does child tax credit—the two benefits that are the subject of this amendment.

9 pm

We heard at earlier stages of the Bill about the impact on children of the lowering of the benefit cap: that twice as many children as adults are affected and that 230,000 children have been affected. We have also heard in previous sessions from charities working with children about how worried they are that children and families could be left without sufficient income to meet their basic needs. The House has a right to know whether the Government have considered sufficiently the impact of this change on children.

My noble friend Lady Lister mentioned her exchange in Committee on 21 December, in relation to the family test, when the Minister said:

"We did apply the family test; I had better write to the noble Baroness with the details because I cannot recall what was in it. There was quite a lot of material going through in a short time".—[*Official Report*, 21/12/15; col. 2378.]

I can assure my noble friend that the Minister did in fact reply, but unfortunately not until last Thursday and admittedly not at any great length or utility. I will not have to delay the House unduly by quoting his reply in full on this subject. It said exactly this:

"The Government has fully considered the family test criteria as an integral part of the policy development process. The published assessment of impacts of the measures in the Welfare Reform and Work Bill incorporates these considerations".

That is it, in its entirety. Your Lordships will search in vain the impact assessment on the lowering of the benefit cap for any account of the impact on families with children. Yet the DWP has actually published guidance for other government departments on the application of the family test. The guidance says:

"It is important that the application of the Family Test is documented in an appropriate way as part of the policy making process ... Departments should consider publishing assessments where they are carried out".

So, where is the documented DWP family test assessment for this policy, or indeed for the Bill? Why has the DWP not published it when it is advising other departments to publish theirs? Why does it yet again refer my noble friend to the impact assessment when Ministers must know that the answers she seeks will not be found therein?

I would be very grateful if the Minister would tell us three things. What was in the family test assessment? Why did DWP not publish it, and what are the Government going to do to monitor and mitigate the impact on children if the level of the cap is reduced as proposed?

**The Minister of State, Department for Work and Pensions (Lord Freud) (Con):** My Lords, Amendment 25 seeks to remove child benefit and child tax credit from the list of those benefits included within the benefit cap, so that they are disregarded when calculating the total amount of benefits that a household can receive before the cap is applied. This amendment undermines the fundamental principle that we established when we introduced the cap: that there has to be a clear limit to the amount of benefits that an out-of-work family can receive. This principle has gained very broad support across the country.

The benefit cap is just one part of our suite of welfare reforms, which are restoring work incentives and fairness to the benefits system. The previous system was not fair on working taxpayers, nor on claimants who were trapped in a life where it was more worthwhile claiming benefits than working. Our welfare reforms are about moving from dependence to independence and the benefit cap is helping people to take that important step into work. Indeed, the evidence shows that the cap is working, with capped households 41% more likely to go into work than similar uncapped households. In fact, more than 18,000 households have entered work since the cap was introduced.

However, we have always accepted that there should be some exemptions from the benefit cap which support the cap aims of incentivising work and bringing greater

[LORD FREUD]

fairness to the welfare system, while supporting the most vulnerable. To incentivise work, the cap does not apply to those households which qualify for the in-work exemption in universal credit. Nor does it apply to those households in receipt of working tax credit. For lone parents, this is just 16 hours of work per week; for couples with children it is 24 hours of work per week. In recognition of the extra costs that disability can bring, households which include a member who is in receipt of attendance allowance, disability living allowance, the personal independence payment and the Armed Forces personal independence payment are exempt. Those who have limited capability for work and receive the support component of employment and support allowance, or the universal credit limited capability for work-related activity element, are exempt. Furthermore, war widows and widowers are also exempt. Noble Lords should also not forget that if the claimant, their partner or a child for whom they are caring is in receipt of an exempt benefit, the cap will not apply.

As well as promoting fairness for those families who are in work, the welfare reforms are about transforming life chances. Since the cap was introduced in April 2013, nearly 9,400 capped lone parents have moved into work and claimed working tax credits, joining the 1.26 million lone parents in employment in the UK. By going out to work, parents show their children the importance of a strong work ethic and reinforce the message that work is the best route out of poverty, while improving their longer-term life chances.

As to the ECHR criticism about the rights of the child, the interests of children are best served by doing everything possible to get their parents into work and providing the right support to remove the barriers to work, such as employment support, training, budgeting advice and free childcare. DHPs are available to assist in hard cases, and the Government will make £870 million available in that area over the next five years.

The noble Baroness, Lady Lister, raised the family test, and the noble Baroness, Lady Sherlock, was kind enough to remind her that I managed to get a letter to her saying that the family test had been applied when considering the benefit cap changes. The way that the test works on the whole is that the department thinks carefully how the new policy can support family relationships. We have been very clear, as I have been this evening, that it is important that children grow up in households that are in work. The cap is a key way of delivering this particular policy and this particular change.

Like other welfare benefits, child-related benefits are provided and funded by the state, and it is therefore right that they are taken into account along with other state benefits when applying the cap. It is only fair that households receiving benefits should make the same choices that families in work do. The cap levels are equivalent to annual pre-tax incomes of £29,000 and £25,000. These are still considerable incomes, with around four in 10 households earning these sums in London and the rest of the country respectively.

It is a simple matter of fairness for those families with children who are in work to set the cap at these levels and to include child-related benefits within its scope. To be clear, households who go out to work and qualify for the in-work exemption in universal credit

or for working tax credits will be entirely exempt from the cap and will receive all of these benefits over the cap level. For those households who need additional support in adjusting to the cap, DHPs are available: £800 million has already been made available and a further £70 million was added to that figure in the Autumn Statement.

There is of course a nine-month grace period in which the cap may not be applied to those who have recently left sustained employment. This gives households, including those people who are receiving child benefit and child tax credit and who may have had to leave employment, time to adapt to their new circumstances or find work before the cap is applied to them.

For the reasons I have explained, I do not agree that we should remove child benefit and child tax credit from the cap, as would be the result if this amendment, as drafted, was passed. I ask the noble Baroness to withdraw her amendment.

**Baroness Lister of Burtersett:** My Lords, I am grateful to my noble friend Lady Sherlock and to the Minister. I never received the letter last Thursday, although I recall there was another letter when we raised the question of the family test in relation to the policy we will be discussing on Wednesday about families with two or more children. That said exactly the same thing—I think it was almost the same sentence.

When I was preparing this over the weekend, I realised I had never received a letter about our fourth day in Committee, so I emailed the Minister's office to ask whether there had been such a letter, and I have not had a reply yet. Perhaps the letter about our fourth day could be re-sent, because I have certainly not received it. Anyway, it sounded horribly familiar—that is, it did not tell us very much at all, as my noble friend said.

I did not really expect we would agree on this. The Minister has certainly not satisfied me that it is fair when we are not comparing like with like. That is really the nub of the argument. On the rights of the child, he simply repeated the very argument that the noble and learned Baroness, Lady Hale, had pretty much destroyed in the Supreme Court judgment. He brought up the old DHPs again—many moons ago I said this was the loaves and fishes argument. DHPs have to be extended to cover everything and they do not provide anyone with any kind of right because they are discretionary. Clearly we are not going to make progress on this but it is important that we at least keep maintaining why we believe that this is not fair. I beg leave to withdraw the amendment.

*Amendment 25 withdrawn.*

#### *Amendment 26*

*Moved by Baroness Hollis of Heigham*

26: Clause 7, page 9, leave out lines 15 and 16

**Baroness Hollis of Heigham (Lab):** My Lords, guardian's allowance is not separately listed in the Chancellor's Excel sheets of benefits and budgets in the Autumn Statement. It is invisible. However, it emerges from obscurity to be included in the benefit cap.

What does guardian's allowance do? Why does it matter and why should it be exempt? Guardian's allowance supports those at the sharpest end of kinship care, not where parental care is extremely neglectful or unstable, as it is for many children in kinship care, but where no parental care is possible at all. It goes to those caring for orphans. Usually they are physical orphans whose parents have died but, very occasionally, they are what the Victorians would call moral orphans—the father is in jail and the mother is an addict or on the game, sectioned or imprisoned.

More usually, the mother has died and the father is missing, not known or not registered on the birth certificate. There is no known parent. Sometimes, sadly, both parents have died in a car crash. In one case, a lorry lost its load and killed both parents in the car behind it. In another instance, an 82 year-old grandparent, not of course herself affected by the cap, learned that her daughter had died of an overdose and 24 hours later her son-in-law followed suit. At 82, she was asked to be guardian to four children. Guardian's allowance is worth just £16.55 a child on top of child benefit. It goes to those caring for those children: the maternal grandparent, sometimes an aunt, often the close friend of the child's dead mother. Their guardian receives the allowance until the children leave school.

Why do they need it? The children come to them following an extreme, often unexpected and irreversible emergency, and they come for life. This is not revolving-door temporary care. They immediately need extra bunk beds and bedding and, depending on the home from which they have come, clothes, shoes and toys. There are no grants and no social fund for this. They may need a larger home with higher rent and therefore more housing benefit. They will be the most distressed and traumatised of children and usually it is distressed and traumatised adults who will be caring for them, having themselves lost their daughter, sister or best friend. Such guardians, if in work, usually have to give it up.

Few people know about guardian's allowance. Government certainly seem to discourage any take-up of it among kinship carers, although I am sure that kindly staff do their best. The result is that only around 2,500 people receive guardian payments each year, a figure that has been stable since my time in DWP. No one can find out the total cost because the Chancellor does not seem to publish it. However, I estimate—and I could be wrong—it is in total perhaps £3 million to £4 million a year.

Most guardians will not be affected by the benefit cap. The maternal grandmother may be of pension age, although with women becoming a grandparent at the age of 51 and the raising of the state pension age, many other grandparents will be trapped.

Other guardians may be in a household where an adult works and is therefore not caught by the cap, but there will be some of those 2,500—perhaps 500 or 1,000—who will be caught by the benefit cap because they too, like the children's dead mother before them, are in straitened circumstances. They will be her mother, her sister, her friend. They may be on benefit themselves. They probably have children themselves. If they are on benefit, have children of their own and become guardians, they will probably be caught three times over. First,

they will be caught by the two-child policy: no additional child tax credit payments for them for cherishing these bereaved, traumatised children. Secondly, if they are in the private rented sector, they will be caught by the various housing benefit caps: no larger home for them, but more children cramped into the same tiny bedrooms as their birth children. Thirdly, if they are near or at the benefit cap, there will be no extra child tax credit, no child benefit and no guardian's allowance either.

9.15 pm

Children already deeply traumatised will also bring with them as their dowry greater poverty for every other member of the family which has taken on their guardianship. The same income at the benefit cap must now be stretched to cover them as well. Stretch and you tear. The orphaned children often have to be split up because of financial pressure. Having lost their parents, they lose their brothers and sisters as well and cry their way into their future.

Guardian's allowance is not itself a means-tested benefit and currently does not count against tax credits or tax, so somewhat better-off families will receive it in full. They are better off, and they will rightly get the lot. Poorer families whose needs are greater, who are pushing at the benefit cap, may get nothing at all. That is palpably wrong. We offer more money to the better off and deny it to the poorest when they are doing the self-same selfless job of caring for grieving children. Decent social policy would seek to do the exact opposite: prioritise those in greatest need. Unless, of course, we think that poorer families are not up to being kinship carers and that these bereaved children should be removed from their family and community roots for the fault of being orphaned. I am sure that that is not what the Government intend, but that may be the effect.

You might think that this policy was essential to give the Chancellor big-ticket welfare savings, but it is to save what? I calculate that it saves perhaps £500,000 or £750,000 a year by removing guardian's allowance from the benefit cap. I stand to be corrected, because I have been unable over a week to find the statistics.

Do we want kinship care? Do we want loving friends and family, themselves and their birth children already on benefit, to provide a lifeline and lifetime care for these additional traumatised children whose parents have died? Do we want them not to live in severely overcrowded homes as a result of the cap? Do we want such children to have the best possible chance of recovering from the unimaginable tragedy of their young lives by being wrapped in love and care and so making a decent life of their own?

If so—and I am sure that everyone in this House wants this, certainly everyone on the government Benches—why in heaven's name are we including guardian's allowance in the cap? Why are we punishing the poorest for undertaking some of the hardest, most generous and selfless care of other people's children in our society for the sake of saving less—possibly quite a lot less—than £1 million a year?

On the contrary, we should be increasing this amount, widening its eligibility and encouraging more kinship carers who qualify to apply for it. We should as a society be for ever grateful for the loving duty that they have so generously undertaken. I beg to move.

**Baroness Sherlock:** My Lords, the amendment would exclude guardian's allowance from the cap. I shall briefly set out the regulations on exactly who gets guardian's allowance, because I think it is worth doing. You can get it only if you are caring for somebody else's child, you are entitled to child benefit for the child and both of the child's parents are dead, or one of the child's parents is dead and at that time the whereabouts of the other parent is unknown and you have made all reasonable efforts to find them, or one of the child's parents is dead and the other is in prison with a minimum sentence of two years remaining to serve, following the death of the other parent. People do not get this allowance lightly. It is not paid to foster parents or prospective adopters. My noble friend Lady Hollis, with a precision and a lyricism that I could not begin to match, set out the effects of taking this away from a group of people who are reaching out to some of the most vulnerable children in our country. I hope that that has persuaded the Minister how important this is. But given those effects, and given how few these people are in number, and given how vulnerable the children are, I would like the Minister to explain why they do not fit into the category that he described under the last amendment, when he said that the Government wanted to incentivise work but also to protect the most vulnerable. Why do they not count as the most vulnerable?

In Committee on 21 December I asked the Minister what behavioural incentives the Government were seeking by including guardian's allowance in the cap. He said:

"Recipients of maternity allowance and guardian's allowance will be affected by the benefit cap only if they are in receipt of a significant amount of other welfare payments".—[*Official Report*, 21/12/15; col. 2378.]

That is not a justification. Either it is right to include guardian's allowance in the cap or it is not; it cannot be right because you get other benefits as well. So if the Government believe that it is right, can the Minister please tell the House what behavioural response the Government are looking for from people who receive guardian's allowance as a result of the cap? If he cannot provide one, will he accept that the fact that they will be affected by the cap only if other benefits are also received is not a good argument for guardian's allowance itself to be counted towards the cap? That argument could be made for any benefit. I look forward to the Minister's explanation.

**Lord Freud:** Amendment 26 seeks to remove guardian's allowance from the list of those that are included within the benefit cap, so that it is disregarded when calculating the total amount of benefits a household can receive before the cap is applied. Guardian's allowance is paid to those who are responsible for a child or young person and either both parents or in some circumstance one parent have died. The Government recognise the crucial and valuable role that recipients play in helping children to recover from the loss of their parents, but I do not agree that it should be excluded from the benefit cap. That is about the principle that there is a clear limit to the amount of benefits that an out-of-work family can receive.

In the interests of time, I shall not repeat my previous arguments, but will provide the best information

that we have, which is that the noble Baroness, Lady Hollis, is right to say that this affects very few people. On our sums, the inclusion of the guardian's allowance within the cap affects fewer than 50 claimants—those are the figures that I have. Rather than a blanket exclusion of this benefit, it is better that targeted support is offered to those who need it. That is where the discretionary housing payments of £870 million come into play. On that basis, I ask the noble Baroness to withdraw her amendment.

**Baroness Hollis of Heigham:** First, I thank my noble friend who spelled out the devastating situation in which these children find themselves, and how those who care for them—on kinship care, usually—are therefore entitled to receive guardian's allowance.

The Minister made two points. First, he said that the principle was that there is a clear limit to benefits that out-of-work families can receive, even when that out-of-work family has taken on the joyless but essential and necessary task of caring for another family's children. Why does the Minister not consider that therefore they are entitled morally—I am not saying practically, but morally—to benefits for two families, because that is what they are doing? We are not talking about families of their own children; we can argue for that, as my noble friend did, and she was absolutely right to do so.

I am talking about a situation at the extreme end of kinship care, when somebody has taken on responsibility for another family's children. To say that, on principle, that out-of-work family should not get additional money for doing that—that is not a principle. A principle usually has some sort of moral quality to it. That, I am afraid, is a Treasury statement. I cannot believe that the Minister believes that it is the right policy to uphold in this situation. We should be hugging those kinship carers who are entitled to guardian's allowance and giving them every support we can. Instead, what we do is to make them poorer.

The Minister's second point was that he reckoned there were 50 families. I would love to see how he got to that figure. I could not work it out—obviously, because I could not work out how many people were grandparents, how many were in-work families and how many were below the limit, and therefore exempt, because they did not already have children of their own.

If we are really talking about 50 families, why on earth are the Government not conceding? How much does the Minister think this will cost? Let us assume that the average number of children taken on by a guardian is one and a half—in some cases one child, in others two children, and in a few cases three or more. I estimate that that would work out at about £1,000 to £1,200 a year. For 50 families that would be about £50,000 to £60,000 a year. The Minister cannot find £60,000 a year—or £65,000, if we push it—to address this problem? I am going to sit down and ask him whether, in the light of the information he has so far given, he is willing to reconsider his position.

**Lord Freud:** No, I am not in a position to reconsider at this stage.

**Baroness Hollis of Heigham:** What does that mean—“at this stage”? Is the Minister willing to come back at Third Reading with a little amendment just taking out this group of people, who are among the poorest of the poor, who are taking on the hardest of hard tasks—caring for bereaved and traumatised children—at a time when they themselves are probably also bereft?

**Lord Freud:** Regrettably, as I said, I am not in a position to make any kind of commitment.

**Baroness Hollis of Heigham:** I guess it is my fault. I should have brought this up in Committee and perhaps given the Minister more time to think about it. Perhaps he will look back on today’s proceedings. He absolutely rightly responded to my noble friend Lady Pitkeathley on a situation that we all recognised it was important that he should respect and meet—and not just because of the court case. I suggest to him that this is another such case—and I think he may wish to do otherwise. Obviously I shall withdraw the amendment now, but I would hope, none the less, that on reflection he will feel able, for 60,000 quid a year, to take guardian’s allowance, at the extreme end of kinship care, out of the benefit cap. He will not even notice it—but they will. I beg leave to withdraw the amendment.

*Amendment 26 withdrawn.*

#### *Amendment 26A*

*Moved by Baroness Hollis of Heigham*

**26A:** Clause 7, page 9, line 37, at end insert—

“except in the case of persons who are at least 29 weeks pregnant or who are responsible for the care of a child aged under nine months, in respect of whom “welfare benefit” means any prescribed benefit, allowance, payment or credit.”

**Baroness Hollis of Heigham:** My Lords, this amendment relates to a situation that we touched on earlier, when we were debating the amendments tabled by the noble Lord, Lord Ramsbotham. Gingerbread reports that if a single parent with two primary school children is expecting a baby next month, just at the time when her needs increase she will lose £32 in housing benefit because of the benefit cap. The amendment is tightly targeted and would exclude women in late pregnancy—at 29 weeks or beyond—and for nine months following the birth of a child, from the benefit cap.

There are three reasons for this, which I hope the Minister will address. The first is parity with the rights of women in work, the second is consistency with the DWP’s own benefit conditionality rules, which do not apply when a child is under two, and the third is concern for the health and well-being of mother and baby.

On parity, the Government want parents on benefit to face the same choices as parents in work. The Minister has repeated that several times today. Yet when those in work—better-off people—enter late pregnancy or care for a newborn, they rightly get protection and income that reflect their situation. Those on benefit may instead face a benefit cap and therefore an income cut. Parents in work have pregnancy and maternity rights. They can commence maternity

leave at 29 weeks, at which point a mother will be eligible for statutory maternity pay or maternity allowance, both of which run for 39 weeks; maternity leave is of course for 52 weeks.

*9.30 pm*

Women in late pregnancy or with a small baby, who are on benefit and faced with the cap, have just two options. First, they can move to cheaper housing to cut their outgoings. That is almost impossible, yet they do not qualify for DHPs. I know that the Minister places such huge reliance on DHPs, but I know from experience of local authorities that they do not look anywhere near the groups of people the Minister believes they should cover; the numbers are too large. Those people, too, will not qualify for DHPs to help with the rent shortfall.

The other option is to seek work at 29 weeks’ pregnancy. Is that reasonable? Do we think that a woman in late-stage pregnancy or who has a tiny baby whom she is perhaps still breastfeeding or who is recovering from a caesarean should seek a part-time job to get around the benefit cap? Even if she wanted to and was up to it, and could, those jobs are not there. Gingerbread has given me the stats. As of August 2015, two-thirds of those facing the benefit cap were lone parents. Of those, three-quarters had a child under five, half had a child under two and 10% had a child under one. On DWP’s Universal Jobmatch only 5% of jobs were part-time—and, even if such jobs existed, there is no entitlement to free childcare for a child under two.

So DWP recognises that a woman with a child under two does not come into work conditionality and is not expected to get a job, and it does not provide free childcare for her if she did. So in all consistency it should exempt such women from the cap. As it does not expect her to work, it should not punish her with a benefit cap as a crude way of pushing her back into the labour market, when its own policies say that this is not appropriate. If a woman, either heavily pregnant or with a small baby, is not expected to work, and if government accepts that it is reasonable for her to go on income support rather than JSA at that stage, which it does, why is she being benefit-capped when she can do absolutely nothing to change her situation and remove the cap?

As I say, in an earlier debate led by the noble Lord, Lord Ramsbotham, we talked about the implications of maternal deprivation of nutrition, heating and eating. Is this what the Government would recommend to expectant mothers and those on benefit with newborns? No woman, mother or parent who has been in that situation could believe that that is what the Government want them to do: cut back their income, outgoings, food and heating to cope. That would be ugly beyond belief. In which case the Government must come up with an alternative strategy for her and accept this amendment.

What would it cost? Given that 10% of those affected by the benefit cap are lone parents with a child under one, I estimate that the cost would be less than £10 million a year for each year’s cohort. I repeat that this is a very targeted amendment, focused on women and babies at their most vulnerable.

[BARONESS HOLLIS OF HEIGHAM]

There is one ray of hope. Given that if she is wise she will probably choose rent arrears rather than risk the health of her newborn by cutting back on heating or eating—that is what I would do—she may well end up in temporary accommodation, where, according to Shelter, over a quarter of capped households currently live. That number will soar as a result of the benefit cap. Hopefully, however, at least she will then have the cash to feed and keep warm her baby and any other children she may have. Of course, this will cost the local authority far more, DWP will export its costs on to the local authority, and her children in consequence may not be school-ready and, because they are in temporary accommodation, may suffer developmental delays; we all know those early years findings. But no—DWP will have saved some £8 million to £10 million a year. Does the Minister really think it is worth it? I beg to move.

**Baroness Sherlock:** My Lords, this amendment, in the name of my noble friend Lady Hollis, would exempt from the cap women who are at least 29 weeks pregnant or responsible for a child under nine months of age. I thank my noble friend for making it clear to the House just what a perilous situation these women will find themselves in if things proceed as planned.

Some very strong arguments were made to me by Gingerbread as to why this particular group ought to be excluded. It suggests, first, that the group will find it most difficult to move into work to escape the cap and therefore will simply be pushed deeper into poverty. Of course, that is the last thing that it wants for a woman who is pregnant or has a very young child. Secondly, it points out that the Government want families on benefits to make the same choices as those who are in work. Parents in work have pregnancy and maternity rights, including an expectation that they will have some time away from work both when they are in the later stages of pregnancy and in the first months of their child's life, so this exemption would mirror the rights of working families.

As my noble friend Lady Hollis pointed out, pregnant women and those with very young children are not listed as a priority group for discretionary housing payments, despite the complex challenges that they face as they move into work, and therefore they cannot have that to fall back on as other vulnerable groups might. I would be very interested to hear the Minister's response to these challenges.

In Committee, I tabled an amendment that would have excluded maternity allowance from the cap. I did so to probe the Government's reasoning and particularly to try to find out what behavioural responses the Government were expecting of pregnant women. However, as I explained earlier, I could not get an answer from the Minister. The only thing that I got on maternity allowance was the same as for the guardian's allowance: the response was that people would not be affected unless the household was also getting other benefits. As I have said, that is not an answer.

This amendment from my noble friend seeks to protect a very narrow group of people at a very vulnerable time. The Government's usual response is that if someone wants to escape the cap, they should

either get a job or move house. Can the Minister explain to the House what he thinks the chances are of a woman who is 29 weeks pregnant getting a job? How strong does he think her chances will be out there in the job market if she has not worked previously? Secondly, if that is not a practical thing for her to try to do, maybe he thinks she should move house. I do not know whether he has ever had to help a very heavily pregnant woman move house, but would he really suggest to her that moving house when she is very heavily pregnant or has a brand new baby is either desirable or practical, unless of course she is forced into it in the circumstances described by my noble friend because she ends up being evicted for rent arrears?

I just want to get the Minister to address the practicalities of this situation. This is a very narrow group of people. What do the Government expect them to do if they find themselves hit by the cap? Will he please tell the House?

**Lord Freud:** My Lords, as I have already set out, those with a sustained work history benefit from a nine-month grace period before the cap is applied to them. Therefore, those households that have been in employment for at least 50 out of 52 weeks will be exempt from the cap. This gives time for households, including those with a new child, to adapt to their new circumstances before the cap is applied to them.

Households in receipt of working tax credits or which meet the UC earnings threshold will be entirely exempt from the cap. Although some single mothers will not be immediately able to move into work, for those households consisting of couples, the partner need work only 24 hours a week for the household to qualify for the exemption. Around 45% of households that include a maternity allowance claimant who will be affected by the new cap levels are households consisting of a couple, meaning that a partner can help to exempt a household from the cap through work. Households that include a claimant in receipt of maternity allowance may also be entitled to working tax credits and so be exempt from the cap.

Although I am grateful to the noble Baroness for speaking on this issue and for the research that she has put into it, I am not sure that the amendment would do what is intended. It would not create a disregard or exemption from the cap for the specified group; it would, however, appear to make the group subject to a different prescribed list of benefits to be defined by the Government in regulations. That would of course go against the approach that the Bill adopts of providing certainty about the capped benefits by including them in the Bill. I therefore ask the noble Baroness to withdraw the amendment.

**Baroness Hollis of Heigham:** I thank my noble friend Lady Sherlock. The Minister's answer is that if a woman has a partner, he can increase his hours and she will be okay; if she does not, the amendment is technically deficient and so she cannot be helped. Is that a fair summary of what the Minister has argued? I think it rather is. But what about the situation of a deserted mum? She has one or two children already, she is now pregnant and the man has swanned off.

What then? She has no partner who can increase his hours, she already has the care of children and she is up to or at the point of the benefit cap. She is now 29 weeks pregnant and trying to manage a budget, given she is in the private sector, that means she is probably unable to follow the nutritional guidelines and all the rest of it that is heavily recommended for her at this stage. I ask the Minister the same question that my noble friend asked: what is she supposed to do—apart from find another man?

**Lord Freud:** One of the things we have tested rather thoroughly through the courts is the role of discretionary housing payments for the kind of hard cases that the noble Baroness is so adept at finding. This is precisely where one would anticipate that provision, which is quite substantial, being used. The courts have found, again and again, that it is appropriate to use those payments for such cases because they are so hard to define in statute. Because of that difficulty, the flexibility of the DHP is the way to address the issue.

**Baroness Hollis of Heigham:** In that case, why do such women not fall within the Government's guidelines as having high priority for DHPs? As my noble friend says, they do not. Although I have not been able to verify it myself, I understand that, as a result of that, in most local authorities they do not get such money because the money is not there. They certainly, I suspect, would not get it for nine months after and up to two months before, or something like 11 months' continuous payment, because local authorities cannot run it. They use DHPs to deal with temporary, immediate emergencies. Therefore, if the Minister means what he says, he should be giving guidance to local authorities that this should be a priority consideration and he should back that with the necessary money, which is not there at the moment, to do so. However, I see that he is standing up, perhaps to respond to that.

**Lord Freud:** I just want to make the point that DHPs can be used for the long term. They are not just a temporary thing and the guidance says that very precisely.

**Baroness Hollis of Heigham:** I do not know how many local authorities the Minister has spoken to about their use of DHPs, but that is not my experience. Obviously, I have not been able to test the opinion of the entire local authority movement, but certainly this is what I am assured. I have crawled over some of the priority considerations of certain local authorities and can assure the Minister that what he is saying does not hold good: there is simply not enough money.

As far as I can see, the only advice the Minister is offering is that these women should throw themselves on the mercy of non-existent DHPs from local authorities whose money is already spent, cross their fingers and hope. I do not think that is a policy. I do not even think it is appropriate for the Minister to possibly suggest that that is what they should rely on. However, at this point, and given the time of night, I beg leave to withdraw the amendment.

*Amendment 26A withdrawn.*

### *Amendment 27*

*Moved by Lord McKenzie of Luton*

27: Clause 7, page 9, line 39, at end insert—

“( ) After subsection (11) insert—

“( ) Persons who have been placed in temporary accommodation by a local authority which has found them to be in priority need as defined in section 189(2) of the Housing Act 1996 (priority need for accommodation) are exempted from the benefit cap.”

**Lord McKenzie of Luton (Lab):** My Lords, Amendment 27 stands in my name and that of my noble friend Lady Sherlock. This is also a rerun of an amendment that we moved in Committee, then part of a trio of similar amendments, so I will be brief.

The amendment would cause those families to be outwith the benefit cap if placed in temporary accommodation under the 1996 Housing Act. Regardless of whether the benefit cap has played a role, local authorities are legally obliged to rehouse families who are homeless through no fault of their own, are vulnerable in some way or are in priority need for rehousing. Families will be placed in temporary accommodation while a council decides whether it owes them a rehousing duty and then until a settled home can be found. The wait can be considerable, as can the costs. Invariably the temporary accommodation is leased by councils from the private sector, which charges the tenant a rent to cover these costs and expenses. These costs are commonly paid for by housing benefit with some top-up from DHPs.

*9.45 pm*

Temporary accommodation is generally leased at a premium, placing a considerable burden on local authorities. We know that councils are already struggling to secure enough temporary accommodation as a result of the combined effect of limited funding and a shortage of self-contained accommodation. This is already leading to an increase in bed and breakfast use or people being rehoused away from their local area. The lower benefit cap will increase demand for homelessness services and exacerbate the pressure on the local authority supply of temporary accommodation. With more families affected by the cap, local authorities are likely to be forced into further subsidising the cost of such temporary accommodation. This will be difficult for cash-strapped councils, increasing the incentive to place families in the cheapest areas, far away from their support networks.

It will also make it harder permanently to rehouse homeless families, as the benefit cap will make alternative housing options unaffordable. For larger families, even social housing will be subject to the cap. The policy therefore risks the perverse scenario in which families are made homeless because of the benefit cap and trapped in the limbo of temporary accommodation by the benefit cap at the expense of the public purse. The amount that can be reimbursed through the local housing allowance is limited, which means that other costs over and above that amount must be met by local authorities. In some cases this will come from funding for discretionary housing payments but increasingly that seems to have been allocated—just this evening my noble friend has used a chunk of it—and it is a diminishing fund.

[LORD MCKENZIE OF LUTON]

Our amendment would exempt newly homeless households from the benefit cap. This will allow councils to continue to procure nearby temporary accommodation and make it easier for them to move households into affordable accommodation. It will also help councils focus their DHPs and their own budgets on homelessness prevention. If the Government are serious about cutting back on public expenditure associated with the benefits system, and in targeting the benefit cap at families in a position to make choices about where they can afford to live, it is hard to see why they should argue against exempting homeless families being housed in temporary accommodation.

The Government resisted this approach previously because they said there would be no incentives for families to move into work; that they would stay put in their temporary accommodation and avoid the cap. What is the evidence for asserting that families would react in this way? Why would not families do their best to move out of temporary accommodation and move to more settled, better quality accommodation with more secure arrangements for as long as they are available, where a family could put down its roots? It is almost as though the Government are seeking to take advantage of people who find themselves homeless and consequently face an increase in benefit entitlement which draws them into the cap with work the only route out. They will be trying to find work at the same time as looking for permanent accommodation, potentially in an unfamiliar area.

It is not that households are making extravagant choices about their accommodation—they have to take what is on offer—and surely exempting these situations from the benefit cap is the fair thing to do. It beg to move.

**Lord Freud:** Amendment 27 seeks to exempt people in temporary accommodation from the benefit cap. I do not agree that it is appropriate to have a blanket exemption from the cap for people living in temporary accommodation. Rather, the best approach is to provide targeted support early so that people may better address their barriers to work. As I said in Committee, an exemption might, in fact, prolong a stay in temporary accommodation if it is likely that the cap will apply when a household moves to more permanent accommodation. That is an incentive both on the local authority and on the family.

I have already explained how £870 million in discretionary housing payments will be available for those households that need additional support in adjusting to the cap. Provision already exists to support the most vulnerable people who might be affected by the cap. Housing benefit paid to households in specified accommodation is disregarded from the benefit cap, and we included refuges within the definition of “specified accommodation”. While this does not mean that such households are exempt, by not including housing benefit in the calculation we expect that the vast majority of these cases will not be affected in practice by the benefit cap.

From April 2017, the weekly management fee in respect of temporary accommodation, currently £40 in London and £60 elsewhere, will be abolished and

replaced with a grant that devolves this funding to local authorities. Unlike the existing management fee, this new grant will not count towards the benefit cap and that will help local authorities tackle homelessness more effectively. I therefore ask the noble Lord to withdraw his amendment.

**Lord McKenzie of Luton:** I thank the Minister for his reply. None of it was a surprise, and I will, of course, withdraw the amendment in due course. I would just like to ask the Minister a few questions. He said that if there were a blanket exemption, this would prolong the stay of people in temporary accommodation. What evidence is there for that? Is it not generally the case that temporary accommodation is not of the best quality, and some of it pretty grotty? Why would families not want to move out of temporary accommodation as soon as they could to put down their roots in a more permanent arrangement? In relation to the grant, that seems helpful in principle, but on what basis is that grant going to be made available? Is it going to be ring-fenced for these situations, or just generally devolved to local authorities and caught up in the morass of funding and cuts that they are having to face?

**Lord Freud:** One of the most worrying aspects about temporary accommodation is that many cases have not been temporary. There have been cases where people have been kept in temporary accommodation for months, stretching to years. One of the reasons for that was that the only way it could be extinguished was by going into social housing. People were quite keen on that route through. That was changed in the 2012 Act so that it can be extinguished by going into private housing. Nevertheless, we want to incentivise councils to move people into settled housing as quickly as they can. Indeed, I think that the limit is 13 weeks. There are just too many examples; I do not have the exact number, but there are too many cases where it has gone on too long.

On the fee, funding previously paid to local authorities will become an upfront payment no longer tied to households remaining in temporary accommodation. The fund will be administered by the DCLG and the devolved Administrations. We will be able to give further details of that process in due course. That is all I have at the moment.

**Lord McKenzie of Luton:** I am grateful to the Minister for that. I will read the record, but I am not sure that I would agree with the proposition about local authorities not wanting to move people into more permanent accommodation as quickly as they can, and away from temporary accommodation, which is expensive for them. Having said that, and given the hour, I beg leave to withdraw the amendment.

*Amendment 27 withdrawn.*

#### *Amendment 28*

*Moved by Lord Freud*

**28:** Clause 7, page 9, line 41, at end insert—

“(b) in subsection (4), omit “other”.”

**Lord Freud:** The Delegated Powers and Regulatory Reform Committee recommended in its report of 23 November a number of amendments to the benefit cap clauses in the Bill. Amendments 29 and 30 are technical and consequential amendments as a result of the committee's recommendations. Amendment 28 is a tidying amendment and not as a result of the committee's recommendations.

Before I do that, I would like to explain that, although the committee recommended that Clause 7 should be amended so that new Section 96, which it inserts into the Welfare Reform Act 2012, should reference single persons, couples and lone parents, and provide for the meaning of those terms to be specified in regulations, the Government do not consider this to be necessary. Redrafting the provision in the way suggested would overly complicate the legislation. The Government have been very clear in debates and briefings that the higher tier of the cap levels will apply to lone parents and couples, and that the lower-tier levels will apply to single people without children. I am happy to formally put on record again here today that this is the policy.

Turning to the amendments that are being taken forward, the committee recommended that the affirmative procedure should apply to any regulations amending the level of the benefit cap, using the power introduced in new Section 96A of the 2012 Welfare Reform Act to be inserted by Clause 8. As currently drafted, the affirmative procedure is applied only if the level of the cap is lowered. The amendments to Clause 8 mean that any change to the levels of the cap will be subject to parliamentary debate in line with the committee's recommendation. This is a considerable level of extra parliamentary scrutiny for these future decisions. I am sure that these amendments to Clause 8 will reassure noble Lords' concerns that for any future review of the cap this House and the other place will have the opportunity to have the decision explained and debated, and to agree it.

The committee also highlighted that currently regulations pertaining to the benefit cap are not required to be referred to SSAC. It has recommended that an amendment be made to provide that regulations pertaining to the cap must be referred to SSAC. After careful consideration, the Government accept this recommendation in principle and will table an amendment at Third Reading to reflect this. However, the Government do not accept that regulations relating solely to the level of the cap should be referred to SSAC, as that is a matter for Parliament.

A consequential amendment to Clause 7 has been identified. It has arisen as a result of the removal of Section 97(3) of the Welfare Reform Act 2012. Section 97(3) provided that the first set of regulations made under Section 96 were affirmative. As the first set of regulations has been made, the removal of the word "other" from Section 97(4) is purely consequential on that. I beg to move.

**Baroness Sherlock:** My Lords, I thank the Minister for that explanation. We welcome the move to affirmative regulations and are happy to accept his assurance that the other amendments are technical and consequential. I look forward to his returning at Third Reading with

details of the amendments relating to SSAC. I would like to ask him to come to Third Reading armed with some specific information. If the Government are not minded to make reference to SSAC in relation to the level of the cap, and given that all the benefits affected by the cap are now in the Bill, will the Minister come back and detail for us precisely what those regulations might refer to that are still available to be sent to SSAC? Will he come back at that point and give a better explanation, of appropriate length—I am not blaming him for not doing it now—as to why the Government do not think that the level of the cap should be referred to SSAC, given that that is probably the single biggest determinant of the impact on those affected by it?

*Amendment 28 agreed.*

### *Clause 8: Review of benefit cap*

#### *Amendments 29 and 30*

*Moved by Lord Freud*

**29:** Clause 8, page 11, line 21, leave out from "subsection" to "may" in line 23 and insert "(4) insert—

"(4A) A statutory instrument containing regulations under section 96A"

**30:** Clause 8, page 11, line 26, leave out subsection (6)

*Amendments 29 and 30 agreed.*

*10 pm*

### *Clause 9: Freeze of certain social security benefits for four tax years*

#### *Amendment 31*

*Moved by Lord McKenzie of Luton*

**31:** Clause 9, page 11, line 32, leave out from "to" to end of line 33 and insert "be reviewed annually by the Secretary of State having regard to—

(a) the rate of inflation, and

(b) the national economic situation."

**Lord McKenzie of Luton:** My Lords, in moving Amendment 31 in my name and that of my noble friend Lady Sherlock, I shall speak to our other amendments in this group. Noble Lords will be aware that this is also a rerun of the amendments discussed in Committee. We found the Government's arguments on that occasion less than convincing. As they stand, Clauses 9 and 10 provide for the freezing of certain working-age benefits for four years until 2019-20. This would follow the 1% uprating imposed in 2013. Our amendments would require that these benefits instead be reviewed annually, taking account of inflation and the national economic situation.

We understand that the benefit freeze is designed to contribute to the Government's cuts programme, and it is alarming that this measure will garner the Government some £3.5 billion in 2019-20, compared with a CPI uprating. This comes on top of benefit cuts and tax increases borne under the coalition, where the IFS reminds us—I raised this figure earlier—that, as a percentage of income, the poorest two deciles suffered

[LORD MCKENZIE OF LUTON]

the largest reductions. The End Child Poverty alliance reminds us that some 4.1 million families and 7.7 million children have already been affected by below-inflation rises over the last three years. As my noble friend Lady Lister pointed out in our previous debate, the inflation index does not properly capture the budgets of low-income families because they spend more on essentials, the costs of which have tended to rise faster than the average price index in recent years.

My noble friend Lady Sherlock articulated our major concern with the freeze, which is that it both cuts the link between prices and earnings and widens the gap between the income of the poorest and the living standards of the mainstream of society. It is part of a growing trend under this Government to uncouple eligibility for support from need. Our amendment would not preclude the Government freezing working-age benefits for four years, although it has manifesto cover for just two. It would at least cause the Government to confront the extent to which they are causing the poorest to miss out, and to account for their actions.

The Government's rationale was that those on certain benefits—JSA was one—have done too well in the past few years in comparison with earnings and the minimum wage, and that the trend needed to be reversed. On 21 December, the noble Baroness, Lady Evans, told noble Lords that the Government had struck, “a balance between the needs of claimants and affordability”.—[*Official Report*, 21/12/15; col. 2388.]

Perhaps we can hear how the needs of claimants have been assessed for these purposes. On what basis has it been determined that claimants can accommodate a real-terms reduction in their income for each of the next four years? What rate of inflation have the Government assumed in making this judgment? The noble Baroness told the House that 7% of global expenditure on social protection is spent in the UK, which has only 1% of the world's population. Is it now the Government's serious intent to benchmark UK social security spending against some of the poorest countries in the world?

So far as Amendment 32 is concerned, I look forward to hearing from my noble friend—and, indeed, namesake—but, so far as the support group is concerned, his amendment seeks to ensure that the full amount of the allowance is to be the subject of uprating, not just the support group addition. I wait to hear what he says, but it seems to me entirely reasonable, particularly since those in the support group are not able to work, so issues of work incentives have no application—but, equally, such individuals are generally unable to supplement their income. I support my noble friend's amendment and I beg to move.

**Lord MacKenzie of Culkein (Lab):** My Lords, I support Amendments 31, 33 and 34 in the names of my noble friends Lady Sherlock and Lord McKenzie of Luton. However, I shall concentrate on Amendment 32, which is almost but not quite the same as an amendment tabled in my name in Committee. I regret and apologise that I was unable to be in the House on that day. I am most grateful to the right reverend Prelate the Bishop of Durham for moving that amendment on

my behalf—more importantly, perhaps, on behalf of people with life-limiting illnesses such as motor neurone disease.

In speaking to that amendment, the right reverend Prelate reminded the Committee of the promises made by the Conservative Party in the run-up to the general election. I want to refer to that promise again, writ large in its manifesto, which was to always protect the benefits for the most disabled. Despite that promise, the Bill before us does not fully protect people with life-limiting illnesses such as motor neurone disease and other similar rapidly progressing ghastly conditions. Either the words in the manifesto say what they mean and mean what they say or they do not. As of this moment, these promises are not being kept. Going some of the way is what has happened in the Bill—and some of the way is not fully protecting, and is not always protecting, benefits for the most disabled. Unless this amendment is agreed, or the Government come forward at Third Reading with something to produce the same outcome, they will have failed to keep that manifesto promise. I do not believe that is good enough in a modern, civilised society, where people with life-limiting illnesses should not be expected to suffer any more financial hardship than is the inevitable consequence of their illness.

People with motor neurone disease frequently end up having to build bedrooms and wet rooms downstairs, adapt furniture and face all sorts of costs. Couples who may have been reasonably comfortably off rapidly find themselves in considerable debt. As the right reverend Prelate the Bishop of Durham put it:

“Those whom we cannot reasonably expect to support themselves should not be expected to shoulder the burden of austerity”.—[*Official Report*, 21/12/15; col. 2405.]

The most disabled will lose perhaps more than £250 per annum by 2020 because the basic rate of the employment and support allowance is not exempted. I appreciate that the amendment in my name is rather complicated, but it is a serious attempt to right a potential wrong. If it is too complicated, I do not believe that it is beyond the wit of government to find another formula to produce a result that will give the full protection that is needed.

In Committee, the right reverend Prelate the Bishop of Durham expressed the hope that Ministers would give the matter further and serious consideration. The noble Baroness, Lady Evans of Bowes Park, said in response that benefits,

“are designed to provide a basic standard of living to those who are not in work but at a level that does not disincentivise moving into work”.—[*Official Report*, 21/12/15; col. 2406.]

People with life-limiting illnesses such as motor neurone disease are not disincentivised from going to work. They cannot go to work—would that they could. There is no behavioural change that people with these dreadful illnesses can make to get back into work. The noble Baroness, Lady Evans, concluded by agreeing that,

“we absolutely must provide suitable protections for disabled people”.—[*Official Report*, 21/12/15; col. 2407.]

However, she then did not support the amendment. The meaning of “suitable” is very different from the meaning of “full protection”, as was promised in the

manifesto. A great many people with life-limiting illnesses, and their organisations such as the Motor Neurone Disease Association, take a great interest in what the Government will now do. I hope the Minister, for whom I have the greatest respect, will be able to say that he will bring something back at Third Reading along the lines of this amendment, which will honour the promise that the Government made in their manifesto in the run-up to the election.

**Baroness Evans of Bowes Park (Con):** I thank noble Lords for tabling these amendments. I do not wish to spend too much time restating the same points that were made in Committee so I will keep my remarks brief. First, I address the amendments tabled by the noble Baroness, Lady Sherlock, and the noble Lord, Lord McKenzie, which replace the provisions in the freeze with a duty on the Secretary of State to review the benefits in question, having regard to inflation and the national economic situation.

I remind noble Lords that the provisions in Clauses 9 and 10 contribute £3.5 billion of the £12 billion of welfare savings by 2019-20 that the Government are committed to. The Government have a £35 billion consolidation plan, as the Chancellor set out in the summer Budget and the joint Autumn Statement and spending review, and we are on target to achieve a surplus of around £10 billion by 2019-20. The savings that the freeze provide therefore represent a significant proportion—10%—of the work that remains to be done through this Parliament to restore the nation's finances.

Noble Lords have argued that these amendments would merely place a review on the freeze rather than remove it altogether, but they would remove the certainty provided by a legislated-for four-year freeze. This would lead to increased uncertainty about where the Government intend to find the necessary savings to restore the nation's finances and could decrease market confidence in the Government's ability to deliver their target surplus by 2019-20. Noble Lords have also raised concerns about the impact of this freeze. I reiterate that there are no cash losers to this policy and that inflation is still forecast, by the independent Office for Budget Responsibility, to be relatively low over the next two years, providing time for benefit recipients to adjust their finances to compensate. Furthermore, OBR forecasts at the Autumn Statement projected average earnings growth of around 3.9% by 2020, higher than projected inflation at around 2%, meaning many working families can expect to see the impact of the freeze offset by their rise in earnings. The annual average income of the poorest fifth of households has risen by £300 in real terms, compared to 2007-8.

I turn to the amendment in the name of the noble Lord, Lord MacKenzie of Culkein, regarding employment and support allowance. This amendment seeks to place into legislation a requirement for the support group component of ESA to be uprated by an additional amount above the amount it would otherwise be uprated by. This additional amount would be equal to the difference between the current main rate of ESA and that rate if it were uprated by inflation. I should remind noble Lords that, as said in Committee, those in the ESA support group receive an additional amount

on top of the personal allowance—the support group component—which we have specifically exempted from the benefits freeze. Furthermore, the enhanced disability and severe disability premiums within ESA are also exempt from the freeze, as are benefits which contribute towards some of the additional costs of disability such as disability living allowance and personal independence payment.

Noble Lords will be aware that spending on main disability benefits went up by over £2 billion over the course of the last Parliament, and that the proportion of those in relative poverty who live in a family where someone is disabled has fallen since 2010. We believe that we are continuing to provide important protections for the most disabled through the exemptions we have from the freeze, and that this amendment is therefore not required.

In conclusion, the Government believe that the freeze strikes a necessary balance between making important welfare savings while having in place the protections for the most vulnerable and disabled. I therefore urge the noble Lord to withdraw the amendment.

**Lord McKenzie of Luton:** My Lords, I thank the noble Baroness for her response. If the Government are to be in surplus in 2019-20, why is it necessary for any benefits freeze to extend into that year, whatever the rationale for earlier years? The noble Baroness said that there are no cash losers, but we know what that means: in real terms, people are going to miss out. Specifically, I refer the noble Baroness to my question about what she said in the previous debate about the balance being struck between—in her words—the needs of claimants and affordability. I ask again: how were the needs of claimants assessed in that determination?

The response to my noble friend, who made a compelling case, was deeply disappointing. In any reasonable understanding of language, the commitment made in the manifesto has not been met by how this issue has been dealt with this evening. I ask the noble Baroness to reflect again to see whether the Government could at least come back on the issue raised by my noble friend. As he outlined, those with life-limiting injuries are the most disadvantaged and are missing out. This is simply not fair.

**Baroness Evans of Bowes Park:** As I said in relation to the disability element, we have exempted quite a number of elements from the freeze, so we believe that we are ensuring that disabled people continue to get support and that the most vulnerable are protected. In more broad terms, we need to ensure that benefit spending is sustainable in the long term.

**Lord McKenzie of Luton:** Is that it? Given the hour, I think there is no point in pursuing this, except to ask whether, on that point, there is nothing further the Government wish to say to my noble friend Lord MacKenzie in relation to those people who find themselves in the support group and are undoubtedly short-changed by the way that the Government have dealt with this uprating.

**Baroness Evans of Bowes Park:** As I have said, we are protecting certain elements of disability benefits. We understand the needs of disabled people which is

[BARONESS EVANS OF BOWES PARK]

why, as I set out in my response, a number of elements are being kept outside the freeze. Overall, we have increased spending on the disabled and will obviously continue to try to ensure that they have the support that they need.

**Lord McKenzie of Luton:** My Lords, we are clearly not going to make much further progress this evening. In the circumstances, I beg leave to withdraw this amendment but it is deeply disappointing that this issue of the support group has been dealt with in this way.

*Amendment 31 withdrawn.*

*Amendment 32*

*Tabled by Lord MacKenzie of Culkein*

**32:** Clause 9, page 11, line 33, at end insert—

“( ) For each of the tax years ending with 5 April 2017, 5 April 2018, 5 April 2019 and 5 April 2020, the amount of the support group component of employment and support allowance is to be up-rated in accordance with Part X of the Social Security Administration Act 1992 (review and alteration of benefits) plus an additional sum equal to the difference between the value of the basic allowance of employment and support allowance as subject to subsection (1) and what the value of the basic allowance of employment and support allowance would have been had it been adjusted for inflation for the specified year.”

**Lord MacKenzie of Culkein:** My Lords, like my noble friend Lord McKenzie of Luton I find it deeply disappointing that the Government cannot take this away and give it some further consideration. It reminds me of the days when I used to be lead negotiator for Britain’s nurses and midwives. The management side across the table used to give us answers which I knew were not theirs but those of the Treasury. I think that is the case here again tonight. We are dealing with the dead hand of the Treasury but, unfortunately, they are not across the table where we can negotiate with them. I am sorry that we have reached this sad situation on behalf of people with these life-limiting illnesses.

*Amendment 32 not moved.*

*Amendment 33 not moved.*

***Clause 10: Freeze of certain tax credit amounts for four tax years***

*Amendment 34 not moved.*

*Consideration on Report adjourned.*

*House adjourned at 10.17 pm.*



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